Audited Financial Statements and Other Financial Information

Town of Denmark, Maine

June 30, 2018
## TOWN OF DENMARK, MAINE

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**JUNE 30, 2018**

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ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS 72 - 73
INDEPENDENT AUDITORS’ REPORT

Board of Selectmen
Town of Denmark
Denmark, 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 the Town of Denmark, Maine, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Town of Denmark, 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 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 the Town of Denmark, Maine as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information and OPEB information on pages 4 through 10 and 49 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Denmark, Maine’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 January 28, 2019, on our consideration of the Town of Denmark, Maine’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Denmark, Maine’s internal control over financial reporting and compliance.

Buxton, Maine
January 28, 2019
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

(UNAUDITED)

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

Financial Statement Overview

The Town of Denmark’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 and other supplementary information which includes combining and other schedules.

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

The Statement of Activities – this statement presents information that shows how the government’s net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.
Both of the above mentioned financial statements have one column for the type of town activity. The type of activity presented for the Town of Denmark is:

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

**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 of Denmark, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Denmark are 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 of Denmark presents only 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 governmental 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 Balances of the Governmental Funds 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 Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, a Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position increased by $96,338 from $5,575,772 to $5,672,110.

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 to a balance of $1,975,837 at the end of this year.
Table 1  
Town of Denmark, Maine  
Net Position  
June 30,

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>$ 2,329,262</td>
<td>$ 2,074,437</td>
</tr>
<tr>
<td>Capital Assets</td>
<td>3,571,609</td>
<td>3,768,327</td>
</tr>
<tr>
<td>Total Assets</td>
<td>5,900,871</td>
<td>5,842,764</td>
</tr>
<tr>
<td><strong>Deferred Outflows of Resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Outflows Related to OPEB</td>
<td>7,918</td>
<td>-</td>
</tr>
<tr>
<td>Total Deferred Outflows of Resources</td>
<td>7,918</td>
<td>-</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>152,981</td>
<td>120,862</td>
</tr>
<tr>
<td>Long-Term Debt Outstanding</td>
<td>53,790</td>
<td>137,528</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>206,771</td>
<td>258,390</td>
</tr>
<tr>
<td><strong>Deferred Inflows of Resources:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid Taxes</td>
<td>21,447</td>
<td>8,602</td>
</tr>
<tr>
<td>Deferred Inflows Related to OPEB</td>
<td>8,461</td>
<td>-</td>
</tr>
<tr>
<td>Total Deferred Inflows of Resources</td>
<td>29,908</td>
<td>8,602</td>
</tr>
<tr>
<td><strong>Net Position:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Investment in Capital Assets</td>
<td>3,483,461</td>
<td>3,545,566</td>
</tr>
<tr>
<td>Restricted: General Fund</td>
<td>116,857</td>
<td>537,894</td>
</tr>
<tr>
<td>Special Revenue Funds</td>
<td>67,700</td>
<td>80,158</td>
</tr>
<tr>
<td>Permanent Funds</td>
<td>28,255</td>
<td>28,253</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>1,975,837</td>
<td>1,383,901</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$ 5,672,110</td>
<td>$ 5,575,772</td>
</tr>
</tbody>
</table>

**Revenues and Expenses**

Revenues for the Town's governmental activities increased by 1.64%, while total expenses increased by 10.42%. The largest increases in revenues were in charges for services, grants and other contributions not restricted to a specific program and miscellaneous. The largest increases in expenses were in public works and capital outlay.
Table 2
Town of Denmark, Maine
Changes in Net Position
For the Years Ended June 30,

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Program Revenues:</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$ 61,292</td>
<td>$ 39,326</td>
</tr>
<tr>
<td>Operating grants and contributions</td>
<td>55,136</td>
<td>54,272</td>
</tr>
<tr>
<td><em>General Revenues:</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>3,367,049</td>
<td>3,367,692</td>
</tr>
<tr>
<td>Excise taxes</td>
<td>311,476</td>
<td>306,656</td>
</tr>
<tr>
<td>Grants and contributions not restricted to specific programs</td>
<td>101,710</td>
<td>81,524</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>60,471</td>
<td>43,752</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>3,957,134</td>
<td>3,893,222</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>435,173</td>
<td>383,779</td>
</tr>
<tr>
<td>Health and welfare</td>
<td>22,727</td>
<td>20,561</td>
</tr>
<tr>
<td>Public safety</td>
<td>106,790</td>
<td>98,777</td>
</tr>
<tr>
<td>Public works</td>
<td>765,223</td>
<td>626,510</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>24,423</td>
<td>22,737</td>
</tr>
<tr>
<td>County tax</td>
<td>231,506</td>
<td>230,491</td>
</tr>
<tr>
<td>Education</td>
<td>2,041,523</td>
<td>2,060,728</td>
</tr>
<tr>
<td>Unclassified</td>
<td>33,450</td>
<td>44,722</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>199,981</td>
<td>6,815</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>-</td>
<td>1,312</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>3,860,796</td>
<td>3,496,432</td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td>96,338</td>
<td>406,654</td>
</tr>
<tr>
<td><strong>Net Position - July 1, Restated</strong></td>
<td>5,575,772</td>
<td>5,169,118</td>
</tr>
<tr>
<td><strong>Net Position - June 30</strong></td>
<td>$ 5,672,110</td>
<td>$ 5,575,772</td>
</tr>
</tbody>
</table>

