

Audited Financial Statements and
Other Financial Information

Town of Poland, Maine

June 30, 2018



Proven Expertise and Integrity

TOWN OF POLAND, MAINE

CONTENTS

JUNE 30, 2018

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	12
STATEMENT B - STATEMENT OF ACTIVITIES	13 - 14
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	15
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	16
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	17
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18
NOTES TO FINANCIAL STATEMENTS	19 - 63
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	64
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	65
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	66

SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSION	67
SCHEDULE 4 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY	68
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	69
SCHEDULE 6 - SCHEDULE OF CONTRIBUTIONS - OPEB	70
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	71
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	72
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	73
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	74 - 76
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	77
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	78
SPECIAL REVENUE FUNDS DESCRIPTION	79
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	80 - 81
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	82 - 83
CAPITAL PROJECTS FUNDS DESCRIPTION	84
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	85 - 86
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	87 - 88

PERMANENT FUNDS DESCRIPTION	89
SCHEDULE I - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	90 - 92
SCHEDULE J - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	93 - 95
GENERAL CAPITAL ASSETS DESCRIPTION	96
SCHEDULE K - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	97
SCHEDULE L - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	98

FEDERAL COMPLIANCE

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	99 - 100
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INDEPENDENT AUDITORS' REPORT

Board of Selectpersons
Town of Poland
Poland, Maine

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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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, each major fund and the aggregate remaining fund information of Town of Poland, Maine as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 4 through 11 and 65 through 71 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 Town of Poland's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2019 on our consideration of Town of Poland, 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 Town of Poland, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
May 22, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

(UNAUDITED)

The following management's discussion and analysis of the Town of Poland's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the above mentioned financial statements have one column for the type of Town activity. The type of activity presented for the Town is:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities and include general government, public safety, public works, recreation and culture, health and sanitation, library, TIF, education and miscellaneous.

Fund Financial Statements

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

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities.

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position increased by \$1,213,356 from \$11,902,044 to \$13,115,400.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased to a balance of \$4,184,142 at the end of this year.

Table 1
Town of Poland, Maine
Net Position
June 30,

	2018	2017 (Restated)
Assets:		
Current Assets	\$ 8,193,785	\$ 8,008,230
Noncurrent Assets	14,359,587	14,935,126
Total Assets	22,553,372	22,943,356
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	358,803	424,231
Deferred Outflows Related to OPEB	12,084	-
Total Deferred Outflows of Resources	370,887	424,231
Liabilities:		
Current Liabilities	1,887,396	1,935,414
Long-term Debt Outstanding	7,687,817	9,377,970
Total Liabilities	9,575,213	11,313,384
Deferred Inflows of Resources:		
Prepaid Taxes	278	-
Deferred Inflows Related to Pensions	230,162	152,159
Deferred Inflows Related to OPEB	3,206	-
Total Deferred Inflows of Resources	233,646	152,159
Net Position:		
Net Investment in Capital Assets	5,761,772	4,663,434
Restricted	3,169,486	2,978,029
Unrestricted	4,184,142	4,260,581
Total Net Position	\$ 13,115,400	\$ 11,902,044

Revenues and Expenses

Revenues for the Town's governmental activities increased by 2.19%, while total expenses increased by 3.62%. The increase in revenues was due to increases in all categories except miscellaneous. The increase in expenses was due to increases across most categories, with the largest being education, partially offset by decreases in TIF, miscellaneous, and interest on long-term debt costs over the year.

Table 2
Town of Poland, Maine
Change in Net Position
For the Years Ended June 30,

	<u>2018</u>	<u>2017</u>
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 510,070	\$ 508,509
Operating grants and contributions	109,565	72,536
<i>General revenues:</i>		
Taxes	11,979,510	11,772,760
Grants and contributions not restricted to specific programs	900,961	772,412
Investment income	280,909	274,667
Miscellaneous	185,619	266,884
Total Revenues	<u>13,966,634</u>	<u>13,667,768</u>
Expenses		
General government	1,212,940	1,153,904
Public safety	1,348,199	1,296,328
Public works	793,401	752,001
Recreation and culture	357,016	345,871
Health and sanitation	236,364	191,656
Library	155,143	146,518
TIF	650,751	652,552
Education	6,941,359	6,673,248
County tax	780,898	728,065
Overlay	13,203	10,040
Miscellaneous	69,864	148,848
Interest on long-term debt	194,140	208,747
Total Expenses	<u>12,753,278</u>	<u>12,307,778</u>
Change in Net Position	1,213,356	1,359,990
Net Position - July 1, Restated	<u>11,902,044</u>	<u>10,542,054</u>
Net Position - June 30	<u>\$ 13,115,400</u>	<u>\$ 11,902,044</u>

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Town's financial

requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

Table 3
Town of Poland, Maine
Fund Balances - Governmental Funds
June 30,

	2018	2017	(Restated)
Major Funds:			
General Fund:			
Nonspendable	\$ 32,558	\$ 45,433	
Restricted	-	440,012	
Committed	27,579	15,690	
Assigned	106,625	204,223	
Unassigned	2,664,508	2,739,362	
Total Major Funds	\$ 2,831,270	\$ 3,444,720	
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 819,395	\$ 804,440	
Committed	118,697	107,965	
Assigned	2,200	-	
Unassigned	(24,152)	-	
Capital Projects Funds:			
Assigned	1,523,672	1,522,877	
Unassigned	(889)	(14,608)	
Permanent Funds:			
Nonspendable	17,609	17,609	
Restricted	2,332,482	1,715,968	
Committed	107,514	-	
Unassigned	(19)	(19)	
Total Nonmajor Funds	\$ 4,896,509	\$ 4,154,232	

The general fund total fund balance decreased by \$613,450 from the prior fiscal year. This decrease was primarily due to library endowment and grant funds transferred to permanent funds along with utilization of fund balance to purchase Camp Connor. Consequently, the nonmajor funds total fund balance increased by \$742,277 from the prior fiscal year primarily due to library funds transfers from the general fund totaling \$540,990 and unrealized market gains on trust investments.

Budgetary Highlights

The difference between the original and final budget for the general fund resulted from the utilization of fund balance to purchase Camp Connor.

The general fund actual revenues exceeded budgeted amounts by \$226,305. This was the result of all revenue categories being receipted in excess of budgeted amounts, with the exception of intergovernmental revenue and transfers from other funds.

The general fund actual expenditures were over budget by \$693,899. Most expenditure categories exceeded budget except public works, recreation and culture and overlay. The majority of the variance was due to the unbudgeted transfer of library funds to permanent funds for \$540,990.

Capital Asset and Long-Term Debt Activity

Capital Assets

As of June 30, 2018, the Town's capital assets increased by \$406,777. This increase was due to current year capital additions of \$1,021,911 less depreciation expense of \$615,134. Refer to Note 4 of Notes to Financial Statements for detailed information.

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

	2018	2017 (Restated)
Land and improvements	\$ 744,568	\$ 576,568
Construction in progress	71,128	37,476
Buildings and improvements	4,632,241	4,712,461
Machinery and equipment	498,950	387,281
Furniture and fixtures	2,640	3,300
Vehicles	1,906,263	1,937,888
Infrastructure	5,118,573	4,912,612
Total	<u>\$ 12,974,363</u>	<u>\$ 12,567,586</u>

Debt

At June 30, 2018, the Town had \$8,597,815 in bonds and notes payable versus \$10,271,692 in the prior fiscal year. Other obligations include net pension and OPEB liabilities and accrued compensated absences. Refer to Note 6 of the Notes to Financial Statements for detailed information.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

To further promote and ensure the financial well-being and fiscal stability of the Town, the Poland Board of Selectpersons adopted an Unassigned General Fund Balance Policy in August of 2007 as part of its Financial Policies. The Town's management established the policy as a guideline to ensure the well-being of the Town's financial administration in a manner that assists in providing for a positive cash flow, reducing short-term borrowing costs and meeting the Town's long-term capital investment objectives while ensuring that year-to-year fluctuations do not allow accumulation of an excessive unassigned fund balance. The policy also includes a provision for the suggested utilization of excess funds on future capital improvements, debt reduction, and in certain cases, to reduce the annual tax requirements of the Town (when surplus fund balances are likely to be reliably available each year). In addition, the policy will provide direction to the Town Manager during annual budget preparation.

The policy requires that the Town's management maintain the Unassigned General Fund Balance (at year-end (June 30) as reported in the audited financial statements) at a level not less than 8.3% or one twelfth (or 1/12) of and up to 15.0% of the total annual budget, including schools, contributions to capital reserves and debt service. Utilization of the Unassigned General Fund Balance to a level below 8.0% may be permitted in unusual and deliberate circumstances. Excluded from the calculations and policy formulas are unassigned fund balances in designated education-related accounts, capital reserve accounts, or any funds other than the General Fund. For the fiscal years ended 2018 and 2017, the Town maintained balances in excess of the required minimum level.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's Finance Department at 1231 Maine Street, Poland, Maine 04274.

