

Audited Financial Statements and
Other Financial Information

Town of Poland, Maine

June 30, 2019



Proven Expertise & Integrity

TOWN OF POLAND, MAINE

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JUNE 30, 2019

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FEDERAL COMPLIANCE

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INDEPENDENT AUDITORS' REPORT

Selectboard
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, 2019, 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, 2019, 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 14 and 64 through 70 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 March 9, 2020 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
March 9, 2020

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

(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, 2019. Please read it in conjunction with the Town's financial statements.

Financial Highlights

- The Town's total net position increased \$1,397,044 or 10.78% over the previous fiscal year. All categories of net position increased, with the largest portion realized in unrestricted of \$745,415, a \$576,703 increase in net investment in capital assets and \$74,926 in restricted net position.
- For governmental activities, the Town's program and general revenues exceeded overall program expenditures for the fiscal year ended June 30, 2019, a \$183,688 or 15.14% increase over the same period in 2018. The net increase resulted from the rise in revenues of 3.55%, which outpaced the overall increase in expenses at 2.45% when compared to the same period in 2018.
- Poland's financial performance and management of resources resulted in an increase of fund balance for the general fund, rising to \$3,138,301 for the year ended June 30, 2019 from \$2,807,118, as restated, for the same period in 2018 or an 11.8% increase.
- Total fund balances for other governmental funds likewise saw an overall increase of \$347,015 over the previous fiscal year, primarily due to investment in future capital improvements along with net investment gains on permanent fund investments.
- Resources available for appropriations in the general fund were greater than anticipated for the year ended June 30, 2019 overall, fully offsetting cost overruns in several program budgets.
- Capital assets declined by \$124,490 for the year ended June 30, 2019 despite the Town's investment in infrastructure and other capital projects.
- The Town's debt decreased by \$1,683,506 over the fiscal year due to scheduled principal reductions.

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 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 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 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 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 regarding 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 \$1,397,044 or 10.78% from \$12,955,319 to \$14,352,363. All net position categories increased. (Refer to Table 1 below.)

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, increased by \$745,415 to \$4,929,557. Net investment in capital assets increased \$576,703, along with an increase of \$74,926 in restricted net position. Excess revenues over expenditures on Town operations, long-term debt retirement outpacing net investment in capital assets and an increase in net investment gains for the year on restricted assets resulted in the favorable outcomes, respectively.

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

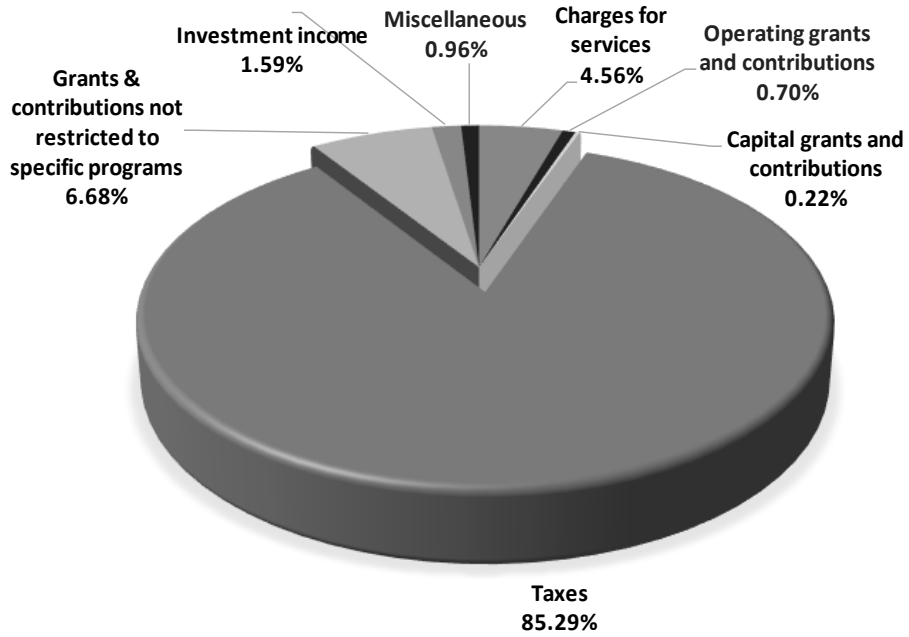
	2019	2018 (Restated)
Assets:		
Current Assets	\$ 8,890,111	\$ 8,193,785
Noncurrent Assets	13,092,700	14,199,506
Total Assets	21,982,811	22,393,291
Deferred Outflows of Resources	206,659	370,887
Liabilities:		
Current Liabilities	1,024,832	1,887,396
Long-term Debt Outstanding	6,700,840	7,687,817
Total Liabilities	7,725,672	9,575,213
Deferred Inflows of Resources	111,435	233,646
Net Position:		
Net Investment in Capital Assets	6,178,394	5,601,691
Restricted	3,244,412	3,169,486
Unrestricted	4,929,557	4,184,142
Total Net Position	\$ 14,352,363	\$ 12,955,319

Revenues and Expenses

Revenues for the Town's governmental activities increased by 3.55%, while total expenses increased by 2.45%. Primary reasons for the increase in revenues resulted from the rise in general tax revenues due to a property tax rate increase of 24 mills coupled with an increase in motor vehicle excise tax collected; in intergovernmental grants and contributions due to state law amendments; along with charges for services due to the Town's middle school expansion project. These were partially offset by a decline in investment and miscellaneous income.

An increase in expenses was incurred across most programs, with the largest being education closely followed by investment in economic and community development and summer camp and other recreation operations. These were partially offset by decreases in general government and miscellaneous costs and interest on long-term debt when compared to the prior fiscal year. Refer to Table 2 below for specific details.

PROGRAM & GENERAL REVENUES



PROGRAM EXPENSES

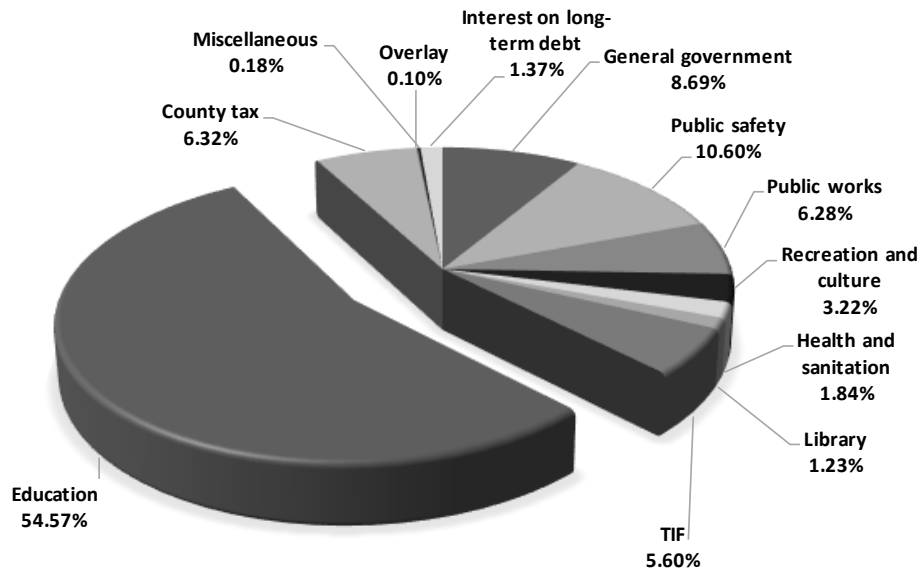


Table 2
Town of Poland, Maine
Change in Net Position
For the Years Ended June 30,

	<u>2019</u>	<u>2018</u>
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 659,184	\$ 510,070
Operating grants and contributions	101,419	109,565
Capital grants and contributions	31,177	-
<i>General revenues:</i>		
Taxes	12,334,228	11,979,510
Grants and contributions not restricted to specific programs	966,692	900,961
Investment income	230,039	280,909
Miscellaneous	139,512	185,619
Total Revenues	<u>14,462,251</u>	<u>13,966,634</u>
Expenses		
General government	1,135,909	1,212,940
Public safety	1,384,807	1,348,199
Public works	820,094	793,401
Recreation and culture	421,182	357,016
Health and sanitation	240,522	236,364
Library	161,055	155,143
TIF	732,051	650,751
Education	7,129,458	6,941,359
County tax	825,107	780,898
Overlay	12,753	13,203
Miscellaneous	23,060	69,864
Interest on long-term debt	179,209	194,140
Total Expenses	<u>13,065,207</u>	<u>12,753,278</u>
Change in Net Position	1,397,044	1,213,356
Net Position - July 1, Restated	<u>12,955,319</u>	<u>11,741,963</u>
Net Position - June 30	<u>\$ 14,352,363</u>	<u>\$ 12,955,319</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. Specifically, 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,

	2019	2018 (Restated)
Major Funds:		
General Fund:		
Nonspendable	\$ 40,692	\$ 32,558
Committed	206,437	27,579
Assigned	108,728	106,625
Unassigned	2,782,444	2,640,356
Total Major Funds	\$ 3,138,301	\$ 2,807,118
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 779,856	\$ 819,395
Committed	140,075	118,697
Assigned	8,872	2,200
Unassigned	(7,651)	-
Capital Projects Funds:		
Assigned	1,765,341	1,523,672
Unassigned	(889)	(889)
Permanent Funds:		
Nonspendable	17,609	17,609
Restricted	2,446,947	2,332,482
Committed	117,535	107,514
Unassigned	(19)	(19)
Total Nonmajor Funds	\$ 5,267,676	\$ 4,920,661

For the Town's general fund, total fund balance increased by \$331,183 from the prior fiscal year. This increase was primarily due to an increase in funds set aside that can be used only for tax relief, along with budgetary amounts available for appropriation in excess of offsetting charges to appropriations that were returned to the general fund.