Financial Analysis of the Town’s Fund Statements

*Governmental funds:* The financial reporting focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of
spendable resources. Such information may be useful in assessing the Town’s financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s financial position at the end of the year, and the net resources available for spending.

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

<table>
<thead>
<tr>
<th>Fund Balances - Governmental Funds</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonspendable</td>
<td>$ 4,293</td>
<td>$ 11,143</td>
</tr>
<tr>
<td>Restricted</td>
<td>$ 116,857</td>
<td>$ 537,894</td>
</tr>
<tr>
<td>Committed</td>
<td>$ 134,987</td>
<td>-</td>
</tr>
<tr>
<td>Assigned</td>
<td>$ 563,547</td>
<td>$ 17,384</td>
</tr>
<tr>
<td>Unassigned</td>
<td>$ 1,184,445</td>
<td>$ 1,336,347</td>
</tr>
<tr>
<td>Total General Fund</td>
<td>$ 2,004,129</td>
<td>$ 1,902,768</td>
</tr>
<tr>
<td>Nonmajor Funds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Revenue Funds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td>$ 67,700</td>
<td>$ 80,158</td>
</tr>
<tr>
<td>Assigned</td>
<td>$ 32,526</td>
<td>$ 21,087</td>
</tr>
<tr>
<td>Permanent Funds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td>$ 28,255</td>
<td>$ 28,253</td>
</tr>
<tr>
<td>Total Nonmajor Funds</td>
<td>$ 128,481</td>
<td>$ 129,498</td>
</tr>
</tbody>
</table>

The general fund total fund balance increased by $101,361 over the prior fiscal year. The nonmajor funds total fund balances decreased by $1,017 over the prior fiscal year.

Budgetary Highlights

There were no significant differences between the original and final budget for the general fund.

The general fund actual revenues were in excess of budgeted revenues by $33,362. This was the result of actual amounts being receipted in excess of the budgeted amounts for all revenue categories except property taxes and intergovernmental.

The general fund actual expenditures were less than budgeted expenditures by $344,031. All expenditure categories were under budget with the exception of health and welfare, public safety, public works and culture and recreation. All over expenditures were properly approved by the Board of Selectmen.
Capital Asset and Debt Administration

Capital Assets

As of June 30, 2018, the net book value of capital assets recorded by the Town decreased by $196,718 over the prior year. This decrease is the result of current year capital additions of $16,399 less depreciation expense of $213,117.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$1,533,394</td>
<td>$1,533,394</td>
</tr>
<tr>
<td>Buildings</td>
<td>288,447</td>
<td>316,880</td>
</tr>
<tr>
<td>Building improvements</td>
<td>84,388</td>
<td>92,814</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>364,098</td>
<td>392,838</td>
</tr>
<tr>
<td>Vehicles</td>
<td>500,478</td>
<td>566,695</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>800,804</td>
<td>865,706</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,571,609</strong></td>
<td><strong>$3,768,327</strong></td>
</tr>
</tbody>
</table>

Debt

At June 30, 2018, the Town had $88,148 in capital leases outstanding versus $173,381 last year. Other obligations include accrued compensated absences and Net OPEB Liability. Refer to Note 5 of the Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient undesignated fund balance to sustain government operations for a period of approximately three and one-half months, while also maintaining significant reserve accounts for future capital and program needs.