TOWN OF POLAND, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 5,457,605
Investments	2,238,801
Accounts receivable (net of allowance for uncollectibles):	
Taxes	288,980
Liens	59,427
Other	10,984
Due from other governments	100,433
Prepaid items	10,497
Tax acquired property	11,578
Inventory	15,480
Total current assets	8,193,785
Noncurrent assets:	
Receivable for long-term debt obligations from RSU No. 16	1,385,224
Capital assets:	
Land and other assets not being depreciated	815,696
Buildings and vehicles net of accumulated depreciation	12,158,667
Total noncurrent assets	14,359,587
TOTAL ASSETS	22,553,372
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	358,803
Deferred outflows related to OPEB	12,084
TOTAL DEFERRED OUTFLOWS OF RESOURCES	370,887
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 22,924,259
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 84,144
Accrued payroll	37,069
Due to other governments	41,489
Escrow accounts	27,579
Current portion of long-term obligations	1,697,115
Total current liabilities	1,887,396
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds and notes payable	6,914,306
Accrued compensated absences	89,359
Net pension liability	535,417
Net OPEB liability	148,735
Total noncurrent liabilities	7,687,817
TOTAL LIABILITIES	9,575,213
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	278
Deferred inflows related to pensions	230,162
Deferred inflows related to OPEB	3,206
TOTAL DEFERRED INFLOWS OF RESOURCES	233,646
NET POSITION	
Net investment in capital assets	5,761,772
Restricted:	
Nonexpendable	17,609
Special Revenues	819,395
Permanent funds	2,332,482
Unrestricted	4,184,142
TOTAL NET POSITION	13,115,400
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 22,924,259

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

STATEMENT B

TOWN OF POLAND, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
Governmental activities:					
General government	\$ 1,212,940	\$ 28,968	\$ -	\$ -	\$ (1,183,972)
Public safety	1,348,199	200,838	4,275	-	(1,143,086)
Public works	793,401	-	73,692	-	(719,709)
Recreation and culture	357,016	239,493	29,156	-	(88,367)
Health and sanitation	236,364	36,574	-	-	(199,790)
Library	155,143	4,197	2,442	-	(148,504)
TIF	650,751	-	-	-	(650,751)
Education	6,941,359	-	-	-	(6,941,359)
County tax	780,898	-	-	-	(780,898)
Overlay	13,203	-	-	-	(13,203)
Miscellaneous	69,864	-	-	-	(69,864)
Interest on long-term debt	194,140	-	-	-	(194,140)
Total government	<u>\$ 12,753,278</u>	<u>\$ 510,070</u>	<u>\$ 109,565</u>	<u>\$ -</u>	<u>(12,133,643)</u>

STATEMENT B (CONTINUED)
TOWN OF POLAND, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(12,133,643)</u>
General revenues:	
Taxes	
Property taxes, levied for general purposes	10,705,834
Excise taxes	1,273,676
Grants and contributions not restricted to specific programs	900,961
Investment income, net of unrealized gains/(losses)	280,909
Miscellaneous	<u>185,619</u>
Total revenues	<u>13,346,999</u>
Change in net position	1,213,356
NET POSITION - JULY 1, RESTATED	<u>11,902,044</u>
NET POSITION - JUNE 30	<u><u>\$ 13,115,400</u></u>

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

STATEMENT C

TOWN OF POLAND, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,503,645	\$ 953,960	\$ 5,457,605
Investments	-	2,238,801	2,238,801
Accounts receivable (net of allowance for uncollectibles):			
Taxes	288,980	-	288,980
Liens	59,427	-	59,427
Other	10,984	-	10,984
Due from other governments	100,433	-	100,433
Tax acquired property	11,578	-	11,578
Inventory	15,480	-	15,480
Prepaid items	5,500	4,997	10,497
Due from other funds	22,022	2,022,376	2,044,398
TOTAL ASSETS	\$ 5,018,049	\$ 5,220,134	\$ 10,238,183
LIABILITIES			
Accounts payable	\$ 81,616	\$ 2,528	\$ 84,144
Accrued payroll	37,069	-	37,069
Due to other governments	41,489	-	41,489
Escrow accounts	27,579	-	27,579
Due to other funds	1,723,301	321,097	2,044,398
TOTAL LIABILITIES	1,911,054	323,625	2,234,679
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	278	-	278
Deferred tax revenues	275,447	-	275,447
TOTAL DEFERRED INFLOWS OF RESOURCES	275,725	-	275,725
FUND BALANCES			
Nonspendable	32,558	17,609	50,167
Restricted	-	3,151,877	3,151,877
Committed	27,579	226,211	253,790
Assigned	106,625	1,525,872	1,632,497
Unassigned	2,664,508	(25,060)	2,639,448
TOTAL FUND BALANCES	2,831,270	4,896,509	7,727,779
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,018,049	\$ 5,220,134	\$ 10,238,183

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

TOWN OF POLAND, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

	Total Governmental Funds
	Total Governmental Funds
Total Fund Balances	\$ 7,727,779
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	12,974,363
Long-term assets are not available in the current period and therefore are not reported as assets in the funds:	
Receivable for long-term debt obligations from RSU No. 16	1,385,224
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	275,447
Deferred inflows of resources are not financial resources and therefore are not reported in the funds:	
Pensions	358,803
OPEB	12,084
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds and notes payable	(8,597,815)
Net pension liability	(535,417)
Net OPEB liability	(148,735)
Accrued compensated absences	(102,965)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds:	
Pensions	(230,162)
OPEB	(3,206)
	(3,206)
Net position of governmental activities	\$ 13,115,400

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

TOWN OF POLAND, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
General tax revenue	\$ 11,952,927	\$ -	\$ 11,952,927
Intergovernmental revenue	975,228	-	975,228
Charges for services	336,459	173,611	510,070
Investment income, net of unrealized gains/(losses)	14,520	266,389	280,909
Other revenue	156,523	60,694	217,217
TOTAL REVENUES	13,435,657	500,694	13,936,351
EXPENDITURES			
Current:			
General government	1,093,675	79,161	1,172,836
Public safety	1,070,750	-	1,070,750
Public works	563,547	-	563,547
Recreation and culture	184,457	177,983	362,440
Health and sanitation	225,857	-	225,857
Library	153,643	-	153,643
TIF	-	580,344	580,344
Education	6,941,359	-	6,941,359
County tax	780,898	-	780,898
Overlay	13,203	-	13,203
Miscellaneous	4,407	65,457	69,864
Debt service:			
Principal	151,297	530,988	682,285
Interest	64,333	129,807	194,140
Capital outlay	242,130	754,228	996,358
TOTAL EXPENDITURES	11,489,556	2,317,968	13,807,524
EXCESS REVENUES OVER (UNDER) EXPENDITURES	1,946,101	(1,817,274)	128,827
OTHER FINANCING SOURCES (USES)			
Transfers in	291,445	2,850,996	3,142,441
Transfers (out)	(2,850,996)	(291,445)	(3,142,441)
TOTAL OTHER FINANCING SOURCES (USES)	(2,559,551)	2,559,551	-
NET CHANGE IN FUND BALANCES	(613,450)	742,277	128,827
FUND BALANCES - JULY 1, RESTATED	3,444,720	4,154,232	7,598,952
FUND BALANCES - JUNE 30	\$ 2,831,270	\$ 4,896,509	\$ 7,727,779

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

TOWN OF POLAND, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 128,827</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset acquisitions	1,021,911
Depreciation expense	<u>(615,134)</u>
	<u>406,777</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pensions	(65,428)
OPEB	<u>12,084</u>
	<u>(53,344)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported	
Taxes and liens receivable	<u>26,583</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	
	<u>691,561</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pensions	(78,003)
OPEB	<u>(3,206)</u>
	<u>(81,209)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Net pension liability	115,479
Net OPEB liability	(19,476)
Accrued compensated absences	<u>(1,842)</u>
	<u>94,161</u>
Change in net position of governmental activities (Statement B)	<u>\$ 1,213,356</u>

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Poland was incorporated under the laws of the State of Maine. The Town operates under the Selectperson-manager form of government and provides the following services: general government services, public safety, public works, recreation and culture, health and sanitation, library, and education.

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

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

Implementation of New Accounting Standards

During the year ended June 30, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

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

Statement No. 81, "*Irrevocable Split-Interest Agreements.*" The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not applicable.

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

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

Government-Wide and Fund Financial Statements

The Town’s basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town’s major and nonmajor funds).

Both the government-wide and fund financial statements categorize primary activities as governmental or business-type. All activities of the Town are categorized as governmental.

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

1. Governmental Funds:

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Fund

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

Nonmajor Funds

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

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

Basis of Accounting

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

1. Accrual

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year, the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

Deposits and Investments

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town is authorized by State Statutes to invest all excess funds in the following:

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Receivables

Receivables include amounts due from governmental agencies and for ambulance services. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible.