The increase in the nonmajor funds total fund balance of \$347,015 from the prior fiscal year, can primarily be attributed to investment in future capital asset purchases over current year capital outlay. In addition, favorable market conditions resulted in net

investment income earned in permanent funds at a higher level than expenditures were incurred.

Budgetary Highlights

There were no differences between the original and final budgets for the general fund for the year ended June 30, 2019.

General fund actual revenues, including transfers from other funds, exceeded budgeted amounts by \$328,862. The excess primarily resulted from greater than anticipated vehicle excise tax collected over the fiscal year. The Town also realized a significant increase in code enforcement fees due to the middle school expansion project.

Conversely, general fund actual expenditures were over budget by \$63,699. Most expenditure categories exceeded budget. Larger budget overages included fire rescue department cost overruns due to a large structure fire, an unanticipated rise in workers compensation insurance cost due to injury and rising solid waste disposal costs. Lower than anticipated costs were realized in general government administration, community services and overlay expense, which provided some relief, partially offsetting the overage.

Capital Asset and Long-Term Debt Activity

Capital Assets

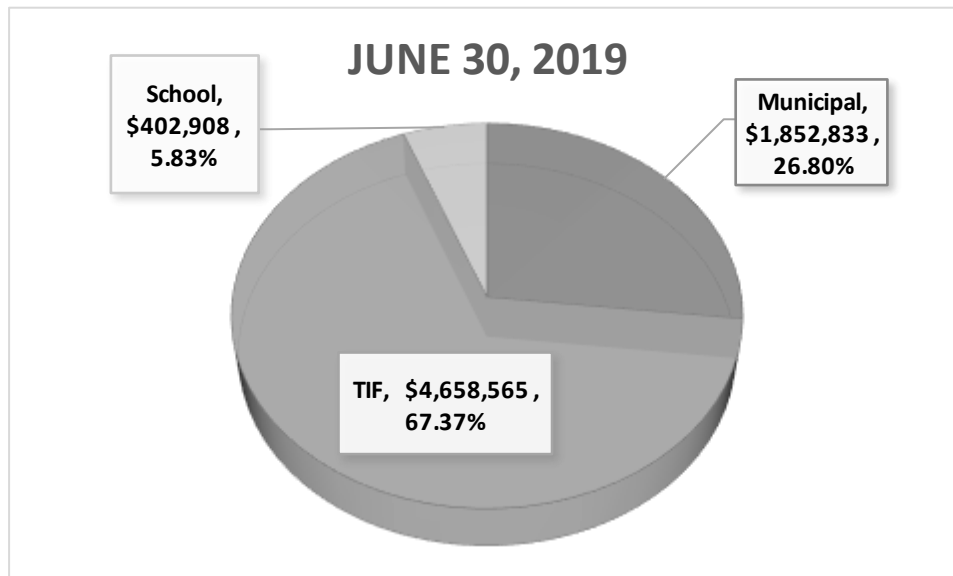
As of June 30, 2019, the Town's capital assets decreased by \$124,490. This decrease was due to current year capital additions of \$522,741 less depreciation expense of \$647,231. Capital asset investment for the year include interior and exterior LED lighting upgrades of \$20,666; town road improvements totaling \$423,529 on Tiger Hill, Cleve Tripp, North Raymond, Plains and Hardscrabble roads; machinery and equipment purchases including a solid waste compactor, fire/rescue turnout gear, laptops and digital training prop, all totaling \$62,737; bridge and trail improvements totaling \$7,328 and additional engineering on the proposed municipal complex project of \$8,481. These amounts invested represent a decrease of \$499,170 from capital asset investments in fiscal 2018, primarily due to the one-time purchase of Camp Connor, library renovations and a higher level of road maintenance. Most of these assets were funded with annual appropriations, with a portion of machinery and equipment assets funded by grants totaling \$17,177. 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,

	<u>2019</u>	<u>2018</u> <u>(Restated)</u>
Land	\$ 720,868	\$ 720,868
Art works & historical treasures	26,000	26,000
Construction in progress	100,502	71,128
Buildings and improvements	4,319,461	4,470,082
Machinery and equipment	476,553	498,722
Furniture and fixtures	1,980	2,640
Vehicles	1,708,982	1,906,264
Infrastructure	5,335,446	5,118,578
Total	<u>\$ 12,689,792</u>	<u>\$ 12,814,282</u>

Long-term Debt

At June 30, 2019, the Town had \$6,914,306 in general obligation bonds and notes from direct borrowings outstanding versus \$8,597,812 last year, a decrease of 19.6%, primarily due to scheduled principal reduction, paid using general fund, school and TIF funds.



The State limits the amount of total debt outstanding the Town may incur at any one time, not to exceed 15.0% of its last full state valuation or any lower percentage or amount that the Town may set. The Town of Poland follows state guidelines, with its

total indebtedness falling at approximately 1.0%, well below state requirements. 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

Financial outcomes for the year ended June 30, 2019 have yielded largely similar results when compared with the same period in 2018 due to continued improvement in economic conditions. Real estate property values over the period have improved, growing by approximately \$5,801,000. Housing starts have increased by nearly 29%, with seventeen new single-family residences and one new two-family residence valued at approximately \$2,080,000, which generated approximately \$31,000 in new assessed value, versus 14 new residences valued at approximately \$1,610,000 in the previous fiscal year. Demolished single-family buildings has also declined to four, with a valuation loss of \$128,000 versus six demolished or converted residential buildings with a valuation loss of \$462,000 in fiscal 2018. There have not been financially significant industrial or commercial growth starts in either fiscal 2019 or fiscal 2018. Taxable personal property values have also grown by approximately \$384,000, along with homestead exempt property reimbursement values increasing approximately \$3,718,000. Overall growth in taxable valuation stands at approximately \$6,186,000 when compared to the 2018 period. The certified ratio for the Town remains at 100.00%.

On April 5 and 6, 2019, the voters in the Town of Poland approved a gross budget for the period July 1, 2019 to June 30, 2020 totaling \$4,762,497, which reflects an increase of approximately \$14,659 or 0.3%. Rising health care and contractual services increases along with an increase in valuation contributed to much of the results. Separately, the local portion of education costs totaled \$7,052,373, representing an approximate decrease of \$77,000 from the 2019 period. This resulted in a net tax commitment totaling \$11,011,412, which reflected an increase of approximately \$46,000 or 0.4%. The tax rate was set at 14.98 mills based on the total adjusted local valuation of \$788,482,426, which includes both the homestead and BETE valuation adjustments. The mill rate remained unchanged in comparison to the previous fiscal year. The local economic outlook for the near future is stable, consistent with its recent financial results and the current level of the unassigned fund balance. Municipal revenues, outside of real estate and personal property taxes, have risen modestly and are mostly consistent with fiscal 2019.