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 Office at 62 East Main Street, Denmark, Maine 04022.
## TOWN OF DENMARK, MAINE

### STATEMENT OF NET POSITION

**JUNE 30, 2018**

<table>
<thead>
<tr>
<th>Governmental Activities</th>
</tr>
</thead>
</table>

### ASSETS

<table>
<thead>
<tr>
<th>Current assets:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,107,322</td>
</tr>
<tr>
<td>Investments</td>
<td>68,424</td>
</tr>
<tr>
<td>Accounts receivable (net of allowance for uncollectibles):</td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>114,228</td>
</tr>
<tr>
<td>Liens</td>
<td>34,995</td>
</tr>
<tr>
<td>Tax acquired property</td>
<td>1,885</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>2,408</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>$2,329,262</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Noncurrent assets:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets:</td>
<td></td>
</tr>
<tr>
<td>Land and other assets not being depreciated</td>
<td>1,533,394</td>
</tr>
<tr>
<td>Buildings and equipment, net of accumulated depreciation</td>
<td>2,038,215</td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td>$3,571,609</td>
</tr>
</tbody>
</table>

**TOTAL ASSETS** | $5,900,871 |

### DEFERRED OUTFLOWS OF RESOURCES

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred outflows of resources related to OPEB</td>
</tr>
</tbody>
</table>

**TOTAL DEFERRED OUTFLOWS OF RESOURCES** | $7,918 |

**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | $5,908,789 |

### LIABILITIES

<table>
<thead>
<tr>
<th>Current liabilities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$9,525</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>25,228</td>
</tr>
<tr>
<td>Due to other governments</td>
<td>14,128</td>
</tr>
<tr>
<td>Current portion of long-term obligations</td>
<td>104,100</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>$152,981</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Noncurrent liabilities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Noncurrent portion of long-term obligations:</td>
<td></td>
</tr>
<tr>
<td>Net OPEB liability</td>
<td>53,790</td>
</tr>
<tr>
<td><strong>Total noncurrent liabilities</strong></td>
<td>$53,790</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES** | $206,771 |

### DEFERRED INFLOWS OF RESOURCES

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid taxes</td>
</tr>
<tr>
<td>Deferred inflows of resources related to OPEB</td>
</tr>
</tbody>
</table>

**TOTAL DEFERRED INFLOWS OF RESOURCES** | $29,908 |

### NET POSITION

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
</tr>
<tr>
<td>Restricted: General fund</td>
</tr>
<tr>
<td>Special revenue funds</td>
</tr>
<tr>
<td>Permanent funds</td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
</tr>
</tbody>
</table>

**TOTAL NET POSITION** | $5,672,110 |

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION** | $5,908,789 |

See accompanying independent auditors' report and notes to financial statements.
TOWN OF DENMARK, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

<table>
<thead>
<tr>
<th>Functions/Programs</th>
<th>Expenses</th>
<th>Program Revenues</th>
<th>Operating Charges for Services</th>
<th>Grants &amp; Contributions</th>
<th>Capital Grants &amp; Contributions</th>
<th>Total Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>$ 435,173</td>
<td>$ 24,837</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (410,336)</td>
</tr>
<tr>
<td>Health and welfare</td>
<td>22,727</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Public safety</td>
<td>106,790</td>
<td>364</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Public works</td>
<td>765,223</td>
<td>32,787</td>
<td>55,136</td>
<td>-</td>
<td>-</td>
<td>(677,300)</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>24,423</td>
<td>3,304</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>County tax</td>
<td>231,506</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(231,506)</td>
</tr>
<tr>
<td>Education</td>
<td>2,041,523</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2,041,523)</td>
</tr>
<tr>
<td>Unclassified</td>
<td>33,450</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(33,450)</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>199,981</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(199,981)</td>
</tr>
<tr>
<td><strong>Total government</strong></td>
<td>$ 3,860,796</td>
<td>$ 61,292</td>
<td>$ 55,136</td>
<td>$</td>
<td>$</td>
<td>(3,744,368)</td>
</tr>
</tbody>
</table>
Changes in net position:
   Net (expense) revenue                  (3,744,368)

General revenues:
   Taxes:
      Property taxes, levied for general purposes 3,367,049
      Excise taxes                                311,476
      Grants and contributions not restricted to specific programs 101,710
      Miscellaneous                               60,471
   Total general revenues                     3,840,706