Allowances for uncollectible accounts netted with accounts receivable were \$111,417 for the year ended June 30, 2018. The allowance for uncollectible accounts is estimated to be \$71,306 as of June 30, 2018.

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). Inventory in the general fund consists of diesel and gasoline.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Interfund Receivables and Payables

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions Between Funds

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

Capital Assets

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

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

Estimated useful lives are as follows:

Buildings and improvements	7 - 40 years
Infrastructure	10 - 50 years
Machinery and equipment	3 - 30 years
Vehicles	3 - 25 years

Long-term Obligations

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

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

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation, sick leave, and compensatory time. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. As of June 30, 2018, the Town's liability for compensated absences is \$102,965.

Pensions

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

OPEB

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

Net Position

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance

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

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

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

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

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Board of Selectpersons.

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Nonmajor Governmental Funds besides the general fund can only report a negative unassigned fund balance amount.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Selectperson meeting vote has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources

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

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 1, 2017 on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. Taxes were due on in two installments on October 2, 2017 and April 2, 2018. Interest on unpaid taxes commenced on November 2, 2017 and May 2, 2018, at 7% per annum.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$39,409 for the year ended June 30, 2018.

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

Program Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS

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

The Town maintains a cash pool which is available for use by all funds. In addition, cash and investments may be held by other funds within the government.

Deposits:

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

At June 30, 2018, the Town's cash balances amounting to \$5,457,605 were comprised of bank deposits of \$5,302,186. Of these bank deposits, \$250,000 were covered by federal depository insurance and the remaining \$5,052,186 were covered by an irrevocable standby letter of credit issued by the Federal Home Loan Bank. Consequently, all bank deposits were not exposed to custodial credit risk. Of the cash equivalents totaling \$208,273, \$3,273 was covered by the Securities Investor Protection Corporation (SIPC) and the remaining \$205,000 of cash equivalents were uncollateralized and uninsured.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 5,291,151
Money market accounts	11,035
Cash equivalents	208,273
	<u>\$ 5,510,459</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2018, the Town had the following investments and maturities:

Investment Type	Fair Value	Not Applicable	Less than 1 Year	1 - 5 Years	Over 5 Years
Debt securities:					
Corporate bonds	\$ 139,012	\$ -	\$ 9,796	\$ 119,070	\$ 10,146
Equity securities:					
Mutual Funds:					
Fixed income	240,580	240,580	-	-	-
Equity	208,807	208,807	-	-	-
Exchange-traded funds	149,723	149,723	-	-	-
Common stock	1,425,274	1,425,274	-	-	-
Certificate of deposit	75,405	-	75,405	-	-
	\$ 2,238,801	\$ 2,024,384	\$ 85,201	\$ 119,070	\$ 10,146

Of the Town's investments totaling \$2,238,801, \$112,107 was covered by the SIPC and \$75,405 was covered by an irrevocable standby letter of credit issued by the Federal Home Loan Bank, and therefore were not exposed to custodial credit risk. The remaining \$2,051,289 was uncollateralized and uninsured, and consequently exposed to custodial credit risk.

Certain long-term permanent funds are invested through a non-depository, state-chartered trust company and SEC registered investment advisor that acts in such capacity pursuant to an investment advisory agreement providing for investment management and periodic review of portfolio investments that comply with state and federal regulations to provide long-term growth and income.

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2018:

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	Total June 30, 2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
Corporate bonds	\$ 139,012	\$ -	\$ 139,012	\$ -
Equity securities:				
Mutual funds:				
Fixed income	240,580	240,580	-	-
Equity	208,807	208,807	-	-
Exchange-traded funds	149,723	149,723	-	-
Common stock	1,425,274	1,425,274	-	-
Total investments by fair value level	2,163,396	\$ 2,024,384	\$ 139,012	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market funds	208,273			
Total cash equivalents measured at the NAV	208,273			
Total investments and cash equivalents measured at fair value	\$ 2,371,669			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 3 investments. The fair value of money market funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2018 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. A certificate of deposit held with a local financial institution for \$75,405 is excluded from the hierarchy as this investment is considered held to maturity and is therefore not measured at fair value.

Credit risk – Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. As of June 30, 2018, the credit ratings for the Town's investments in corporate bonds were rated AAA (\$10,066), AA+ (\$9,976), A (\$19,942), A- (\$19,699), BBB+ (\$20,127), and BBB (\$39,853) by S & P Rating Service. Credit ratings were not available for certain other corporate bond holdings totaling \$19,349.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2018 consisted of the following individual fund receivables and payables:

	<u>Receivables</u> (Due from)	<u>Payables</u> (Due to)
General fund	\$ 22,022	\$ 1,723,301
Nonmajor special revenue funds	485,723	317,739
Nonmajor capital projects funds	1,523,672	889
Nonmajor permanent funds	12,981	2,469
	<u>\$ 2,044,398</u>	<u>\$ 2,044,398</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Balance, 7/1/17 (Restated)	Additions	Disposals	Balance, 6/30/18
Non-depreciated assets:				
Land	\$ 576,568	\$ 168,000	\$ -	\$ 744,568
Construction in progress	37,476	33,652	-	71,128
	<u>614,044</u>	<u>201,652</u>	<u>-</u>	<u>815,696</u>
Depreciated assets:				
Buildings and improvements	6,178,562	93,899	-	6,272,461
Machinery and equipment	662,104	168,691	-	830,795
Furniture and fixtures	6,600	-	-	6,600
Vehicles	3,299,214	179,568	-	3,478,782
Infrastructure	5,774,006	378,101	-	6,152,107
	<u>15,920,486</u>	<u>820,259</u>	<u>-</u>	<u>16,740,745</u>
Less: accumulated depreciation	<u>(3,966,944)</u>	<u>(615,134)</u>	<u>-</u>	<u>(4,582,078)</u>
	<u>11,953,542</u>	<u>205,125</u>	<u>-</u>	<u>12,158,667</u>
Net capital assets	<u>\$ 12,567,586</u>	<u>\$ 406,777</u>	<u>\$ -</u>	<u>\$ 12,974,363</u>
<u>Current year depreciation</u>				
Fire				\$ 254,962
Public safety				20,673
Public works				225,712
Library				1,693
Recreation				2,702
Transfer station				13,227
TIF				70,407
Town-wide				25,758
Total depreciation expense				<u>\$ 615,134</u>

NOTE 5 - LONG-TERM RECEIVABLE

As of July 1, 2009, the Poland School Department became a member of Regional School Unit (RSU) No. 16. The RSU Plan requires that the RSU be responsible for payment of all school-related long-term debt on behalf of the Town. As of June 30, 2018, a long-term receivable has been recorded for \$1,385,224, which represents school-related general obligation bonds. The State of Maine Department of Education is responsible for paying approximately 91.6% of the debt service on general obligation bonds directly to the Maine Municipal Bond Bank. The remaining debt service for bonds is paid by the RSU.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - LONG-TERM DEBT

A summary of long-term debt for the year ended June 30, 2018 is as follows:

	Balance, 7/1/17 (Restated)	Additions	Deletions	Balance, 6/30/18	Due Within One Year
Bonds payable	\$ 9,772,432	\$ -	\$ (1,640,476)	\$ 8,131,956	\$ 1,649,774
Note payable	499,260	-	(33,401)	465,859	33,735
Net pension liability	650,896	104,484	(219,963)	535,417	-
Net OPEB liability	129,259	25,225	(5,749)	148,735	-
Accrued compensated absences	101,123	19,781	(17,939)	102,965	13,606
Total long-term debt	<u>\$ 11,152,970</u>	<u>\$ 149,490</u>	<u>\$ (1,917,528)</u>	<u>\$ 9,384,932</u>	<u>\$ 1,697,115</u>

The following is a summary of the outstanding bonds and note payable:

\$1,600,000, 2006 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2021. Interest is charged at a rate from 1.8% to 6.25% per annum.	\$ 426,668
\$2,600,000, 2003 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2022. Interest is charged at a rate of 1.80% per annum.	759,248
\$17,263,578, 1998 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2018. Interest is charged at a rate from 4.528% to 5.378% per annum.	863,179
\$736,422, 2000 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2020. Interest is charged at a rate from 5.028% to 5.903% per annum.	110,465
\$669,259, 2003 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2020. Interest is charged at a rate from 2.078% to 5.078% per annum.	17,023
\$894,741, 2003 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2022. Interest is charged at a rate from 2.078% to 5.078% per annum.	394,557
\$2,090,000, 2003 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2023. Interest is charged at a rate from 2.085% to 5.085% per annum.	627,000

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - LONG-TERM DEBT (CONTINUED)

\$692,835, 2010 Note due in annual principal installments and semi-annual interest installments through November 2030. Interest is charged at a rate from 1% per annum.	465,859
\$4,498,200, 2010 Recovery Zone Economic Development Water and Sewer Bond due in annual principal installments and semi-annual interest installments through November 2030. Interest is charged at a rate from 0.831% to 5.094% per annum.	3,110,359
\$2,300,000, 2012 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2032. Interest is charged at a rate from 1.480% to 3.706% per annum.	<u>1,823,457</u>
Total bonds and notes payable	<u><u>\$ 8,597,815</u></u>