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, 2019

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 5,892,040
Investments	2,357,649
Accounts receivable (net of allowance for uncollectibles):	
Taxes	340,728
Liens	107,700
Other	36,427
Due from other governments	114,875
Prepaid items	5,125
Tax acquired property	15,431
Inventory	20,136
Total current assets	<u>8,890,111</u>
Noncurrent assets:	
Receivable for long-term debt obligations from RSU No. 16	402,908
Capital assets:	
Land and other assets not being depreciated	847,370
Buildings and vehicles net of accumulated depreciation	<u>11,842,422</u>
Total noncurrent assets	<u>13,092,700</u>
TOTAL ASSETS	<u><u>21,982,811</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	193,820
Deferred outflows related to OPEB	<u>12,839</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>206,659</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 22,189,470</u></u>

STATEMENT A (CONTINUED)

TOWN OF POLAND, MAINE

STATEMENT OF NET POSITION

JUNE 30, 2019

	<u>Governmental Activities</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 67,047
Accrued payroll	42,789
Due to other governments	35,208
Escrow accounts	41,437
Current portion of long-term obligations	838,351
Total current liabilities	<u>1,024,832</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds and notes payable	6,084,938
Accrued compensated absences	92,671
Net pension liability	377,305
Net OPEB liability	145,926
Total noncurrent liabilities	<u>6,700,840</u>
TOTAL LIABILITIES	<u><u>7,725,672</u></u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	298
Deferred inflows related to pensions	95,448
Deferred inflows related to OPEB	15,689
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>111,435</u>
NET POSITION	
Net investment in capital assets	6,178,394
Restricted:	
Nonexpendable	17,609
Special Revenues	779,856
Permanent funds	2,446,947
Unrestricted	4,929,557
TOTAL NET POSITION	<u>14,352,363</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 22,189,470</u></u>

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

TOWN OF POLAND, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
Governmental activities:					
General government	\$ 1,135,909	\$ 35,054	\$ -	\$ -	\$ (1,100,855)
Public safety	1,384,807	249,253	-	17,177	(1,118,377)
Public works	820,094	-	72,772	-	(747,322)
Recreation and culture	421,182	339,050	23,511	14,000	(44,621)
Health and sanitation	240,522	31,820	-	-	(208,702)
Library	161,055	4,007	5,136	-	(151,912)
TIF	732,051	-	-	-	(732,051)
Education	7,129,458	-	-	-	(7,129,458)
County tax	825,107	-	-	-	(825,107)
Overlay	12,753	-	-	-	(12,753)
Miscellaneous	23,060	-	-	-	(23,060)
Interest on long-term debt	179,209	-	-	-	(179,209)
Total government	<u>\$ 13,065,207</u>	<u>\$ 659,184</u>	<u>\$ 101,419</u>	<u>\$ 31,177</u>	<u>(12,273,427)</u>

STATEMENT B (CONTINUED)

TOWN OF POLAND, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(12,273,427)</u>
General revenues:	
Taxes	
Property taxes, levied for general purposes	10,965,339
Excise taxes	1,368,889
Grants and contributions not restricted to specific programs	966,692
Investment income, net of unrealized gains/(losses)	230,039
Miscellaneous	<u>139,512</u>
Total revenues	<u>13,670,471</u>
Change in net position	1,397,044
NET POSITION - JULY 1, RESTATED	<u>12,955,319</u>
NET POSITION - JUNE 30	<u><u>\$ 14,352,363</u></u>

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

STATEMENT C

TOWN OF POLAND, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,889,647	\$ 1,002,393	\$ 5,892,040
Investments	-	2,357,649	2,357,649
Accounts receivable (net of allowance for uncollectibles):			
Taxes	340,728	-	340,728
Liens	107,700	-	107,700
Other	36,427	-	36,427
Due from other governments	114,875	-	114,875
Tax acquired property	15,431	-	15,431
Inventory	20,136	-	20,136
Prepaid items	5,125	-	5,125
Due from other funds	38	1,927,059	1,927,097
TOTAL ASSETS	\$ 5,530,107	\$ 5,287,101	\$ 10,817,208
LIABILITIES			
Accounts payable	\$ 60,724	\$ 6,323	\$ 67,047
Accrued payroll	42,789	-	42,789
Due to other governments	35,208	-	35,208
Escrow accounts	41,437	-	41,437
Due to other funds	1,913,995	13,102	1,927,097
TOTAL LIABILITIES	2,094,153	19,425	2,113,578
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	298	-	298
Deferred tax revenues	297,355	-	297,355
TOTAL DEFERRED INFLOWS OF RESOURCES	297,653	-	297,653
FUND BALANCES			
Nonspendable	40,692	17,609	58,301
Restricted	-	3,226,803	3,226,803
Committed	206,437	257,610	464,047
Assigned	108,728	1,774,213	1,882,941
Unassigned	2,782,444	(8,559)	2,773,885
TOTAL FUND BALANCES	3,138,301	5,267,676	8,405,977
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,530,107	\$ 5,287,101	\$ 10,817,208

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, 2019

	Total Governmental Funds
	Funds
Total Fund Balances	\$ 8,405,977
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	12,689,792
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	402,908
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	297,355
Deferred outflows of resources are not financial resources and therefore are not reported in the funds:	
Pensions	193,820
OPEB	12,839
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds and notes payable	(6,914,306)
Net pension liability	(377,305)
Net OPEB liability	(145,926)
Accrued compensated absences	(101,654)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds:	
Pensions	(95,448)
OPEB	(15,689)
Net position of governmental activities	\$ 14,352,363

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, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
General tax revenue	\$ 12,312,320	\$ -	\$ 12,312,320
Intergovernmental revenue	1,039,464	-	1,039,464
Charges for services	448,894	210,290	659,184
Investment income, net of unrealized gains/(losses)	16,541	213,498	230,039
Other revenue	110,282	89,054	199,336
TOTAL REVENUES	13,927,501	512,842	14,440,343
EXPENDITURES			
Current:			
General government	1,180,025	53,935	1,233,960
Public safety	1,113,937	12,779	1,126,716
Public works	561,201	-	561,201
Recreation and culture	196,387	215,043	411,430
Health and sanitation	227,182	-	227,182
Library	155,767	-	155,767
TIF	-	661,644	661,644
Education	7,129,458	-	7,129,458
County tax	825,107	-	825,107
Overlay	12,753	-	12,753
Miscellaneous	-	23,060	23,060
Debt service:			
Principal	153,509	538,408	691,917
Interest	60,983	118,226	179,209
Capital outlay	4,251	518,490	522,741
TOTAL EXPENDITURES	11,620,560	2,141,585	13,762,145
EXCESS REVENUES OVER (UNDER) EXPENDITURES	2,306,941	(1,628,743)	678,198
OTHER FINANCING SOURCES (USES)			
Transfers in	77,374	2,053,132	2,130,506
Transfers (out)	(2,053,132)	(77,374)	(2,130,506)
TOTAL OTHER FINANCING SOURCES (USES)	(1,975,758)	1,975,758	-
NET CHANGE IN FUND BALANCES	331,183	347,015	678,198
FUND BALANCES - JULY 1, RESTATED	2,807,118	4,920,661	7,727,779
FUND BALANCES - JUNE 30	\$ 3,138,301	\$ 5,267,676	\$ 8,405,977

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, 2019

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 678,198</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	534,954
Capital asset dispositions	(12,213)
Depreciation expense	<u>(647,231)</u>
	<u>(124,490)</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	(164,983)
OPEB	755
	<u>(164,228)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported	
Taxes and liens receivable	<u>21,908</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>701,193</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	134,714
OPEB	(12,483)
	<u>122,231</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	158,112
Net OPEB liability	2,809
Accrued compensated absences	1,311
	<u>162,232</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 1,397,044</u></u>

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations". This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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:

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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2019

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 after passage by the inhabitants of the Town.

Deposits and Investments

The Town's cash and cash equivalents are 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, 2019

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. Accounts receivable netted with allowances for uncollectible accounts were \$151,302 for the year ended June 30, 2019. The allowance for uncollectible accounts is estimated to be \$65,550 as of June 30, 2019.

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 government-wide financial statements as "internal balances".

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 obligations 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 obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist primarily of general obligation bonds, notes from direct borrowings, 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, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Selectboard 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 Selectboard.

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.

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 Selectboard 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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 21, 2018 on the assessed value listed as of April 1, 2018, for all real and personal property located in the Town. Taxes were due on in two installments on October 1, 2018 and April 1, 2019. Interest on unpaid taxes commenced on November 1, 2018 and May 1, 2019, at 8% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$38,468 for the year ended June 30, 2019.

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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Revenues

Program revenues include all directly related income items applicable to a specific 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.

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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2019, the Town's cash balances amounting to \$5,892,040 were comprised of bank deposits of \$5,764,443. Of these bank deposits, \$250,000 were covered by federal depository insurance and the remaining \$5,514,443 were covered by an irrevocable standby letter of credit issued by the Federal Home Loan Bank. Consequently, no bank deposits were exposed to custodial credit risk. Of the cash equivalents totaling \$215,776, \$3,793 was covered by the Securities Investor Protection Corporation (SIPC) and the remaining \$211,983 of cash equivalents were uncollateralized and uninsured.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 2,251,001
Money market accounts	3,513,442
Cash equivalents	215,776
	<u>\$ 5,980,219</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.