Change in net position                     96,338

NET POSITION - JULY 1, RESTATATED          5,575,772

NET POSITION - JUNE 30                     $ 5,672,110
<table>
<thead>
<tr>
<th>ASSETS</th>
<th>General Fund</th>
<th>Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,023,109</td>
<td>$84,213</td>
<td>$2,107,322</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>68,424</td>
<td>68,424</td>
</tr>
<tr>
<td>Accounts receivable (net of allowance for uncollectibles):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>114,228</td>
<td>-</td>
<td>114,228</td>
</tr>
<tr>
<td>Liens</td>
<td>34,995</td>
<td>-</td>
<td>34,995</td>
</tr>
<tr>
<td>Tax acquired property</td>
<td>1,885</td>
<td>-</td>
<td>1,885</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>2,408</td>
<td>-</td>
<td>2,408</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>96,455</td>
<td>72,299</td>
<td>168,754</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$2,273,080</strong></td>
<td><strong>$224,936</strong></td>
<td><strong>$2,498,016</strong></td>
</tr>
</tbody>
</table>

| LIABILITIES | | | |
| Accounts payable | $9,525 | $ - | $9,525 |
| Accrued expenses | 25,228 | - | 25,228 |
| Due to other governments | 14,128 | - | 14,128 |
| Due to other funds | 72,299 | 96,455 | 168,754 |
| **TOTAL LIABILITIES** | **121,180** | **96,455** | **217,635** |

| DEFERRED INFLOWS OF RESOURCES | | | |
| Prepaid taxes | 21,447 | - | 21,447 |
| Deferred property tax | 126,324 | - | 126,324 |
| **TOTAL DEFERRED INFLOWS OF RESOURCES** | **147,771** | **-** | **147,771** |

| FUND BALANCES | | | |
| Nonspendable | 4,293 | - | 4,293 |
| Restricted | 116,857 | 95,955 | 212,812 |
| Committed | 134,987 | - | 134,987 |
| Assigned | 563,547 | 32,526 | 596,073 |
| Unassigned | 1,184,445 | - | 1,184,445 |
| **TOTAL FUND BALANCES** | **2,004,129** | **128,481** | **2,132,610** |

| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | |
| **$2,273,080** | **$224,936** | **$2,498,016** |

See accompanying independent auditors' report and notes to financial statements.
TOWN OF DENMARK, MAINE

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

Total Governmental Funds $2,132,610

Total Fund Balances

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 $3,571,609
- 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 $126,324
  - Deferred outflows of resources are not financial resources and therefore are not reported in the funds $7,918
- Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds shown above:
  - Capital leases payable $(88,148)
  - Accrued compensated absences $(15,952)
  - Net OPEB liability $(53,790)
- Deferred inflows of resources are not financial resources and therefore are not reported in the funds $(8,461)

Net position of governmental activities $5,672,110

See accompanying independent auditors’ report and notes to financial statements.
STATEMENT OF REVENUES, EXPENDITURES ANDCHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

<table>
<thead>
<tr>
<th>REVENUE</th>
<th>General Fund</th>
<th>Other Governmental Fund</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>$ 3,253,547</td>
<td>$ -</td>
<td>$ 3,253,547</td>
</tr>
<tr>
<td>Excise taxes</td>
<td>311,476</td>
<td>-</td>
<td>311,476</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>156,846</td>
<td>-</td>
<td>156,846</td>
</tr>
<tr>
<td>Charges for services</td>
<td>61,292</td>
<td>-</td>
<td>61,292</td>
</tr>
<tr>
<td>Interest income</td>
<td>13,025</td>
<td>643</td>
<td>13,668</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>35,453</td>
<td>11,350</td>
<td>46,803</td>
</tr>
<tr>
<td>TOTAL REVENUES</td>
<td>3,831,639</td>
<td>11,993</td>
<td>3,843,632</td>
</tr>
</tbody>
</table>

| EXPENDITURES                                 |              |                         |                          |
| Current:                                    |              |                         |                          |
| General government                          | 410,015      | -                       | 410,015                  |
| Health and welfare                          | 22,727       | -                       | 22,727                   |
| Public safety                               | 68,064       | -                       | 68,064                   |
| Public works                                | 609,967      | -                       | 609,967                  |
| Culture and recreation                      | 24,423       | -                       | 24,423                   |
| County tax                                  | 231,506      | -                       | 231,506                  |
| Education                                   | 2,041,523    | -                       | 2,041,523                |
| Unclassified                                | 20,440       | 13,010                  | 33,450                   |
| Capital outlay                              | 301,613      | -                       | 301,613                  |
| TOTAL EXPENDITURES                          | 3,730,278    | 13,010                  | 3,743,288                |

NET CHANGE IN FUND BALANCES                  | 101,361      | (1,017)                 | 100,344                  |

FUND BALANCES - JULY 1                        | 1,902,768    | 129,498                 | 2,032,266                |

FUND BALANCES - JUNE 30                        | $ 2,004,129  | $ 128,481               | $ 2,132,610              |

See accompanying independent auditors' report and notes to financial statements.
Net change in fund balances - total governmental funds (Statement E) $100,344