The following is a summary of outstanding bonds and note principal and interest requirements for the fiscal years ending June 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 1,683,509	\$ 194,496	\$ 1,878,005
2020	829,368	175,579	1,004,947
2021	839,084	156,052	995,136
2022	812,434	135,372	947,806
2023	716,748	115,226	831,974
2024-2028	2,095,586	390,071	2,485,657
2029-2033	1,621,086	160,046	1,781,132
	<u>\$ 8,597,815</u>	<u>\$ 1,326,842</u>	<u>\$ 9,924,657</u>

All bonds and notes payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

In 2010, the Town issued a Series 2010F Recovery Zone Economic Development Bond totaling \$4,498,200. This bond is eligible for federal interest subsidy payments equal to 43.7% of the true interest cost of the bond as provided in the American Recovery and Reinvestment Act (ARRA) and the Hiring Incentives to Restore Employment (HIRE) Act. Due to mandatory federal spending cuts that went into effect March 10, 2014 with sequestration, the federal interest subsidy payments are being adjusted downward. The current sequestration reduction rate is 6.6% and is subject to change at any time. The total financial impact to the Town is unknown.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2018, the Town's share was approximately:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of Androscoggin	<u>\$ 117,389</u>	8.53%	<u>\$ 10,013</u>

NOTE 8 - NONSPENDABLE FUND BALANCES

At June 30, 2018, the Town had the following nonspendable fund balances:

General fund:	
Tax acquired property	\$ 11,578
Inventory	15,480
Prepaid items	5,500
Nonmajor permanent funds (Schedule I)	<u>17,609</u>
	<u>\$ 50,167</u>

NOTE 9 - RESTRICTED FUND BALANCES

At June 30, 2018, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 819,395
Nonmajor permanent funds (Schedule I)	<u>2,332,482</u>
	<u>\$ 3,151,877</u>

NOTE 10 - COMMITTED FUND BALANCES

At June 30, 2018, the Town had the following committed fund balances:

General fund:	
Escrows	\$ 27,579
Nonmajor special revenue funds (Schedule E)	118,697
Nonmajor permanent funds (Schedule I)	<u>107,514</u>
Total	<u>\$ 253,790</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - ASSIGNED FUND BALANCES

At June 30, 2018, the Town had the following assigned fund balances:

General fund:	
Accrued compensated absences	\$ 102,965
Library dedicated donations	3,660
Nonmajor capital projects funds (Schedule G)	1,523,672
Nonmajor special revenue funds (Schedule E)	2,200
Total	<u>\$ 1,632,497</u>

NOTE 12 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2018, the Town had the following expenditures over appropriations:

General government	\$ 13,339
Public safety	43,824
Health and sanitation	28,441
Library	73,575
Miscellaneous	4,407
Capital outlay	32,130
Transfers to other funds	543,964
	<u>\$ 739,680</u>

NOTE 13 - DEFICIT FUND BALANCES

At June 30, 2018, the Town had the following deficit fund balances:

Nonmajor special revenue funds:	
Health reimbursement account	\$ 24,152
Nonmajor capital projects funds:	
Recreation facility reserve	889
Nonmajor permanent funds:	
Historical society fund	19
	<u>\$ 25,060</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (800) 451-9800.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.45%.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's fire/rescue department employees are part of the PLD's special plan "1N" and are required to contribute 8.0% of their annual covered salary, while all other employees are part of the PLD's plan "AN" and are also required to contribute 8.0% of their annual covered salary. The Town is required to contribute at an actuarially determined rate. The current rates for special plan "1N" and plan "AN" are 10.5% and 7.0%, respectively of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2018 was \$76,532.

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

At June 30, 2018, the Town reported a liability of \$535,417 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2017, the Town's proportion was 0.130769%, which was an increase of 0.008266% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized total pension expense of \$27,952. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 25,724
Changes of assumptions	45,561	-
Net difference between projected and actual earnings on pension plan investments	184,520	199,243
Changes in proportion and differences between contributions and proportionate share of contributions	52,190	5,195
Contributions subsequent to the measurement date	76,532	-
Total	<u>\$ 358,803</u>	<u>\$ 230,162</u>

\$76,532 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2018	\$ 10,588
2019	74,382
2020	3,592
2021	(36,453)
2022	-
Thereafter	-

Actuarial Methods and Assumptions

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

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

Investment Rate of Return - For the PLD Plan, 6.875% per annum, compounded annually.

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 2.750% to 9.00% per year.

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Cost of Living Benefit Increases - 2.20% per annum.

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

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

Discount Rate

The discount rate used to measure the collective total pension liability was 6.875% for 2017. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following table shows how the collective net pension liability/(asset) as of June 30, 2017 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.875% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Plan:			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 1,074,211	\$ 535,417	\$ 129,789

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2017 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2017 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2017, this was 3 years for the PLD Consolidated Plan.

Differences between Projected and Actual Investment Earnings

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2017 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2016. Please refer to the Actuarial Methods and Assumptions section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2017 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (800) 451-9800.

NOTE 15 - DEFERRED COMPENSATION PLAN

International Town Management Association Retirement Corporation

Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the International Town Management Association Retirement Corporation (ICMA-RC). The plan, available to all full time Town employees not subject to a collective bargaining agreement (should one arise), permits them to defer a portion of their salary, in addition to Town contributions,

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - DEFERRED COMPENSATION PLAN (CONTINUED)

until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Board of Selectpersons. The Town will contribute a maximum of 4.00% of annualized income on behalf of employees that participate in the Town's deferred compensation plan and 10.00% on behalf of the Town Manager. A minimum employee contribution of 4.00% is required to receive the maximum employer match. The maximum employee contribution to the ICMA-RC plan is 10.00%. Employee overtime is exempt from employer matching funds. The Town's contributions to the plan for 2018, 2017 and 2016 were \$9,329, \$3,755 and \$4,249, respectively.

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

Nationwide Retirement Solutions

Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the Nationwide Retirement Solutions. The plan, available to all full time Town employees not subject to a collective bargaining agreement (should one arise), permits them to defer a portion of their salary, in addition to Town contributions, until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Board of Selectperson. The Town will contribute a maximum of 4.00% of annualized income on behalf of employees that participate in the Town's deferred compensation plan and 10.00% on behalf of the Town Manager. A minimum employee contribution of 4.00% is required to receive the maximum employer match. The maximum employee contribution to the Nationwide plan is 10.00%. Employee overtime is exempt from employer matching funds. The Town's contributions to the plan for 2018, 2017 and 2016 were \$0, \$4,000 and \$4,800, respectively.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - DEFERRED COMPENSATION PLAN (CONTINUED)

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

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

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

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

Benefits Provided

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Employees Covered by Benefit Terms

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

Active members	22
Retirees and spouses	<u>0</u>
Total	<u><u>22</u></u>

Contributions

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

Retiree Premium Amounts:

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
PPO 2500	\$734.38	\$1,647.35
<u>Medicare</u>		
Medicare-Eligible Retirees	\$527.65	\$1,055.29

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

At June 30, 2018, the Town reported a liability of \$148,735 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For the year ended June 30, 2018, the Town recognized OPEB expense of \$10,598. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,206
Changes of assumptions	12,084	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	\$ 12,084	\$ 3,206

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

	MMEHT
Plan year ended December 31:	
2019	\$ 1,268
2020	1,268
2021	1,268
2022	1,268
2023	1,268
Thereafter	2,538

Discount Rate

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	2.44%	3.44%	4.44%
Total OPEB liability	\$ 173,751	\$ 148,735	\$ 128,428
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 173,751</u>	<u>\$ 148,735</u>	<u>\$ 128,428</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 127,207	\$ 148,735	\$ 176,068
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 127,207</u>	<u>\$ 148,735</u>	<u>\$ 176,068</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

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

Actuarial Cost Method

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

Amortization

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

Assumptions

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

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

Discount Rate - 3.44% per annum.

Trend Assumptions:

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

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

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

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

Administrative and claims expense - 3% per annum.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

Administrative expenses - Included in the per capita claims cost.

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

Rate of Mortality - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC _2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Participation Rates -

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

Retiree Continuation Percentage:

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

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

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

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

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

Changes in Net OPEB Liability

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

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2018 was \$3,206.

Changes in Assumptions

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

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town office at 1231 Maine Street, Poland, ME 04274 or by phone at (207) 998-4601.

NOTE 17 - 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 participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state-chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations, and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2018.