At June 30, 2019, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>	<u>Over 5 Years</u>
Debt securities:					
Corporate bonds	\$ 132,154	\$ -	\$ 19,982	\$ 112,172	\$ -
Equity securities:					
Mutual Funds:					
Fixed income	246,330	246,330	-	-	-
Equity	413,899	413,899	-	-	-
Exchange-traded funds	8,475	8,475	-	-	-
Common stock	1,480,707	1,480,707	-	-	-
Certificate of deposit	76,084	-	76,084	-	-
	<u>\$ 2,357,649</u>	<u>\$ 2,149,411</u>	<u>\$ 96,066</u>	<u>\$ 112,172</u>	<u>\$ -</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Of the Town's investments totaling \$2,357,649, \$113,441 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 \$2,168,803 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, 2019:

	Total June 30, 2019	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	\$ 132,154	\$ -	\$ 132,154	\$ -
Equity securities:				
Mutual funds:				
Fixed income	246,330	246,330	-	-
Equity	413,899	413,899	-	-
Exchange-traded funds	8,475	8,475	-	-
Common stock	1,480,707	1,480,707	-	-
Total investments by fair value level	<u>2,281,565</u>	<u>\$ 2,149,411</u>	<u>\$ 132,154</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market funds	<u>215,776</u>			
Total cash equivalents measured at the NAV	<u>215,776</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 2,497,341</u>			

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'

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2019 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 \$76,084 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, 2019, the credit ratings for the Town's investments in corporate bonds were rated AAA (\$10,124), AA+ (\$10,146), A (\$10,639), A- (\$10,261), BBB+ (\$40,579), and BBB (\$30,456) by S & P Rating Service. Credit ratings were not available for certain other corporate bond holdings totaling \$19,949.

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, 2019 consisted of the following individual fund receivables and payables:

	<u>Receivables</u> (Due from)	<u>Payables</u> (Due to)
General fund	\$ 38	\$ 1,913,995
Nonmajor special revenue funds	148,737	7,879
Nonmajor capital projects funds	1,765,341	889
Nonmajor permanent funds	12,981	4,334
	<u>\$ 1,927,097</u>	<u>\$ 1,927,097</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance, 7/1/18 (Restated)	Additions	Disposals	Balance, 6/30/19
Non-depreciated assets:				
Land	\$ 720,868	\$ -	\$ -	\$ 720,868
Art works & historical treasures	26,000	-	-	26,000
Construction in progress	71,128	41,587	(12,213)	100,502
	<u>817,996</u>	<u>41,587</u>	<u>(12,213)</u>	<u>847,370</u>
Depreciated assets:				
Buildings and improvements	8,665,706	20,666	-	8,686,372
Machinery and equipment	806,258	45,883	-	852,141
Furniture and fixtures	6,600	-	-	6,600
Vehicles	3,478,782	-	-	3,478,782
Infrastructure	6,152,107	426,818	-	6,578,925
	19,109,453	493,367	-	19,602,820
Less: accumulated depreciation	<u>(7,113,167)</u>	<u>(647,231)</u>	<u>-</u>	<u>(7,760,398)</u>
	11,996,286	(153,864)	-	11,842,422
Net capital assets	<u>\$ 12,814,282</u>	<u>\$ (112,277)</u>	<u>\$ (12,213)</u>	<u>\$ 12,689,792</u>
 <u>Current year depreciation</u>				
Fire	\$ 251,049			
Public safety	14,836			
Public works	260,922			
Library	4,459			
Recreation	8,885			
Transfer station	13,340			
TIF	70,407			
Town-wide	23,333			
Total depreciation expense	<u>\$ 647,231</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 obligations on behalf of the Town. As of June 30, 2019, a long-term receivable has been recorded for \$402,908, which represents school-related general obligation bonds. The State of Maine Department of Education is responsible for paying approximately 18.3% 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, 2019

NOTE 6 - LONG-TERM DEBT

A summary of changes in long-term debt for the year ended June 30, 2019 follows:

	Balance, 7/1/18	Increases	Decreases	Balance, 6/30/19	Due Within One Year
General obligation bonds	\$ 8,131,956	\$ -	\$ (1,649,773)	\$ 6,482,183	\$ 795,296
Notes from direct borrowings	465,856	-	(33,733)	432,123	34,072
Total long-term debt	<u>\$ 8,597,812</u>	<u>\$ -</u>	<u>\$ (1,683,506)</u>	<u>\$ 6,914,306</u>	<u>\$ 829,368</u>

The following is a summary of the outstanding general obligation bonds:

\$1,600,000, 2006C General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2021. Interest is charged at a variable-rate from 1.80% to 6.25% per annum.	\$ 320,001
\$2,600,000, 2000FRSR General Obligation Bond due in annual principal installments and semi-annual interest installments through October 2022. Interest is charged at a fixed-rate of 1.80% per annum.	613,915
\$736,422, 2000B General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2020. Interest is charged at a variable-rate from 5.028% to 5.903% per annum.	73,644
\$669,259, 2003C General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2020. Interest is charged at a variable-rate from 2.078% to 5.078% per annum.	5,117
\$894,741, 2003C General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2022. Interest is charged at a variable-rate from 2.078% to 5.078% per annum.	324,147
\$2,090,000, 2003E General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2023. Interest is charged at a variable-rate from 2.085% to 5.085% per annum.	522,500
\$4,498,200, 2010F 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 variable-rate from 0.831% to 5.094% per annum.	2,901,644
\$2,300,000, 2012E General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2032. Interest is charged at a variable-rate from 1.480% to 3.706% per annum.	<u>1,721,215</u>
Total general obligation bonds	<u>\$ 6,482,183</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the outstanding notes from direct borrowings payable:

\$692,835, 2010 Note due in annual principal installments and semi-annual interest installments through November 2030. Interest is charged at a fixed-rate of 1% per annum.

	<u>\$ 432,123</u>
Total notes from direct borrowings	<u><u>\$ 432,123</u></u>

The following is a summary of outstanding government obligation bonds and notes from direct borrowings principal and interest requirements for the fiscal years ending June 30:

	General Obligation Bonds		Notes from Direct Borrowings		Total Debt Service
	Principal	Interest	Principal	Interest	
2020	\$ 795,296	\$ 169,517	\$ 34,072	\$ 6,062	\$ 1,004,947
2021	804,671	150,332	34,413	5,720	995,136
2022	777,677	129,998	34,757	5,374	947,806
2023	681,643	110,202	35,105	5,024	831,974
2024	448,431	95,441	35,456	4,671	583,999
2025-2029	1,859,309	316,325	182,669	17,938	2,376,241
2030-2034	1,115,156	111,163	75,651	4,579	1,306,549
	<u>\$ 6,482,183</u>	<u>\$ 1,082,978</u>	<u>\$ 432,123</u>	<u>\$ 49,368</u>	<u>\$ 8,046,652</u>

All general obligation bonds and notes from direct borrowings 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 6.2% 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, 2019

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2019:

	Balance, 7/1/18	Increases	Decreases	Balance, 6/30/19	Due Within One Year
Net pension liability	\$ 535,417	\$ 165,406	\$ (323,518)	\$ 377,305	\$ -
Net OPEB liability	148,735	14,462	(17,271)	145,926	-
Accrued compensated absences	102,965	25,435	(26,746)	101,654	8,983
Total other long-term obligations	<u>\$ 787,117</u>	<u>\$ 205,303</u>	<u>\$ (367,535)</u>	<u>\$ 624,885</u>	<u>\$ 8,983</u>

Refer to Notes 16, 18 and 8, respectively, for detailed information on each of the other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies permit employees to accumulate earned but unused vacation, sick leave and compensatory time. The liability for these compensated absences is recorded as long-term obligations 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, 2019, the Town's liability for compensated absences is \$101,654.

NOTE 9 - 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, 2019, the Town's share was approximately:

	Outstanding Debt	Town's Percentage	Total Share
County of Androscoggin	<u>\$ 256,517</u>	8.57%	<u>\$ 21,973</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10 - NONSPENDABLE FUND BALANCE

At June 30, 2019, the Town had the following nonspendable fund balance:

General fund:	
Tax acquired property	\$ 15,431
Inventory	20,136
Prepaid items	5,125
Nonmajor permanent funds (Schedule I)	17,609
	<u>\$ 58,301</u>

NOTE 11 - RESTRICTED FUND BALANCES

At June 30, 2019, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 779,856
Nonmajor permanent funds (Schedule I)	2,446,947
	<u>\$ 3,226,803</u>

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2019, the Town had the following committed fund balances:

General fund:	
Escrows	\$ 41,437
Property tax assistance	15,000
FY 2020 tax relief	150,000
Nonmajor special revenue funds (Schedule E)	140,075
Nonmajor permanent funds (Schedule I)	117,535
Total	<u>\$ 464,047</u>

NOTE 13 - ASSIGNED FUND BALANCES

At June 30, 2019, the Town had the following assigned fund balances:

General fund:	
Accrued compensated absences	\$ 101,654
Library dedicated donations	7,074
Nonmajor capital projects funds (Schedule G)	1,765,341
Nonmajor special revenue funds (Schedule E)	8,872
Total	<u>\$ 1,882,941</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2019, the Town had the following expenditures over appropriations:

General government	\$	17,507
Public safety		7,125
Public works		902
Health and sanitation		22,577
Library		72,945
Capital outlay		4,251
Transfers to other funds		5,537
	\$	<u>130,844</u>

NOTE 15 - DEFICIT FUND BALANCES

At June 30, 2019, the Town had the following deficit fund balances:

Nonmajor special revenue funds:		
County EMA grant	\$	7,651
Nonmajor capital projects funds:		
Recreation facility reserve		889
Nonmajor permanent funds:		
Historical society fund		19
	\$	<u>8,559</u>

NOTE 16 - 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 (207) 512-3100.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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. As of June 30, 2018, there were 304 employees in the plan.