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 allocated to those expenditures over the life of the assets:
- Capital asset acquisitions $16,399
- Depreciation expense $(213,117)
- $(196,718)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:
- Taxes and liens receivable $113,502

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 $85,233

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 OPEB liability $(4,953)
- Accrued compensated absences $(1,070)

Change in net position of governmental activities (Statement B) $96,338

See accompanying independent auditors' report and notes to financial statements.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

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

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

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

**Implementation of New Accounting Standards**

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

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

Statement No. 81, “Irrevocable Split-Interest Agreements”. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest
agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

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

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the Town’s activities 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 are 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 fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

**Measurement Focus - Basic Financial Statements & Fund Financial Statements**

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

1. Governmental Funds:

   The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Major Funds**

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

**Nonmajor Funds**

b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

c. 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 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 activities 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 are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

**Budget**

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

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.

2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.

3. The budget was adopted subsequent to passage by the inhabitants of the Town.

**Deposits and Investments**

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

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 Treasurer is authorized by State Statutes to invest all excess funds in the following:
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

The Town of Denmark has no formal investment policy but instead follows the State of Maine Statutes.

Receivables

Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were $0 for the year ended June 30, 2018. The allowance for uncollectible accounts is estimated to be $0 as of June 30, 2018.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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 preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances”.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of the Governmental Funds.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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. Infrastructure such as streets, traffic signals, and signs 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.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

- **Buildings**: 20 - 50 years
- **Infrastructure**: 50 - 100 years
- **Machinery and equipment**: 3 - 50 years
- **Vehicles**: 3 - 25 years

**Long-term Obligations**

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

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

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 proprietary funds is the same in the fund statements as it is in the government-wide statements.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Town’s policies regarding vacation and sick time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2018, the Town’s liability for compensated absences is $15,952.

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 are reported as restricted when there are limitations imposed on their use either through the 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 Balances

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

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

Restricted – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

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

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other 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 Town meeting vote has provided otherwise in its commitment or assignment actions.

**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.

**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 only has one type of this item, deferred amounts on OPEB that qualifies for reporting in this category. This item is 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 OPEB qualify for reporting in this category as well. This item is 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 8, 2017 on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. Taxes were due on in two installments on October 20, 2017 and April 20, 2018. Interest on unpaid taxes commenced on October 21, 2017 and April 21, 2018, at 7% 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 $141,049 for the year ended June 30, 2018.

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

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

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Town consider 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.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2018, the Town’s cash balances amounting to $2,107,322 were comprised of bank deposits of $2,148,573. Of this balance, $334,220 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and $1,657,500 was collateralized with securities held by the financial institution in the Town’s name. The remaining balance of $156,853 was uncollateralized and uninsured.
NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Bank Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checking accounts</td>
<td>$ 406,853</td>
</tr>
<tr>
<td>Sweep accounts</td>
<td>1,657,500</td>
</tr>
<tr>
<td>Savings accounts</td>
<td>18,793</td>
</tr>
<tr>
<td>Money market accounts</td>
<td>65,426</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 2,148,573</strong></td>
</tr>
</tbody>
</table>

**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, 2018, the Town's investments were comprised of a certificate of deposit for $68,642. This entire amount was insured by federal depository insurance and consequently was not exposed to custodial credit risk.

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Fair Value</th>
<th>N/A</th>
<th>Less than 1 Year</th>
<th>1 - 5 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate of deposit</td>
<td>$ 68,642</td>
<td>$</td>
<td>$</td>
<td>$ 68,642</td>
</tr>
</tbody>
</table>

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.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.
NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

<table>
<thead>
<tr>
<th>Receivables (Due From)</th>
<th>Payables (Due To)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td></td>
</tr>
<tr>
<td>96,455</td>
<td>72,299</td>
</tr>
<tr>
<td>Nonmajor Special Revenue Funds</td>
<td></td>
</tr>
<tr>
<td>62,435</td>
<td>96,428</td>
</tr>
<tr>
<td>Nonmajor Permanent Funds</td>
<td></td>
</tr>
<tr>
<td>9,864</td>
<td>27</td>
</tr>
<tr>
<td><strong>168,754</strong></td>
<td><strong>168,754</strong></td>
</tr>
</tbody>
</table>