The Town is a member of the Maine Municipal Association – Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a \$1,000 per occurrence deductible is met. Under the general liability portion of the policy, the limit is \$400,000 per occurrence for causes of action pursuant to the Maine Tort Claims Act. Coverage is limited to those areas for which governmental immunity has been expressly waived and \$2,000,000 per occurrence for causes of action pursuant to federal law or state law for which immunity is not proved by the Maine Tort Claims Act. The same limit applies for Law Enforcement after a \$1,000 per occurrence deductible is met. For public official liability and employment practices liability, the coverage is \$2,000,000 per occurrence and \$4,000,000 aggregate with a \$5,000 deductible.

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17 - RISK MANAGEMENT (CONTINUED)

The Town is also a member of the Maine Municipal Association – Unemployment Compensation Group Fund (“MMA UC Fund”). The MMA UC Fund was created to assist in meeting members’ obligations under the Employment Security Act in an efficient and cost-effective manner. The Fund is composed of individual municipalities and other public and related non-profit entities that are individually self-insured but administered as a group. Within the Fund, each member has a separate account. As such, the Town makes quarterly payments into their account, based on rates developed by MMA’s consulting actuary. Claims, if any, are paid out of the Town’s own account. The Maine Department of Labor classifies MMA’s UC Fund members as Direct Reimbursement Employers. In other words, the Fund reimburses the Maine DOL on the Town’s behalf only when the Town has unemployment claims from present or former employees.

Occasionally, the Town may have layoffs or resignations or even a part-time employee losing a primary job, that lead to larger claims payments than anticipated. When claims exceed the balance of the Town’s account, the UC Fund continues to pay the Town’s claims with no regard for the negative balance. Repayment of a negative balance is spread out over a period of years to avoid a financial hardship to the Town.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2018. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 18 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

NOTE 19 - INTERLOCAL AGREEMENT/REORGANIZATION PLAN

As of August 21, 2008, the Town entered into an agreement with the Town of Mechanic Falls and Minot for transfer of ownership and operations of the Central Office building and the land on which it sits, to RSU 16. If the Central Office is ever transferred off this property, the land would revert back to the Town of Poland and the building would be turned back to the three towns and disbursed as an asset under the Interlocal Agreement.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 20 - CONTINGENCIES AND COMMITMENTS

With regard to pending legal claims, the Town is currently the defendant in a workers' compensation claim brought by a previous employee. At the date of these financial statements, the case has been mediated and is moving forward in litigation. The Town intends to vigorously defend the claim, pushing for a favorable decree. Potential loss estimates are \$105,000. The likelihood of an unfavorable outcome is uncertain at this time.

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

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

On August 30, 2011, the Town of Poland and Nestle Waters North America, Inc. entered into agreements with the Auburn Sewer District and the Auburn Water District for the construction of certain infrastructure. The nature of the agreements allows the construction of sewer and water mains within the Town at the Town's cost. The infrastructure will not be owned by the Town but will be owned by the respective Districts. As of June 30, 2011, the Town was obligated for \$4,498,200 worth of recovery zone economic development bonds for this project. The project was completed in December 2011. The debt service on these bonds will ultimately be paid from the Tax Increment Financing District with the Nestle Waters North America, Inc. The current principal balance on the bond is \$3,110,359.

NOTE 21 TAX INCREMENT FINANCING DISTRICTS

In accordance with M.R.S.A. Title 30-A, §5221-§5235, the Town of Poland has established three tax increment financing districts (TIFs) to stimulate new investment in the community by assisting businesses with public infrastructure or unusually high development costs. The TIF districts were formed locally, as the Town defined the districts and chose how much of the new taxes would go to what public and private projects over what period of time, subject to the approval of the Board of Selectpersons, local tax payers and ultimately by the Commissioner of the Maine Department of Economic and Community Development.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 21 TAX INCREMENT FINANCING DISTRICTS (CONTINUED)

Taxes generated from TIF districts can be "captured" and utilized to pay for the Town's bonded indebtedness associated with the new public infrastructure investment or returned to the developer in the form of a credit enhancement agreement for defined periods of up to 30 years. The Town of Poland accounts for all the activity of the TIF districts including captured taxes and expenditures for approved purposes in separate TIF funds. The Town has chosen to disclose information about its tax abatement (credit enhancement) agreements by District and negotiates property tax abatement agreements on an individual basis. The following is a brief description of, and the total amount of taxes abated for each tax increment financing district:

TIF District	Original Assessed Value	Current Assessed Value	TIF CAP	New Taxes	Taxes Abated
Poland Spring Bottling Company District 1	\$ 45,275,400	\$ 99,307,731	Varies	\$ 796,437	\$ 193,877
Poland Spring Bottling Company District 2	5,954,920	55,429,444	Varies	729,254	257,864
Poland Downtown Village	6,353,650	14,989,990	Varies	127,300	14,858

The Town has not made any commitments as part of the agreements other than to reduce or reimburse taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities.

NOTE 22 - COLLATERALIZATION

At June 30, 2018, the Town has an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Boston serving as collateral for its deposits held at Northeast Bank. This letter of credit, which expires at the close of business on December 31, 2018, authorizes one draw up to the amount of \$6,270,000. There were no draws for the year ended June 30, 2018.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 23 - RESTATEMENTS

In 2017, the Town determined that certain transactions in the prior year had been recorded incorrectly or omitted. Therefore, restatements to the 2017 government-wide financial statements for governmental activities and the corresponding general fund financial statements were required. The result of this was the restatement as of July 1, 2017 for a reduction of \$118,570 and an increase of \$291,132 in the governmental activities and general fund, respectively. The restatements represent a net decrease to current and noncurrent assets and noncurrent liabilities of the 2017 net position for governmental activities. For the general fund, the restatements represent a net increase to the fund balance, resulting from a net decrease in assets and liabilities, as well as a reclassification of the library as a department of the Town.

The net position of the governmental activities has also been restated at July 1, 2017 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by \$129,259.

The restatements in the aggregate decreased net position for governmental activities from \$12,149,873 to \$11,902,044 and increased the fund balance in the general fund from \$3,153,588 to \$3,444,720.

NOTE 24 - COMPARATIVE DATA/RECLASSIFICATIONS

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

Required Supplementary Information

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

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

TOWN OF POLAND, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 3,444,720	\$ 3,444,720	\$ 3,444,720	\$ -
Resources (Inflows):				
General tax revenue	11,760,485	11,760,485	11,952,927	192,442
Intergovernmental revenue	985,042	985,042	975,228	(9,814)
Charges for services	319,000	319,000	336,459	17,459
Investment income	9,000	9,000	14,520	5,520
Other revenue	135,126	135,126	156,523	21,397
Transfers from other funds	292,144	292,144	291,445	(699)
Amounts Available for Appropriation	<u>16,945,517</u>	<u>16,945,517</u>	<u>17,171,822</u>	<u>226,305</u>
Charges to Appropriations (Outflows):				
General government	1,080,336	1,080,336	1,093,675	(13,339)
Public safety	1,026,926	1,026,926	1,070,750	(43,824)
Public works	565,720	565,720	563,547	2,173
Recreation and culture	201,859	201,859	184,457	17,402
Health and sanitation	197,416	197,416	225,857	(28,441)
Library	80,068	80,068	153,643	(73,575)
Education	6,941,359	6,941,359	6,941,359	-
County tax	780,898	780,898	780,898	-
Overlay	39,409	39,409	13,203	26,206
Miscellaneous	-	-	4,407	(4,407)
Debt service:				
Principal	151,297	151,297	151,297	-
Interest	64,333	64,333	64,333	-
Capital outlay	-	210,000	242,130	(32,130)
Transfers to other funds	2,307,032	2,307,032	2,850,996	(543,964)
Total Charges to Appropriations	<u>13,436,653</u>	<u>13,646,653</u>	<u>14,340,552</u>	<u>(693,899)</u>
Budgetary Fund Balance, June 30	<u>\$ 3,508,864</u>	<u>\$ 3,298,864</u>	<u>\$ 2,831,270</u>	<u>\$ (467,594)</u>
Utilization of Unassigned Fund Balance	<u>\$ -</u>	<u>\$ 210,000</u>	<u>\$ -</u>	<u>\$ (210,000)</u>

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

TOWN OF POLAND, MAINE

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>				
Proportion of the net pension liability (asset)	0.13%	0.12%	0.10%	0.11%
Proportionate share of the net pension liability (asset)	\$ 535,417	\$ 650,896	\$ 333,484	\$ 170,747
Covered-employee payroll	\$ 916,178	\$ 892,301	\$ 859,883	\$ 908,208
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	58.44%	72.95%	38.78%	18.80%
Plan fiduciary net position as a percentage of the total pension liability	86.40%	81.60%	88.30%	94.10%

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

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

TOWN OF POLAND, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 TEN FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>				
Contractually required contribution	\$ 76,532	\$ 67,025	\$ 57,484	\$ 42,726
Contributions in relation to the contractually required contribution	<u>(76,532)</u>	<u>(67,025)</u>	<u>(57,484)</u>	<u>(42,726)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 958,181	\$ 916,178	\$ 892,301	\$ 859,883
Contributions as a percentage of covered-employee payroll	7.99%	7.32%	6.44%	4.97%