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

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The 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 10.9% and 7.3%, 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, 2019 was \$87,140.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities

PLD Consolidated Plan

At June 30, 2019, the Town reported a liability of \$377,305 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2018 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, 2018, the Town's proportion was 0.137865%, which was an increase of 0.007096% from its proportion measured as of June 30, 2017.

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

For the year ended June 30, 2019, the Town recognized total pension revenue of \$127,843. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,181	\$ 4,144
Changes of assumptions	60,221	-
Net difference between projected and actual earnings on pension plan investments	-	91,104
Changes in proportion and differences between contributions and proportionate share of contributions	45,278	200
Contributions subsequent to the measurement date	87,140	-
Total	<u>\$ 193,820</u>	<u>\$ 95,448</u>

\$87,140 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan
	<hr/>
Plan year ended June 30:	
2019	\$ 84,991
2020	11,765
2021	(61,978)
2022	(23,546)
2023	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2018, using the following methods and assumptions applied to all periods included in the measurement:

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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2018 are as follows:

Investment Rate of Return - 6.75% per annum for the year ended June 30, 2018; the rate was 6.875% in 2017, compounded annually.

Salary Increases, Merit and Inflation - 2.75% to 9.00% per year

Mortality Rates - For active members and non-disabled retirees of the PLD Consolidated and State Employee and Teacher Plans, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases - 1.91%; in 2017 the rate was 2.20%

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, 2018 are summarized in the following table. Assets for each of the defined benefit plans are commingled for investment purposes.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The following table shows how the collective net pension liability as of June 30, 2018 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for each of the Plans.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
PLD Plan: Discount rate	5.750%	6.750%	7.750%
Town's proportionate share of the net pension liability/(asset)	\$ 889,259	\$ 377,305	\$ (101,230)

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, 2018 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, 2018 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 resource. For 2018, this was three years; prior to 2018, this was four years for the PLD Consolidated Plan.

Differences between Expected 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.

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, 2018 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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' 2018 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 17 - 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, 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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - DEFERRED COMPENSATION PLAN (CONTINUED)

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 2019, 2018 and 2017 were \$8,746, \$9,329 and \$3,755, 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 2019, 2018 and 2017 were \$0, \$0 and \$4,000, 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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - DEFERRED COMPENSATION PLAN (CONTINUED)

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 18 - 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. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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, 2019

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Employees Covered by Benefit Terms

At January 1, 2019, the following employees were covered by the benefit terms:

Active members	22
Retirees and spouses	<u>1</u>
Total	<u><u>23</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	\$785.79	\$1,762.66
<u>Medicare</u>		
Medicare-Eligible Retirees	\$558.00	\$1,116.00

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

At June 30, 2019, the Town reported a liability of \$145,926 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2019 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, 2019

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For the year ended June 30, 2019, the Town recognized OPEB expense of \$8,919. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,748
Changes of assumptions	10,358	12,941
Contributions subsequent to the measurement date	<u>2,481</u>	<u>-</u>
Total	<u>\$ 12,839</u>	<u>\$ 15,689</u>

\$2,481 reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MMEHT</u>
Plan year ended December 31:	
2020	\$ (581)
2021	(581)
2022	(581)
2023	(581)
2024	(581)
Thereafter	(2,426)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date 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 4.10% per annum for June 30, 2019 was based upon a measurement date of December 27, 2018. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	3.10%	4.10%	5.10%
Total OPEB liability	\$ 169,166	\$ 145,926	\$ 126,983
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 169,166</u>	<u>\$ 145,926</u>	<u>\$ 126,983</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	\$ 124,775	\$ 145,926	\$ 172,716
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 124,775</u>	<u>\$ 145,926</u>	<u>\$ 172,716</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, 2018, 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, 2019

NOTE 18 - 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 - 4.10% 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, 2019

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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.

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.

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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.

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

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2019 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, 2019 was \$2,748.

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, 2019, there were no changes in assumptions with the exception of the claim costs and retiree contributions being updated to reflect current healthcare costs.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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.

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 19 - 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, 2019.

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 19 - RISK MANAGEMENT (CONTINUED)

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.

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, 2019. 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 20 - 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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 21 - 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.

NOTE 22 - 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 continues to move forward in litigation. The Town intends to vigorously defend the claim, pushing for a favorable decree. Potential loss estimates are \$50,000. 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 \$2,901,644.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 23 - 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 Selectboard, local tax payers and ultimately by the Commissioner of the Maine Department of Economic and Community Development.

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	\$ 99,386,667	Varies	\$ 810,587	\$ 200,188
Poland Spring Bottling Company District 2	5,954,920	55,659,334	Varies	744,572	265,430
Poland Downtown Village	6,353,650	15,062,050	Varies	130,452	15,100

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. The Town has chosen to disclose information about its tax abatement agreements individually. It established a quantitative threshold of 10 percent of the total dollar amount of taxes abated during the year.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 24 - COLLATERALIZATION

At June 30, 2019, 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, 2019, authorizes one draw up to the amount of \$7,000,000. There were no draws for the year ended June 30, 2019.

NOTE 25 - RESTATEMENTS

In 2018, the Town determined that certain transactions in the prior year had been recorded incorrectly or omitted. Therefore, restatements to the 2018 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, 2018 for a reduction of \$160,081 and \$24,152 in the governmental activities and general fund, respectively. This restatement represents a decrease to noncurrent assets of the 2018 net position for governmental activities. For the general fund, the restatement represents a decrease to the fund balance, resulting from a reclassification of a special revenue fund into the general fund.

The restatements in the aggregate decreased net position for governmental activities from \$13,115,400 to \$12,955,319 and decreased the fund balance in the general fund from \$2,831,270 to \$2,807,118.

NOTE 26 - 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, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 2,807,118	\$ 2,807,118	\$ 2,807,118	\$ -
Resources (Inflows):				
General tax revenue	12,078,090	12,078,090	12,312,320	234,230
Intergovernmental revenue	1,048,890	1,048,890	1,039,464	(9,426)
Charges for services	316,925	337,925	448,894	110,969
Investment income	13,000	13,000	16,541	3,541
Other revenue	118,088	118,088	110,282	(7,806)
Transfers from other funds	80,020	80,020	77,374	(2,646)
Amounts Available for Appropriation	<u>16,462,131</u>	<u>16,483,131</u>	<u>16,811,993</u>	<u>328,862</u>
Charges to Appropriations (Outflows):				
General government	1,162,518	1,162,518	1,180,025	(17,507)
Public safety	1,085,812	1,106,812	1,113,937	(7,125)
Public works	560,299	560,299	561,201	(902)
Recreation and culture	226,221	226,221	196,387	29,834
Health and sanitation	204,605	204,605	227,182	(22,577)
Library	82,822	82,822	155,767	(72,945)
Education	7,129,458	7,129,458	7,129,458	-
County tax	825,107	825,107	825,107	-
Overlay	38,468	38,468	12,753	25,715
Debt service:				
Principal	162,785	162,785	153,509	9,276
Interest	63,303	63,303	60,983	2,320
Capital outlay	-	-	4,251	(4,251)
Transfers to other funds	2,047,595	2,047,595	2,053,132	(5,537)
Total Charges to Appropriations	<u>13,588,993</u>	<u>13,609,993</u>	<u>13,673,692</u>	<u>(63,699)</u>
Budgetary Fund Balance, June 30	<u>\$ 2,873,138</u>	<u>\$ 2,873,138</u>	<u>\$ 3,138,301</u>	<u>\$ 265,163</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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>					
Proportion of the net pension liability (asset)	0.14%	0.13%	0.12%	0.10%	0.11%
Proportionate share of the net pension liability (asset)	\$ 377,305	\$ 535,417	\$ 650,896	\$ 333,484	\$ 170,747
Covered payroll	\$ 958,181	\$ 916,178	\$ 892,301	\$ 859,883	\$ 908,208
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	39.38%	58.44%	72.95%	38.78%	18.80%
Plan fiduciary net position as a percentage of the total pension liability	91.10%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>					
Contractually required contribution	\$ 87,140	\$ 76,532	\$ 67,025	\$ 57,484	\$ 42,726
Contributions in relation to the contractually required contribution	<u>(87,140)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 1,065,241	\$ 958,181	\$ 916,178	\$ 892,301	\$ 859,883
Contributions as a percentage of covered payroll	8.18%	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, 2019