NOTE 4 - CAPITAL ASSETS

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

<table>
<thead>
<tr>
<th>Balance 7/1/17</th>
<th>Additions</th>
<th>Disposals</th>
<th>Balance 6/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-depreciated assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$1,533,394</td>
<td>-</td>
<td>$1,533,394</td>
</tr>
</tbody>
</table>

Depreciated assets:

| Buildings     | 811,560 | -         | -               | 811,560       |
| Building improvements | 132,776 | -         | -               | 132,776       |
| Machinery and equipment | 575,193 | 16,399    | -               | 591,592       |
| Vehicles      | 907,201 | -         | -               | 907,201       |
| Infrastructure| 1,309,871 | -        | -               | 1,309,871     |
| **3,736,601** | **16,399** | -         | **3,753,000**   |

Less accumulated depreciation:

| Buildings     | (494,680) | (28,433)  | -               | (523,113)     |
| Building improvements | (39,962) | (8,426)   | -               | (48,388)      |
| Machinery and equipment | (182,355) | (45,139)  | -               | (227,494)     |
| Vehicles      | (340,506) | (66,217)  | -               | (406,723)     |
| Infrastructure | (444,165) | (64,902)  | -               | (509,067)     |
| **1,501,668** | **213,117** | -         | **1,714,785**   |

Net depreciated assets | 2,234,933 | (196,718) | - | 2,038,215 |

Net capital assets | $3,768,327 | $(196,718) | $ | 3,571,609 |
NOTE 4 - CAPITAL ASSETS (CONTINUED)

The following is a summary of the annual depreciation for year ended June 30, 2018:

<table>
<thead>
<tr>
<th></th>
<th>Current year depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>$ 19,135</td>
</tr>
<tr>
<td>Public safety</td>
<td>38,726</td>
</tr>
<tr>
<td>Public works</td>
<td>155,256</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 213,117</strong></td>
</tr>
</tbody>
</table>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2018:

<table>
<thead>
<tr>
<th></th>
<th>Balance 7/1/17 (Restated)</th>
<th>Additions</th>
<th>Reductions</th>
<th>Balance 6/30/18</th>
<th>Current Year Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital leases payable</td>
<td>$ 173,381</td>
<td>$ -</td>
<td>(85,233)</td>
<td>$ 88,148</td>
<td>$ 88,148</td>
</tr>
<tr>
<td>Accrued compensated absences</td>
<td>14,882</td>
<td>6,046</td>
<td>(4,976)</td>
<td>15,952</td>
<td>15,952</td>
</tr>
<tr>
<td>Net OPEB liability</td>
<td>49,380</td>
<td>4,953</td>
<td>(543)</td>
<td>53,790</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 237,643</strong></td>
<td><strong>$ 10,999</strong></td>
<td><strong>(90,752)</strong></td>
<td><strong>$ 157,890</strong></td>
<td><strong>$ 104,100</strong></td>
</tr>
</tbody>
</table>

The following is a summary of the outstanding capital leases payable:

The Town leases a backhoe under a non-cancelable lease agreement with Deere Credit, Inc. The term of the lease is for a three-year period expiring in January of 2019. Annual payments of principal and interest are $36,127. Interest is charged at a rate of 3.5% per annum. $ 34,886

The Town leases a plow dump truck under a non-cancelable lease agreement with KS State Bank. The term of the lease is for a three-year period expiring in December of 2018. Annual payments of principal and interest are $55,036. Interest is charged at a rate of 3.33% per annum. 53,262

Total Capital Leases Payable $ 88,148
NOTE 5 - LONG-TERM DEBT (CONTINUED)

Future minimum lease payments by year and in the aggregate under these leases are as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$ 91,163</td>
</tr>
<tr>
<td>Total minimum lease payment</td>
<td>91,163</td>
</tr>
<tr>
<td>Less amount representing interest</td>
<td>(3,015)</td>
</tr>
<tr>
<td>Present value of future minimum lease payments</td>
<td>$ 88,148</td>
</tr>
</tbody>
</table>

NOTE 6 - NONSPENDABLE FUND BALANCE

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

General fund:
- Tax acquired property: $1,885
- Prepaid items: 2,408
- **Total** $4,293

NOTE 7 - RESTRICTED FUND BALANCES

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

General fund:
- Education: $116,857
- Nonmajor special revenue funds (Schedule E): 67,700
- Nonmajor permanent funds (Schedule G): 28,255
- **Total** $212,812

NOTE 8 - COMMITTED FUND BALANCES

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

General fund:
- Road improvement: $90,967
- Comprehensive plan: 9,020
- Public works truck: 35,000
- **Total** $134,987
NOTE 9 - ASSIGNED FUND BALANCES