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

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

TOWN OF POLAND, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/17 (Reporting December 31, 2017)	\$ 129,259	\$ -	\$ 129,259
Changes for the year:			
Service cost	6,329	-	6,329
Interest	5,086	-	5,086
Changes of benefits	-	-	-
Differences between expected and actual experience	(3,664)	-	(3,664)
Changes of assumptions	13,810	-	13,810
Contributions - employer	-	2,085	(2,085)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(2,085)	(2,085)	-
Administrative expense	-	-	-
Net changes	<u>19,476</u>	<u>-</u>	<u>19,476</u>
Balances at 1/1/18 (Reporting December 31, 2018)	<u>\$ 148,735</u>	<u>\$ -</u>	<u>\$ 148,735</u>

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

TOWN OF POLAND, MAINE

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

	<u>2018</u>
<u>Total OPEB liability</u>	
Service cost (BOY)	6,329
Interest (includes interest on service cost)	5,086
Changes of benefit terms	-
Differences between expected and actual experience	(3,664)
Changes of assumptions	13,810
Benefit payments, including refunds of member contributions	<u>(2,085)</u>
Net change in total OPEB liability	\$ 19,476
Total OPEB liability - beginning	\$ 129,259
Total OPEB liability - ending	\$ 148,735
<u>Plan fiduciary net position</u>	
Contributions - employer	2,085
Contributions - member	-
Net investment income	-
Benefit payments, including refunds of member contributions	(2,085)
Administrative expense	-
Net change in fiduciary net position	<u>-</u>
Plan fiduciary net position - beginning	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 148,735</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-
Covered employee payroll	\$ 895,696
Net OPEB liability as a percentage of covered payroll	16.6%

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

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

TOWN OF POLAND, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2018</u>
<u>MMEHT:</u>	
Employer contributions	\$ 2,085
Benefit payments	<u>(2,085)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 895,696
Contributions as a percentage of covered- employee payroll	0.23%

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

TOWN OF POLAND, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

Changes of Assumptions

Net OPEB Liability

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

Other Supplementary Information

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

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

SCHEDULE A

TOWN OF POLAND, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 10,698,485	\$ 10,698,485	\$ 10,679,251	\$ (19,234)
Vehicle excise taxes	1,050,000	1,050,000	1,259,522	209,522
Boat excise taxes	12,000	12,000	14,154	2,154
Intergovernmental revenues:				
State revenue sharing	213,467	213,467	218,170	4,703
BETE reimbursement	426,241	426,241	403,701	(22,540)
Homestead exemption	240,134	240,134	240,134	-
Local road assistance	70,000	70,000	73,692	3,692
Tree growth	15,500	15,500	13,822	(1,678)
General assistance	5,000	5,000	-	(5,000)
Veteran's exemption	3,600	3,600	4,060	460
Other intergovernmental	11,100	11,100	21,649	10,549
Charges for services:				
Ambulance fees	200,000	200,000	197,853	(2,147)
Code enforcement fees	40,000	40,000	50,762	10,762
Motor vehicle fees	21,000	21,000	20,123	(877)
Solid waste revenues/fees	25,000	25,000	36,574	11,574
Library revenues/fees	-	-	4,197	4,197
Plumbing permits	11,000	11,000	11,923	923
Inland fisheries agent fees	2,500	2,500	2,484	(16)
Animal control fees	3,000	3,000	2,985	(15)
Electrical permit fees	7,500	7,500	3,197	(4,303)
Customer service fees	1,000	1,000	976	(24)
Other	8,000	8,000	5,385	(2,615)
Investment income	9,000	9,000	14,520	5,520
Other revenue:				
Rentals	750	750	2,207	1,457
Interest/fees on liens	46,000	46,000	40,054	(5,946)
Cable franchise fees	47,000	47,000	56,149	9,149
Other miscellaneous income	41,376	41,376	26,515	(14,861)
Donations and other contributions	-	-	31,598	31,598
Transfers in from other funds	292,144	292,144	291,445	(699)
Use of fund balance	-	210,000	-	(210,000)
Total revenues	\$ 13,500,797	\$ 13,710,797	\$ 13,727,102	\$ 16,305

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

TOWN OF POLAND, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Administration	\$ 406,710	\$ -	\$ 406,710	\$ 408,309	\$ (1,599)
Benefits	526,068	-	526,068	528,704	(2,636)
Contracted services	85,270	-	85,270	93,954	(8,684)
Buildings and grounds	50,126	-	50,126	51,360	(1,234)
Cable TV	12,162	-	12,162	11,348	814
	<u>1,080,336</u>	<u>-</u>	<u>1,080,336</u>	<u>1,093,675</u>	<u>(13,339)</u>
Public safety					
Fire/rescue	655,794	-	655,794	699,577	(43,783)
Police	240,096	-	240,096	235,870	4,226
Insurance	47,000	-	47,000	48,447	(1,447)
Dispatch contract	39,586	-	39,586	41,772	(2,186)
Street lights	14,000	-	14,000	15,405	(1,405)
Emergency management	5,450	-	5,450	5,000	450
Animal control	10,000	-	10,000	10,054	(54)
Hydrants	15,000	-	15,000	14,625	375
	<u>1,026,926</u>	<u>-</u>	<u>1,026,926</u>	<u>1,070,750</u>	<u>(43,824)</u>
Public works					
Highways	565,720	-	565,720	563,547	2,173
	<u>565,720</u>	<u>-</u>	<u>565,720</u>	<u>563,547</u>	<u>2,173</u>

TOWN OF POLAND, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Health and sanitation					
Solid waste	197,416	-	197,416	225,857	(28,441)
	<u>197,416</u>	<u>-</u>	<u>197,416</u>	<u>225,857</u>	<u>(28,441)</u>
Library	80,068	-	80,068	153,643	(73,575)
Community services					
Planning & Community Development	99,802	-	99,802	90,486	9,316
Recreation	72,237	-	72,237	71,460	777
General assistance	10,000	-	10,000	2,708	7,292
Social service agencies	4,000	-	4,000	4,000	-
Other	15,820	-	15,820	15,803	17
	<u>201,859</u>	<u>-</u>	<u>201,859</u>	<u>184,457</u>	<u>17,402</u>
Education	6,941,359	-	6,941,359	6,941,359	-
County tax	780,898	-	780,898	780,898	-
Miscellaneous					
Camp Connor maintenance	-	-	-	4,407	(4,407)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,407</u>	<u>(4,407)</u>
Overlay/Emergency Article	39,409	-	39,409	13,203	26,206

TOWN OF POLAND, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Debt service					
Principal	151,297	-	151,297	151,297	-
Interest	64,333	-	64,333	64,333	-
	<u>215,630</u>	<u>-</u>	<u>215,630</u>	<u>215,630</u>	<u>-</u>
Capital outlay	-	210,000	210,000	242,130	(32,130)
Transfers					
Special revenue funds	1,500,422	-	1,500,422	1,500,422	-
Permanent funds	-	-	-	540,990	(540,990)
Capital projects funds	806,610	-	806,610	809,584	(2,974)
	<u>2,307,032</u>	<u>-</u>	<u>2,307,032</u>	<u>2,850,996</u>	<u>(543,964)</u>
Total Departmental Operations	<u>\$ 13,436,653</u>	<u>\$ 210,000</u>	<u>\$ 13,646,653</u>	<u>\$ 14,340,552</u>	<u>\$ (693,899)</u>

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

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 745,687	\$ -	\$ 208,273	\$ 953,960
Investments	-	-	2,238,801	2,238,801
Prepaid items	4,997	-	-	4,997
Due from other funds	485,723	1,523,672	12,981	2,022,376
TOTAL ASSETS	\$ 1,236,407	\$ 1,523,672	\$ 2,460,055	\$ 5,220,134
LIABILITIES				
Accounts payable	\$ 2,528	\$ -	\$ -	\$ 2,528
Due to other funds	317,739	889	2,469	321,097
TOTAL LIABILITIES	320,267	889	2,469	323,625
FUND BALANCES				
Nonspendable	-	-	17,609	17,609
Restricted	819,395	-	2,332,482	3,151,877
Committed	118,697	-	107,514	226,211
Assigned	2,200	1,523,672	-	1,525,872
Unassigned	(24,152)	(889)	(19)	(25,060)
TOTAL FUND BALANCES	916,140	1,522,783	2,457,586	4,896,509
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,236,407	\$ 1,523,672	\$ 2,460,055	\$ 5,220,134