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at 1/1/18 (Reporting December 31, 2018)	\$ 148,735	\$ -	\$ 148,735
Changes for the year:			
Service cost	9,076	-	9,076
Interest	5,386	-	5,386
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(14,790)	-	(14,790)
Contributions - employer	-	2,481	(2,481)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(2,481)	(2,481)	-
Administrative expense	-	-	-
Net changes	<u>(2,809)</u>	<u>-</u>	<u>(2,809)</u>
Balances at 1/1/19 (Reporting December 31, 2019)	<u>\$ 145,926</u>	<u>\$ -</u>	<u>\$ 145,926</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>2019</u>	<u>2018</u>
<u>Total OPEB liability</u>		
Service cost (BOY)	9,076	6,329
Interest (includes interest on service cost)	5,386	5,086
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(3,664)
Changes of assumptions	(14,790)	13,810
Benefit payments, including refunds of member contributions	(2,481)	(2,085)
Net change in total OPEB liability	<u>\$ (2,809)</u>	<u>\$ 19,476</u>
Total OPEB liability - beginning	\$ 148,735	\$ 129,259
Total OPEB liability - ending	\$ 145,926	\$ 148,735
<u>Plan fiduciary net position</u>		
Contributions - employer	2,481	2,085
Contributions - member	-	-
Net investment income	-	-
Benefit payments, including refunds of member contributions	(2,481)	(2,085)
Administrative expense	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 145,926</u>	<u>\$ 148,735</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-
Covered payroll	\$ 895,696	\$ 895,696
Net OPEB liability as a percentage of covered payroll	16.3%	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>2019</u>	<u>2018</u>
<u>MMEHT:</u>		
Employer contributions	\$ 2,481	\$ 2,085
Benefit payments	(2,481)	(2,085)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 895,696	\$ 895,696
Contributions as a percentage of covered- employee payroll	0.28%	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, 2019

Changes of Assumptions

Net Pension Liability

For the PLD Consolidated Plan, the discount rate was reduced from 6.875% to 6.75%. In addition, the cost of living benefit increases for the PLD Plan decreased from 2.20% to 1.91%.

Net OPEB Liability

There was a change in the discount rate from 3.44% to 4.10% per GASB 75 discount rate selection.

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, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 10,965,340	\$ 10,965,340	\$ 10,943,431	\$ (21,909)
Vehicle excise taxes	1,100,000	1,100,000	1,355,602	255,602
Boat excise taxes	12,750	12,750	13,287	537
Intergovernmental revenues:				
State revenue sharing	224,380	224,380	233,484	9,104
BETE reimbursement	415,014	415,014	394,742	(20,272)
Homestead exemption	299,745	299,745	299,745	-
Local road assistance	73,000	73,000	72,772	(228)
Tree growth	15,000	15,000	12,722	(2,278)
General assistance	5,000	5,000	-	(5,000)
Veteran's exemption	3,600	3,600	4,219	619
Other intergovernmental	13,151	13,151	21,780	8,629
Charges for services:				
Ambulance fees	205,000	226,000	246,107	20,107
Code enforcement fees	40,000	40,000	112,582	72,582
Motor vehicle fees	19,500	19,500	20,442	942
Solid waste revenues/fees	26,000	26,000	31,820	5,820
Library revenues/fees	-	-	4,007	4,007
Plumbing permits	11,000	11,000	11,878	878
Inland fisheries agent fees	2,500	2,500	2,279	(221)
Animal control fees	2,500	2,500	3,146	646
Electrical permit fees	1,875	1,875	4,300	2,425
Customer service fees	800	800	1,036	236
Other	7,750	7,750	11,297	3,547
Investment income	13,000	13,000	16,541	3,541
Other revenue:				
Rentals	750	750	2,825	2,075
Interest/fees on liens	38,500	38,500	27,597	(10,903)
Cable franchise fees	50,000	50,000	62,824	12,824
Other miscellaneous income	28,838	28,838	11,900	(16,938)
Donations and other contributions	-	-	5,136	5,136
Transfers in from other funds	80,020	80,020	77,374	(2,646)
Total revenues	\$ 13,655,013	\$ 13,676,013	\$ 14,004,875	\$ 328,862

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, 2019

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Administration	\$ 429,978	\$ -	\$ 429,978	\$ 404,996	\$ 24,982
Benefits	579,393	-	579,393	616,077	(36,684)
Contracted services	91,270	-	91,270	96,150	(4,880)
Buildings and grounds	49,540	-	49,540	51,042	(1,502)
Cable TV	12,337	-	12,337	11,760	577
	<u>1,162,518</u>	<u>-</u>	<u>1,162,518</u>	<u>1,180,025</u>	<u>(17,507)</u>
Public safety					
Fire/Rescue	704,762	21,000	725,762	739,559	(13,797)
Police	246,315	-	246,315	242,646	3,669
Insurance	50,000	-	50,000	46,926	3,074
Dispatch contract	40,735	-	40,735	42,866	(2,131)
Street lights	14,000	-	14,000	14,724	(724)
Emergency management	5,000	-	5,000	5,000	-
Animal control	10,000	-	10,000	7,591	2,409
Hydrants	15,000	-	15,000	14,625	375
	<u>1,085,812</u>	<u>21,000</u>	<u>1,106,812</u>	<u>1,113,937</u>	<u>(7,125)</u>
Public works					
Highways	560,299	-	560,299	561,201	(902)
	<u>560,299</u>	<u>-</u>	<u>560,299</u>	<u>561,201</u>	<u>(902)</u>

TOWN OF POLAND, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Health and sanitation					
Solid waste	204,605	-	204,605	227,182	(22,577)
	<u>204,605</u>	<u>-</u>	<u>204,605</u>	<u>227,182</u>	<u>(22,577)</u>
Library	82,822	-	82,822	155,767	(72,945)
Community services					
Planning & Community Development	107,464	-	107,464	90,987	16,477
Recreation	73,482	-	73,482	73,343	139
General assistance	10,000	-	10,000	1,656	8,344
Social service agencies	4,000	-	4,000	4,000	-
Other	31,275	-	31,275	26,401	4,874
	<u>226,221</u>	<u>-</u>	<u>226,221</u>	<u>196,387</u>	<u>29,834</u>
Education	7,129,458	-	7,129,458	7,129,458	-
County tax	825,107	-	825,107	825,107	-
Overlay/Emergency Article	38,468	-	38,468	12,753	25,715

TOWN OF POLAND, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Debt service					
Principal	162,785	-	162,785	153,509	9,276
Interest	63,303	-	63,303	60,983	2,320
	<u>226,088</u>	<u>-</u>	<u>226,088</u>	<u>214,492</u>	<u>11,596</u>
Capital outlay	-	-	-	4,251	(4,251)
Transfers					
Special revenue funds	1,290,095	-	1,290,095	1,295,604	(5,509)
Permanent funds	-	-	-	28	(28)
Capital projects funds	757,500	-	757,500	757,500	-
	<u>2,047,595</u>	<u>-</u>	<u>2,047,595</u>	<u>2,053,132</u>	<u>(5,537)</u>
Total Departmental Operations	<u>\$ 13,588,993</u>	<u>\$ 21,000</u>	<u>\$ 13,609,993</u>	<u>\$ 13,673,692</u>	<u>\$ (63,699)</u>

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

SCHEDULE C

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 786,617	\$ -	\$ 215,776	\$ 1,002,393
Investments	-	-	2,357,649	2,357,649
Due from other funds	148,737	1,765,341	12,981	1,927,059
TOTAL ASSETS	<u>\$ 935,354</u>	<u>\$ 1,765,341</u>	<u>\$ 2,586,406</u>	<u>\$ 5,287,101</u>
LIABILITIES				
Accounts payable	\$ 6,323	\$ -	\$ -	\$ 6,323
Due to other funds	7,879	889	4,334	13,102
TOTAL LIABILITIES	<u>14,202</u>	<u>889</u>	<u>4,334</u>	<u>19,425</u>
FUND BALANCES				
Nonspendable	-	-	17,609	17,609
Restricted	779,856	-	2,446,947	3,226,803
Committed	140,075	-	117,535	257,610
Assigned	1,221	1,765,341	-	1,766,562
Unassigned	-	(889)	(19)	(908)
TOTAL FUND BALANCES	<u>921,152</u>	<u>1,764,452</u>	<u>2,582,072</u>	<u>5,267,676</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 935,354</u>	<u>\$ 1,765,341</u>	<u>\$ 2,586,406</u>	<u>\$ 5,287,101</u>