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

General fund:
- Security system $10,000
- Beautification $263
- Animal control $5,936
- Fire prevention program $1,185
- FY19 budget $546,163
- Nonmajor special revenue funds (Schedule E) $32,526

Total Assigned Fund Balances $596,073

NOTE 10 - EXPENDITURES OVER APPROPRIATIONS

The following appropriations were overspent at June 30, 2018:

<table>
<thead>
<tr>
<th>Excess</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Selectmen (Article 18, 27) $387</td>
</tr>
<tr>
<td>Planning Board (Article 31) 780</td>
</tr>
<tr>
<td>Conservation Expense 175</td>
</tr>
<tr>
<td>Property and Casualty Insurance (Article 20) 1,397</td>
</tr>
<tr>
<td>Fire Department (Article 24) 1,224</td>
</tr>
<tr>
<td>Street Lights (Article 23) 664</td>
</tr>
<tr>
<td>Addressing 1,166</td>
</tr>
<tr>
<td>Public Works (Article 22) 24,616</td>
</tr>
<tr>
<td>Transfer Station (Article 21) 11,227</td>
</tr>
<tr>
<td>Vehicle Fuel and Oil (Article 25) 1,414</td>
</tr>
<tr>
<td>Youth Activities (Article 33) 4,433</td>
</tr>
<tr>
<td>Other 6,115</td>
</tr>
</tbody>
</table>

Total Excess $53,598

(The Selectmen have the authority to cover these overdrafts with transfers per town meeting.)
NOTE 11 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. As of June 30, 2018, the county of Oxford had no debt. The Town’s share of the school district’s debt at June 30, 2018 was as follows.

<table>
<thead>
<tr>
<th>Outstanding Debt</th>
<th>Percentage</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSU #72</td>
<td>$18,457,539</td>
<td>17.17%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$3,169,159</td>
</tr>
</tbody>
</table>

NOTE 12 - 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 carries commercial insurance through Chalmers Insurance Agency and the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations, and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2018.

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

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
NOTE 12 - RISK MANAGEMENT (CONTINUED)

the Town’s behalf only when the Town has unemployment claims from present or former employees.

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

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

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

The Town and the Town’s 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’s retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of $2,000 to participants which includes a surviving spouse benefit for the same.
NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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.

Employees Covered by Benefit Terms

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active members</td>
<td>8</td>
</tr>
<tr>
<td>Retirees and spouses</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Coverage Type</th>
<th>Pre-Medicare</th>
<th>Single Coverage</th>
<th>Family Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>POS A</td>
<td>POS A</td>
<td>$1,186.09</td>
<td>$2,661.70</td>
</tr>
<tr>
<td>PPO 1500</td>
<td>PPO 1500</td>
<td>$804.11</td>
<td>$1,803.74</td>
</tr>
<tr>
<td>Medicare</td>
<td>Medicare</td>
<td>$527.65</td>
<td>$1,055.29</td>
</tr>
</tbody>
</table>

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

At June 30, 2018, the Town reported a liability of $53,790 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date. The Town’s total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that
NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2018, the Town recognized OPEB expense of $4,953. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<table>
<thead>
<tr>
<th>Source of Resource</th>
<th>Deferring Outflows of Resources</th>
<th>Deferring Inflows of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differences between expected and actual experience</td>
<td>$</td>
<td>$8,461</td>
</tr>
<tr>
<td>Changes of assumptions</td>
<td>7,918</td>
<td>-</td>
</tr>
<tr>
<td>Net difference between projected and actual earnings on OPEB plan investments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$7,918</td>
<td>$8,461</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Plan year ended June 30:</th>
<th>MMEHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$ (135)</td>
</tr>
<tr>
<td>2020</td>
<td>(135)</td>
</tr>
<tr>
<td>2021</td>
<td>(135)</td>
</tr>
<tr>
<td>2022</td>
<td>(138)</td>
</tr>
<tr>
<td>2023</td>
<td></td>
</tr>
<tr>
<td>Thereafter</td>
<td></td>
</tr>
</tbody>
</table>

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of January 1, 2018. The discount rate determination is based on the high quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.44% per annum for December 31, 2018 was based upon a measurement date of December 31, 2017. The sensitivity of net OPEB liability to changes in discount rate are as follows:
NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