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

SCHEDULE D

TOWN OF POLAND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Charges for services	\$ 173,611	\$ -	\$ -	\$ 173,611
Investment income, net of unrealized gains/(losses)	2,341	-	264,048	266,389
Other income	28,163	25,290	7,241	60,694
Total revenues	204,115	25,290	271,289	500,694
EXPENDITURES				
Current:				
General government	42,390	33,805	-	76,195
Recreation	177,983	-	-	177,983
TIF	580,344	-	-	580,344
Cemetery	-	-	2,966	2,966
Other	-	43,617	21,840	65,457
Debt service	660,795	-	-	660,795
Capital outlay	11,290	742,938	-	754,228
Total expenditures	1,472,802	820,360	24,806	2,317,968
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,268,687)	(795,070)	246,483	(1,817,274)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,500,422	809,584	540,990	2,850,996
Transfers (out)	(228,000)	-	(63,445)	(291,445)
TOTAL OTHER FINANCING SOURCES (USES)	1,272,422	809,584	477,545	2,559,551
NET CHANGE IN FUND BALANCES	3,735	14,514	724,028	742,277
FUND BALANCES - JULY 1, RESTATED	912,405	1,508,269	1,733,558	4,154,232
FUND BALANCES - JUNE 30	\$ 916,140	\$ 1,522,783	\$ 2,457,586	\$ 4,896,509

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

Special Revenue Funds

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

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Recreation Fees Reserve	TAP Economic Development	PSD TIF I	PSD TIF II	Downtown TIF	Auburn Water Escrow
ASSETS						
Cash and cash equivalents	\$ 500	\$ -	\$ 397,831	\$ 59,123	\$ 288,233	\$ -
Prepaid items	-	-	-	-	-	4,997
Due from other funds	101,479	16,718	-	365,326	-	-
TOTAL ASSETS	<u>\$ 101,979</u>	<u>\$ 16,718</u>	<u>\$ 397,831</u>	<u>\$ 424,449</u>	<u>\$ 288,233</u>	<u>\$ 4,997</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 1,858	\$ 670	\$ -	\$ -
Due to other funds	-	-	273,449	-	20,138	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>275,307</u>	<u>670</u>	<u>20,138</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	122,524	423,779	268,095	4,997
Committed	101,979	16,718	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>101,979</u>	<u>16,718</u>	<u>122,524</u>	<u>423,779</u>	<u>268,095</u>	<u>4,997</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 101,979</u>	<u>\$ 16,718</u>	<u>\$ 397,831</u>	<u>\$ 424,449</u>	<u>\$ 288,233</u>	<u>\$ 4,997</u>

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Waterhouse Brook Project	Health Reimbursement Account	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 745,687
Prepaid items	-	-	4,997
Due from other funds	2,200	-	485,723
TOTAL ASSETS	<u>\$ 2,200</u>	<u>\$ -</u>	<u>\$ 1,236,407</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 2,528
Due to other funds	-	24,152	317,739
TOTAL LIABILITIES	<u>-</u>	<u>24,152</u>	<u>320,267</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	819,395
Committed	-	-	118,697
Assigned	2,200	-	2,200
Unassigned	-	(24,152)	(24,152)
TOTAL FUND BALANCES	<u>2,200</u>	<u>(24,152)</u>	<u>916,140</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,200</u>	<u>\$ -</u>	<u>\$ 1,236,407</u>

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

TOWN OF POLAND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Recreation Fees Reserve	TAP Economic Development	PSD TIF I	PSD TIF II	Downtown TIF	Auburn Water Escrow
REVENUES						
Charges for services	\$ 173,611	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income, net of unrealized gains/(losses)	-	-	1,082	395	854	10
Donations and other contributions	15,104	-	-	-	-	-
Total revenues	188,715	-	1,082	395	854	10
EXPENDITURES						
General government	-	-	-	-	-	8,179
Recreation	177,983	-	-	-	-	-
TIF	-	-	288,000	273,702	18,642	-
Debt service	-	-	332,624	276,512	51,659	-
Capital outlay	-	-	10,490	-	-	-
Total expenditures	177,983	-	631,114	550,214	70,301	8,179
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,732	-	(630,032)	(549,819)	(69,447)	(8,169)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	716,793	656,329	127,300	-
Transfers (out)	-	-	(75,000)	(153,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	641,793	503,329	127,300	-
NET CHANGE IN FUND BALANCES (DEFICITS)	10,732	-	11,761	(46,490)	57,853	(8,169)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	91,247	16,718	110,763	470,269	210,242	13,166
FUND BALANCES (DEFICITS) - JUNE 30	\$ 101,979	\$ 16,718	\$ 122,524	\$ 423,779	\$ 268,095	\$ 4,997

TOWN OF POLAND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Waterhouse Brook Project	Health Reimbursement Account	Total
REVENUES			
Charges for services	\$ -	\$ -	\$ 173,611
Investment income, net of unrealized gains/(losses)	-	-	2,341
Donations and other contributions	3,000	10,059	28,163
Total revenues	3,000	10,059	204,115
EXPENDITURES			
General government	-	34,211	42,390
Recreation	-	-	177,983
TIF	-	-	580,344
Debt service	-	-	660,795
Capital outlay	800	-	11,290
Total expenditures	800	34,211	1,472,802
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,200	(24,152)	(1,268,687)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	1,500,422
Transfers (out)	-	-	(228,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	1,272,422
NET CHANGE IN FUND BALANCES (DEFICITS)	2,200	(24,152)	3,735
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	-	-	912,405
FUND BALANCES (DEFICITS) - JUNE 30	\$ 2,200	\$ (24,152)	\$ 916,140

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

Capital Projects Funds

The capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities or equipment.

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	Public Works Vehicle	Fire/ Rescue Vehicle	Town Roads	Solid Waste	Recreation Facility Reserve	Conservation Reserve
ASSETS						
Due from other funds	\$ 821,170	\$ 331,893	\$ 24,356	\$ 25,768	\$ -	\$ 16,536
TOTAL ASSETS	<u>\$ 821,170</u>	<u>\$ 331,893</u>	<u>\$ 24,356</u>	<u>\$ 25,768</u>	<u>\$ -</u>	<u>\$ 16,536</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 889	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>889</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	821,170	331,893	24,356	25,768	-	16,536
Unassigned	-	-	-	-	(889)	-
TOTAL FUND BALANCES (DEFICITS)	<u>821,170</u>	<u>331,893</u>	<u>24,356</u>	<u>25,768</u>	<u>(889)</u>	<u>16,536</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 821,170</u>	<u>\$ 331,893</u>	<u>\$ 24,356</u>	<u>\$ 25,768</u>	<u>\$ -</u>	<u>\$ 16,536</u>

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	Building Improvements	Contingency Reserve	Police Vehicle	Revaluation Reserve	Fire Station Reserve-Bond	CEO Reserve	Total
ASSETS							
Due from other funds	\$ 106,662	\$ 3,000	\$ 18,934	\$ 75,000	\$ 92,351	\$ 8,002	\$ 1,523,672
TOTAL ASSETS	<u>\$ 106,662</u>	<u>\$ 3,000</u>	<u>\$ 18,934</u>	<u>\$ 75,000</u>	<u>\$ 92,351</u>	<u>\$ 8,002</u>	<u>\$ 1,523,672</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 889
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>889</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	106,662	3,000	18,934	75,000	92,351	8,002	1,523,672
Unassigned	-	-	-	-	-	-	(889)
TOTAL FUND BALANCES (DEFICITS)	<u>106,662</u>	<u>3,000</u>	<u>18,934</u>	<u>75,000</u>	<u>92,351</u>	<u>8,002</u>	<u>1,522,783</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 106,662</u>	<u>\$ 3,000</u>	<u>\$ 18,934</u>	<u>\$ 75,000</u>	<u>\$ 92,351</u>	<u>\$ 8,002</u>	<u>\$ 1,523,672</u>

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

TOWN OF POLAND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Public Works Vehicle	Fire/ Rescue Vehicle	Town Roads	Solid Waste	Recreation Facility Reserve	Conservation Reserve
REVENUES						
Other income	\$ -	\$ -	\$ -	\$ -	\$ 6,495	\$ 12,562
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,495</u>	<u>12,562</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Other	-	-	13,894	-	15,225	-
Capital outlay	243,968	7,012	378,101	-	-	-
Total expenditures	<u>243,968</u>	<u>7,012</u>	<u>391,995</u>	<u>-</u>	<u>15,225</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(243,968)</u>	<u>(7,012)</u>	<u>(391,995)</u>	<u>-</u>	<u>(8,730)</u>	<u>12,562</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	180,000	140,000	430,000	9,500	8,800	3,974
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>180,000</u>	<u>140,000</u>	<u>430,000</u>	<u>9,500</u>	<u>8,800</u>	<u>3,974</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(63,968)	132,988	38,005	9,500	70	16,536
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>885,138</u>	<u>198,905</u>	<u>(13,649)</u>	<u>16,268</u>	<u>(959)</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 821,170</u>	<u>\$ 331,893</u>	<u>\$ 24,356</u>	<u>\$ 25,768</u>	<u>\$ (889)</u>	<u>\$ 16,536</u>