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, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Charges for services	\$ 210,290	\$ -	\$ -	\$ 210,290
Investment income, net of unrealized gains/(losses)	2,068	-	211,430	213,498
Other income	65,799	19,148	4,107	89,054
Total revenues	<u>278,157</u>	<u>19,148</u>	<u>215,537</u>	<u>512,842</u>
EXPENDITURES				
Current:				
General government	4,997	41,364	-	46,361
Public Safety	7,651	5,128	-	12,779
Recreation	215,043	-	-	215,043
TIF	661,644	-	-	661,644
Cemetery	-	-	7,574	7,574
Other	-	2,929	20,131	23,060
Debt service	656,634	-	-	656,634
Capital outlay	32,932	485,558	-	518,490
Total expenditures	<u>1,578,901</u>	<u>534,979</u>	<u>27,705</u>	<u>2,141,585</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,300,744)</u>	<u>(515,831)</u>	<u>187,832</u>	<u>(1,628,743)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,295,604	757,500	28	2,053,132
Transfers (out)	(14,000)	-	(63,374)	(77,374)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,281,604</u>	<u>757,500</u>	<u>(63,346)</u>	<u>1,975,758</u>
NET CHANGE IN FUND BALANCES	(19,140)	241,669	124,486	347,015
FUND BALANCES - JULY 1, RESTATED	<u>940,292</u>	<u>1,522,783</u>	<u>2,457,586</u>	<u>4,920,661</u>
FUND BALANCES - JUNE 30	<u>\$ 921,152</u>	<u>\$ 1,764,452</u>	<u>\$ 2,582,072</u>	<u>\$ 5,267,676</u>

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

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than 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, 2019

	Recreation Fees Reserve	TAP Economic Development	PSD TIF I	PSD TIF II	Downtown TIF	Auburn Water Escrow
ASSETS						
Cash and cash equivalents	\$ 400	\$ -	\$ 122,993	\$ 334,093	\$ 329,131	\$ -
Due from other funds	117,947	21,728	190	-	-	-
TOTAL ASSETS	\$ 118,347	\$ 21,728	\$ 123,183	\$ 334,093	\$ 329,131	\$ -
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 6,323	\$ -	\$ -	\$ -
Due to other funds	-	-	38	190	-	-
TOTAL LIABILITIES	-	-	6,361	190	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	116,822	333,903	329,131	-
Committed	118,347	21,728	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	118,347	21,728	116,822	333,903	329,131	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 118,347	\$ 21,728	\$ 123,183	\$ 334,093	\$ 329,131	\$ -

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2019

	Waterhouse Brook Project	Firehouse Sub Foundation Grant	County EMA Grant	Health Reimbursement Account	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 786,617
Due from other funds	8,872	-	-	-	148,737
TOTAL ASSETS	<u>\$ 8,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 935,354</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 6,323
Due to other funds	-	-	7,651	-	7,879
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>7,651</u>	<u>-</u>	<u>14,202</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	779,856
Committed	-	-	-	-	140,075
Assigned	8,872	-	-	-	8,872
Unassigned	-	-	(7,651)	-	(7,651)
TOTAL FUND BALANCES (DEFICITS)	<u>8,872</u>	<u>-</u>	<u>(7,651)</u>	<u>-</u>	<u>921,152</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 8,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 935,354</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, 2019

	Recreation Fees Reserve	TAP Economic Development	PSD TIF I	PSD TIF II	Downtown TIF	Auburn Water Escrow
REVENUES						
Charges for services	\$ 210,290	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income, net of unrealized gains/(losses)	-	-	862	260	946	-
Donations and other contributions	34,622	-	-	-	-	-
Total revenues	<u>244,912</u>	<u>-</u>	<u>862</u>	<u>260</u>	<u>946</u>	<u>-</u>
EXPENDITURES						
General government	-	-	-	-	-	4,997
Recreation	215,043	-	-	-	-	-
Public safety	-	-	-	-	-	-
TIF	-	-	358,602	284,313	18,729	-
Debt service	-	-	329,063	275,938	51,633	-
Capital outlay	-	-	8,427	-	-	-
Total expenditures	<u>215,043</u>	<u>-</u>	<u>696,092</u>	<u>560,251</u>	<u>70,362</u>	<u>4,997</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>29,869</u>	<u>-</u>	<u>(695,230)</u>	<u>(559,991)</u>	<u>(69,416)</u>	<u>(4,997)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	499	5,010	689,528	470,115	130,452	-
Transfers (out)	(14,000)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(13,501)</u>	<u>5,010</u>	<u>689,528</u>	<u>470,115</u>	<u>130,452</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	16,368	5,010	(5,702)	(89,876)	61,036	(4,997)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>101,979</u>	<u>16,718</u>	<u>122,524</u>	<u>423,779</u>	<u>268,095</u>	<u>4,997</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 118,347</u>	<u>\$ 21,728</u>	<u>\$ 116,822</u>	<u>\$ 333,903</u>	<u>\$ 329,131</u>	<u>\$ -</u>

TOWN OF POLAND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Waterhouse Brook Project	Firehouse Sub Foundation Grant	County EMA Grant	Health Reimbursement Account	Total
REVENUES					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 210,290
Investment income, net of unrealized gains/(losses)	-	-	-	-	2,068
Donations and other contributions	14,000	17,177	-	-	65,799
Total revenues	14,000	17,177	-	-	278,157
EXPENDITURES					
General government	-	-	-	-	4,997
Recreation	-	-	-	-	215,043
Public safety	-	-	7,651	-	7,651
TIF	-	-	-	-	661,644
Debt service	-	-	-	-	656,634
Capital outlay	7,328	17,177	-	-	32,932
Total expenditures	7,328	17,177	7,651	-	1,578,901
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,672	-	(7,651)	-	(1,300,744)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	1,295,604
Transfers (out)	-	-	-	-	(14,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	1,281,604
NET CHANGE IN FUND BALANCES (DEFICITS)	6,672	-	(7,651)	-	(19,140)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	2,200	-	-	-	940,292
FUND BALANCES (DEFICITS) - JUNE 30	\$ 8,872	\$ -	\$ (7,651)	\$ -	\$ 921,152

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, 2019

	Public Works Vehicle	Fire/ Rescue Vehicle	Town Roads	Solid Waste	Recreation Facility Reserve	Conservation Reserve
ASSETS						
Due from other funds	\$ 950,740	\$ 468,271	\$ 30,827	\$ 16,138	\$ -	\$ 17,536
TOTAL ASSETS	<u>\$ 950,740</u>	<u>\$ 468,271</u>	<u>\$ 30,827</u>	<u>\$ 16,138</u>	<u>\$ -</u>	<u>\$ 17,536</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	950,740	468,271	30,827	16,138	-	17,536
Unassigned	-	-	-	-	(889)	-
TOTAL FUND BALANCES (DEFICITS)	<u>950,740</u>	<u>468,271</u>	<u>30,827</u>	<u>16,138</u>	<u>(889)</u>	<u>17,536</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 950,740</u>	<u>\$ 468,271</u>	<u>\$ 30,827</u>	<u>\$ 16,138</u>	<u>\$ -</u>	<u>\$ 17,536</u>

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2019

	Building Improvements	Contingency Reserve	Police Vehicle	Revaluation Reserve	Fire Station Reserve-Bond	CEO Reserve	Total
ASSETS							
Due from other funds	\$ 50,041	\$ 3,000	\$ 31,434	\$ 90,000	\$ 92,351	\$ 15,003	\$ 1,765,341
TOTAL ASSETS	\$ 50,041	\$ 3,000	\$ 31,434	\$ 90,000	\$ 92,351	\$ 15,003	\$ 1,765,341
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 889
TOTAL LIABILITIES	-	-	-	-	-	-	889
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	50,041	3,000	31,434	90,000	92,351	15,003	1,765,341
Unassigned	-	-	-	-	-	-	(889)
TOTAL FUND BALANCES (DEFICITS)	50,041	3,000	31,434	90,000	92,351	15,003	1,764,452
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 50,041	\$ 3,000	\$ 31,434	\$ 90,000	\$ 92,351	\$ 15,003	\$ 1,765,341

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, 2019

	Public Works Vehicle	Fire/ Rescue Vehicle	Town Roads	Solid Waste	Recreation Facility Reserve	Conservation Reserve
REVENUES						
Other income	\$ -	\$ 15,258	\$ -	\$ -	\$ -	\$ -
Total revenues	-	15,258	-	-	-	-
EXPENDITURES						
General government	-	-	-	-	-	-
Public safety	-	5,128	-	-	-	-
Other	430	-	-	-	-	-
Capital outlay	-	13,752	423,529	19,130	-	-
Total expenditures	430	18,880	423,529	19,130	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(430)	(3,622)	(423,529)	(19,130)	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	130,000	140,000	430,000	9,500	-	1,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	130,000	140,000	430,000	9,500	-	1,000
NET CHANGE IN FUND BALANCES (DEFICITS)	129,570	136,378	6,471	(9,630)	-	1,000
FUND BALANCES (DEFICITS) - JULY 1,	821,170	331,893	24,356	25,768	(889)	16,536
FUND BALANCES (DEFICITS) - JUNE 30	\$ 950,740	\$ 468,271	\$ 30,827	\$ 16,138	\$ (889)	\$ 17,536