TOWN OF POLAND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Building Improvements	Contingency Reserve	Police Vehicle	Revaluation Reserve	Fire Station Reserve-Bond	CEO Reserve	Total
REVENUES							
Other income	\$ 6,233	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,290
Total revenues	<u>6,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,290</u>
EXPENDITURES							
General government	33,805	-	-	-	-	-	33,805
Public safety	-	-	-	-	-	-	-
Other	-	-	-	-	-	14,498	43,617
Capital outlay	113,857	-	-	-	-	-	742,938
Total expenditures	<u>147,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,498</u>	<u>820,360</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(141,429)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,498)</u>	<u>(795,070)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	12,000	310	12,500	-	-	12,500	809,584
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,000</u>	<u>310</u>	<u>12,500</u>	<u>-</u>	<u>-</u>	<u>12,500</u>	<u>809,584</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(129,429)	310	12,500	-	-	(1,998)	14,514
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>236,091</u>	<u>2,690</u>	<u>6,434</u>	<u>75,000</u>	<u>92,351</u>	<u>10,000</u>	<u>1,508,269</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 106,662</u>	<u>\$ 3,000</u>	<u>\$ 18,934</u>	<u>\$ 75,000</u>	<u>\$ 92,351</u>	<u>\$ 8,002</u>	<u>\$ 1,522,783</u>

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

Permanent Funds

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

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2018

	Hackett Trust	Hackett Relief Fund	Empire Cemetery	White Oak Hill Cemetery	Highland Cemetery	A. B. Ricker Trust
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 3,273	\$ -
Investments	11,138	-	6,600	8,585	108,834	11,709
Due from other funds	-	12,981	-	-	-	-
TOTAL ASSETS	\$ 11,138	\$ 12,981	\$ 6,600	\$ 8,585	\$ 112,107	\$ 11,709
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	5,000	-	-	-	-	7,000
Restricted	6,138	12,981	6,600	8,585	112,107	4,709
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	11,138	12,981	6,600	8,585	112,107	11,709
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 11,138	\$ 12,981	\$ 6,600	\$ 8,585	\$ 112,107	\$ 11,709

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2018

	Lane Cemetery	Scholarship Funds	Operations Ricker Library	Jane J. Ricker Library Endowment	Ministerial	Historical Society
ASSETS						
Cash and cash equivalents	\$ -	\$ 25,754	\$ -	\$ 132,034	\$ -	\$ -
Investments	6,326	223,172	-	1,299,274	29,022	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	\$ 6,326	\$ 248,926	\$ -	\$ 1,431,308	\$ 29,022	\$ -
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	2,450	-	-	-	19
TOTAL LIABILITIES	-	2,450	-	-	-	19
FUND BALANCES (DEFICITS)						
Nonspendable	609	-	-	-	3,000	-
Restricted	5,717	246,476	-	1,431,308	26,022	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(19)
TOTAL FUND BALANCES (DEFICITS)	6,326	246,476	-	1,431,308	29,022	(19)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 6,326	\$ 248,926	\$ -	\$ 1,431,308	\$ 29,022	\$ -

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2018

	Ricker Cemetery	A. B. Ricker Library Endowment	Irene Stone Library Trust	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 38,450	\$ 8,762	\$ 208,273
Investments	2,025	433,364	98,752	2,238,801
Due from other funds	-	-	-	12,981
TOTAL ASSETS	<u>\$ 2,025</u>	<u>\$ 471,814</u>	<u>\$ 107,514</u>	<u>\$ 2,460,055</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	2,469
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,469</u>
FUND BALANCES (DEFICITS)				
Nonspendable	2,000	-	-	17,609
Restricted	25	471,814	-	2,332,482
Committed	-	-	107,514	107,514
Assigned	-	-	-	-
Unassigned	-	-	-	(19)
TOTAL FUND BALANCES (DEFICITS)	<u>2,025</u>	<u>471,814</u>	<u>107,514</u>	<u>2,457,586</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 2,025</u>	<u>\$ 471,814</u>	<u>\$ 107,514</u>	<u>\$ 2,460,055</u>

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

TOWN OF POLAND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Hackett Trust	Hackett Relief Fund	Empire Cemetery	White Oak Hill Cemetery	Highland Cemetery	A. B. Ricker Trust
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ 45	\$ -	\$ 26	\$ 34	\$ 10,932	\$ 47
Donations and other contributions	-	240	-	-	-	-
Total revenues	45	240	26	34	10,932	47
EXPENDITURES						
Cemetery	-	-	-	-	2,966	-
Scholarships	-	-	-	-	-	-
Other	-	1,400	-	-	-	-
Total expenditures	-	1,400	-	-	2,966	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	45	(1,160)	26	34	7,966	47
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	45	(1,160)	26	34	7,966	47
FUND BALANCES (DEFICITS) - JULY 1	11,093	14,141	6,574	8,551	104,141	11,662
FUND BALANCES (DEFICITS) - JUNE 30	\$ 11,138	\$ 12,981	\$ 6,600	\$ 8,585	\$ 112,107	\$ 11,709

TOWN OF POLAND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Lane Cemetery	Scholarship Funds	Operations Ricker Library	Jane J. Ricker Library Endowment	Ministerial	Historical Society
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ 21	\$ 25,693	\$ -	\$ 171,789	\$ 116	\$ -
Donations and other contributions	5,000	2,001	-	-	-	-
Total revenues	5,021	27,694	-	171,789	116	-
EXPENDITURES						
Cemetery	-	-	-	-	-	-
Scholarships	-	5,900	-	-	-	-
Other	-	1,554	-	9,892	-	-
Total expenditures	-	7,454	-	9,892	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,021	20,240	-	161,897	116	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	(49,469)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(49,469)	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	5,021	20,240	-	112,428	116	-
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	1,305	226,236	-	1,318,880	28,906	(19)
FUND BALANCES (DEFICITS) - JUNE 30	\$ 6,326	\$ 246,476	\$ -	\$ 1,431,308	\$ 29,022	\$ (19)

TOWN OF POLAND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Ricker Cemetery	A. B. Ricker Library Endowment	Irene Stone Library Trust	Total
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 8	\$ 48,364	\$ 6,973	\$ 264,048
Donations and other contributions	-	-	-	7,241
Total revenues	8	48,364	6,973	271,289
EXPENDITURES				
Cemetery	-	-	-	2,966
Scholarships	-	-	-	5,900
Other	-	2,657	437	15,940
Total expenditures	-	2,657	437	24,806
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8	45,707	6,536	246,483
OTHER FINANCING SOURCES (USES)				
Transfers in	-	440,012	100,978	540,990
Transfers (out)	(71)	(13,905)	-	(63,445)
TOTAL OTHER FINANCING SOURCES (USES)	(71)	426,107	100,978	477,545
NET CHANGE IN FUND BALANCES (DEFICITS)	(63)	471,814	107,514	724,028
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	2,088	-	-	1,733,558
FUND BALANCES (DEFICITS) - JUNE 30	\$ 2,025	\$ 471,814	\$ 107,514	\$ 2,457,586

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

General Capital Assets

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

TOWN OF POLAND, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2018

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Fire department	\$ 6,300	\$ 3,205,542	\$ 2,502,317	\$ -	\$ 5,714,159
Public safety	-	275,087	76,817	-	351,904
Public works department	216,928	1,844,011	1,272,191	3,351,091	6,684,221
Transfer station	120,000	310,000	211,428	-	641,428
TIF	-	-	9,528	2,801,016	2,810,544
Library	-	15,488	65,814	-	81,302
Recreation	168,000	80,978	21,500	-	270,478
Town-wide	304,468	541,355	156,582	-	1,002,405
Total General Capital Assets	815,696	6,272,461	4,316,177	6,152,107	17,556,441
Less: Accumulated Depreciation	-	(1,640,220)	(1,908,324)	(1,033,534)	(4,582,078)
Net General Capital Assets	\$ 815,696	\$ 4,632,241	\$ 2,407,853	\$ 5,118,573	\$ 12,974,363

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

TOWN OF POLAND, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2018

	General Capital Assets 7/1/2017 (Restated)	Additions	Deletions	General Capital Assets 6/30/18
Fire department	\$ 5,696,657	\$ 17,502	\$ -	\$ 5,714,159
Public safety	346,704	5,200	-	351,904
Public works department	6,054,272	629,949	-	6,684,221
Transfer station	641,428	-	-	641,428
TIF	2,810,544	-	-	2,810,544
Library	28,923	52,379	-	81,302
Recreation	27,228	243,250	-	270,478
Town-wide	928,774	73,631	-	1,002,405
Total General Capital Assets	16,534,530	1,021,911	-	17,556,441
Less: Accumulated Depreciation	(3,966,944)	(615,134)	-	(4,582,078)
Net General Capital Assets	<u>\$ 12,567,586</u>	<u>\$ 406,777</u>	<u>\$ -</u>	<u>\$ 12,974,363</u>

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



Proven Expertise and Integrity

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

Board of Selectpersons
Town of Poland
Poland, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Town of Poland, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Town of Poland's basic financial statements, and have issued our report thereon dated May 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Poland's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Poland's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Poland's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these

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limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
May 22, 2019