TOWN OF POLAND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Building Improvements	Contingency Reserve	Police Vehicle	Revaluation Reserve	Fire Station Reserve-Bond	CEO Reserve	Total
REVENUES							
Other income	\$ 3,890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,148
Total revenues	<u>3,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,148</u>
EXPENDITURES							
General government	41,364	-	-	-	-	-	41,364
Public safety	-	-	-	-	-	-	5,128
Other	-	-	-	-	-	2,499	2,929
Capital outlay	29,147	-	-	-	-	-	485,558
Total expenditures	<u>70,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,499</u>	<u>534,979</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(66,621)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,499)</u>	<u>(515,831)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	10,000	-	12,500	15,000	-	9,500	757,500
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>-</u>	<u>12,500</u>	<u>15,000</u>	<u>-</u>	<u>9,500</u>	<u>757,500</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(56,621)	-	12,500	15,000	-	7,001	241,669
FUND BALANCES (DEFICITS) - JULY 1,	<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>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 50,041</u>	<u>\$ 3,000</u>	<u>\$ 31,434</u>	<u>\$ 90,000</u>	<u>\$ 92,351</u>	<u>\$ 15,003</u>	<u>\$ 1,764,452</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, 2019

	Hackett Trust	Hackett Relief Fund	Empire Cemetery	White Oak Hill Cemetery	Highland Cemetery	A. B. Ricker Trust
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 3,793	\$ -
Investments	11,238	-	6,660	8,663	113,441	11,814
Due from other funds	-	12,981	-	-	-	-
TOTAL ASSETS	\$ 11,238	\$ 12,981	\$ 6,660	\$ 8,663	\$ 117,234	\$ 11,814
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ 4,315	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	4,315	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	5,000	-	-	-	-	7,000
Restricted	6,238	12,981	6,660	4,348	117,234	4,814
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	11,238	12,981	6,660	4,348	117,234	11,814
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)						
	\$ 11,238	\$ 12,981	\$ 6,660	\$ 8,663	\$ 117,234	\$ 11,814

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2019

	Lane Cemetery	Scholarship Funds	Jane J. Ricker Library Endowment	Ministerial	Historical Society
ASSETS					
Cash and cash equivalents	\$ -	\$ 28,110	\$ 129,168	\$ -	\$ -
Investments	6,383	231,556	1,372,743	29,283	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	\$ 6,383	\$ 259,666	\$ 1,501,911	\$ 29,283	\$ -
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 19
TOTAL LIABILITIES	-	-	-	-	19
FUND BALANCES (DEFICITS)					
Nonspendable	609	-	-	3,000	-
Restricted	5,774	259,666	1,501,911	26,283	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(19)
TOTAL FUND BALANCES (DEFICITS)	6,383	259,666	1,501,911	29,283	(19)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 6,383	\$ 259,666	\$ 1,501,911	\$ 29,283	\$ -

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2019

	Ricker Cemetery	A. B. Ricker Library Endowment	Irene Stone Library Trust	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 44,311	\$ 10,394	\$ 215,776
Investments	2,043	456,684	107,141	2,357,649
Due from other funds	-	-	-	12,981
TOTAL ASSETS	<u>\$ 2,043</u>	<u>\$ 500,995</u>	<u>\$ 117,535</u>	<u>\$ 2,586,406</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ 4,334
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,334</u>
FUND BALANCES (DEFICITS)				
Nonspendable	2,000	-	-	17,609
Restricted	43	500,995	-	2,446,947
Committed	-	-	117,535	117,535
Assigned	-	-	-	-
Unassigned	-	-	-	(19)
TOTAL FUND BALANCES (DEFICITS)	<u>2,043</u>	<u>500,995</u>	<u>117,535</u>	<u>2,582,072</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 2,043</u>	<u>\$ 500,995</u>	<u>\$ 117,535</u>	<u>\$ 2,586,406</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, 2019

	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)	\$ 100	\$ -	\$ 60	\$ 78	\$ 8,386	\$ 105
Donations and other contributions	-	-	-	-	-	-
Total revenues	<u>100</u>	<u>-</u>	<u>60</u>	<u>78</u>	<u>8,386</u>	<u>105</u>
EXPENDITURES						
Cemetery	-	-	-	4,315	3,259	-
Scholarships	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,315</u>	<u>3,259</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>100</u>	<u>-</u>	<u>60</u>	<u>(4,237)</u>	<u>5,127</u>	<u>105</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	100	-	60	(4,237)	5,127	105
FUND BALANCES (DEFICITS) - JULY 1	<u>11,138</u>	<u>12,981</u>	<u>6,600</u>	<u>8,585</u>	<u>112,107</u>	<u>11,709</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 11,238</u>	<u>\$ 12,981</u>	<u>\$ 6,660</u>	<u>\$ 4,348</u>	<u>\$ 117,234</u>	<u>\$ 11,814</u>

TOWN OF POLAND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Lane Cemetery	Scholarship Funds	Jane J. Ricker Library Endowment	Ministerial	Historical Society
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ 57	\$ 16,334	\$ 129,297	\$ 261	\$ -
Donations and other contributions	-	4,107	-	-	-
Total revenues	<u>57</u>	<u>20,441</u>	<u>129,297</u>	<u>261</u>	<u>-</u>
EXPENDITURES					
Cemetery	-	-	-	-	-
Scholarships	-	6,500	-	-	-
Other	-	779	9,225	-	-
Total expenditures	<u>-</u>	<u>7,279</u>	<u>9,225</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>57</u>	<u>13,162</u>	<u>120,072</u>	<u>261</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	28	-	-	-
Transfers (out)	-	-	(49,469)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>28</u>	<u>(49,469)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	57	13,190	70,603	261	-
FUND BALANCES (DEFICITS) - JULY 1,	<u>6,326</u>	<u>246,476</u>	<u>1,431,308</u>	<u>29,022</u>	<u>(19)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 6,383</u>	<u>\$ 259,666</u>	<u>\$ 1,501,911</u>	<u>\$ 29,283</u>	<u>\$ (19)</u>

TOWN OF POLAND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Ricker Cemetery	A. B. Ricker Library Endowment	Irene Stone Library Trust	Total
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 18	\$ 46,031	\$ 10,703	\$ 211,430
Donations and other contributions	-	-	-	4,107
Total revenues	18	46,031	10,703	215,537
EXPENDITURES				
Cemetery	-	-	-	7,574
Scholarships	-	-	-	6,500
Other	-	2,945	682	13,631
Total expenditures	-	2,945	682	27,705
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	18	43,086	10,021	187,832
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	28
Transfers (out)	-	(13,905)	-	(63,374)
TOTAL OTHER FINANCING SOURCES (USES)	-	(13,905)	-	(63,346)
NET CHANGE IN FUND BALANCES (DEFICITS)	18	29,181	10,021	124,486
FUND BALANCES (DEFICITS) - JULY 1,	2,025	471,814	107,514	2,457,586
FUND BALANCES (DEFICITS) - JUNE 30	\$ 2,043	\$ 500,995	\$ 117,535	\$ 2,582,072

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, 2019

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Fire department	\$ 23,154	\$ 3,205,542	\$ 2,529,070	\$ -	\$ 5,757,766
Public safety	-	-	76,817	-	76,817
Public works department	225,852	1,844,011	1,272,191	3,765,696	7,107,750
Transfer station	120,000	353,694	247,215	-	720,909
TIF	-	-	9,528	2,801,016	2,810,544
Library	26,000	936,738	65,814	-	1,028,552
Recreation	200,800	483,480	21,500	12,213	717,993
Town-wide	251,564	1,862,907	115,388	-	2,229,859
Total General Capital Assets	<u>847,370</u>	<u>8,686,372</u>	<u>4,337,523</u>	<u>6,578,925</u>	<u>20,450,190</u>
Less: Accumulated Depreciation	<u>-</u>	<u>(4,366,911)</u>	<u>(2,150,008)</u>	<u>(1,243,479)</u>	<u>(7,760,398)</u>
Net General Capital Assets	<u>\$ 847,370</u>	<u>\$ 4,319,461</u>	<u>\$ 2,187,515</u>	<u>\$ 5,335,446</u>	<u>\$ 12,689,792</u>

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, 2019

	General Capital Assets 7/1/2018 (Restated)	Additions	Deletions	General Capital Assets 6/30/19
Fire department	\$ 5,714,159	\$ 43,607	\$ -	\$ 5,757,766
Public safety	76,817	-	-	76,817
Public works department	6,684,221	423,529	-	7,107,750
Transfer station	701,779	19,130	-	720,909
TIF	2,810,544	-	-	2,810,544
Library	1,028,552	-	-	1,028,552
Recreation	717,993	-	-	717,993
Town-wide	<u>2,193,384</u>	<u>36,475</u>	<u>-</u>	<u>2,229,859</u>
Total General Capital Assets	19,927,449	522,741	-	20,450,190
Less: Accumulated Depreciation	<u>(7,113,167)</u>	<u>(647,231)</u>	<u>-</u>	<u>(7,760,398)</u>
Net General Capital Assets	<u>\$ 12,814,282</u>	<u>\$ (124,490)</u>	<u>\$ -</u>	<u>\$ 12,689,792</u>

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



Proven Expertise & 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

Selectboard
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, 2019, 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 March 9, 2020.

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
March 9, 2020