<table>
<thead>
<tr>
<th>% Decrease</th>
<th>Discount Rate</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.44%</td>
<td>3.44%</td>
<td>4.44%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>$62,974</th>
<th>$53,790</th>
<th>$46,223</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total OPEB liability</td>
<td>$62,974</td>
<td>$53,790</td>
<td>$46,223</td>
</tr>
<tr>
<td>Plan fiduciary net position</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net OPEB liability</td>
<td>$62,974</td>
<td>$53,790</td>
<td>$46,223</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>% Decrease</th>
<th>Healthcare Trend Rates</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>$46,133</th>
<th>$53,790</th>
<th>$63,107</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total OPEB liability</td>
<td>$46,133</td>
<td>$53,790</td>
<td>$63,107</td>
</tr>
<tr>
<td>Plan fiduciary net position</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net OPEB liability</td>
<td>$46,133</td>
<td>$53,790</td>
<td>$63,107</td>
</tr>
</tbody>
</table>

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 June 30, 2016, 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.
NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

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

Amortization

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

Assumptions

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

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

Discount Rate - 3.44% per annum.

Trend Assumptions:

Pre-Medicare Medical - Initial trend of 8.20% applied in 2018 grading over 14 years to 4.00% per annum.
Pre-Medicare Drug - Initial trend of 9.60% applied in 2018 grading over 14 years to 4.00% per annum.
Medicare Medical - Initial trend of 4.93% applied in 2018 grading over 14 years to 4.00% per annum.
NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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.

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

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

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.
NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

<table>
<thead>
<tr>
<th>Age</th>
<th>Tier 1 (Those hired before 7/1/14)</th>
<th>Tier 2 (Those hired on or after 7/1/14)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No Additional Employer Payment</td>
<td>No Additional Employer Payment</td>
</tr>
<tr>
<td>55</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>56</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>57</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>58</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>59</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>60</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>61</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>62</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>63</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>64</td>
<td>20%</td>
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<tr>
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<td>25%</td>
<td>45%</td>
</tr>
<tr>
<td>66</td>
<td>25%</td>
<td>30%</td>
</tr>
<tr>
<td>67</td>
<td>25%</td>
<td>30%</td>
</tr>
<tr>
<td>68</td>
<td>25%</td>
<td>30%</td>
</tr>
<tr>
<td>69</td>
<td>25%</td>
<td>30%</td>
</tr>
<tr>
<td>70</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

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

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

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

Administrative expenses - Included in the per capita claims cost.

Rates of Turnover - Termination rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.
NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>25.0%</td>
</tr>
<tr>
<td>1</td>
<td>20.0%</td>
</tr>
<tr>
<td>2</td>
<td>15.0%</td>
</tr>
<tr>
<td>3</td>
<td>12.0%</td>
</tr>
<tr>
<td>4</td>
<td>10.0%</td>
</tr>
<tr>
<td>5</td>
<td>9.0%</td>
</tr>
<tr>
<td>6</td>
<td>6.0%</td>
</tr>
<tr>
<td>7+</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

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

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

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

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

Participation Rates -

<table>
<thead>
<tr>
<th>Age</th>
<th>No Additional Employer Payment</th>
<th>With Additional Employer Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
<td>5%</td>
<td>80%</td>
</tr>
<tr>
<td>56</td>
<td>8%</td>
<td>80%</td>
</tr>
<tr>
<td>57</td>
<td>11%</td>
<td>80%</td>
</tr>
<tr>
<td>58</td>
<td>14%</td>
<td>80%</td>
</tr>
<tr>
<td>59</td>
<td>17%</td>
<td>80%</td>
</tr>
<tr>
<td>60</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>61</td>
<td>22%</td>
<td>90%</td>
</tr>
<tr>
<td>62</td>
<td>24%</td>
<td>90%</td>
</tr>
</tbody>
</table>
NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

<table>
<thead>
<tr>
<th>Age</th>
<th>No Additional Employer Payment</th>
<th>With Additional Employer Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>63</td>
<td>26%</td>
<td>90%</td>
</tr>
<tr>
<td>64</td>
<td>29%</td>
<td>90%</td>
</tr>
<tr>
<td>65</td>
<td>32%</td>
<td>90%</td>
</tr>
<tr>
<td>66</td>
<td>34%</td>
<td>90%</td>
</tr>
<tr>
<td>67</td>
<td>36%</td>
<td>90%</td>
</tr>
<tr>
<td>68</td>
<td>38%</td>
<td>90%</td>
</tr>
<tr>
<td>69</td>
<td>40%</td>
<td>90%</td>
</tr>
<tr>
<td>70</td>
<td>50%</td>
<td>90%</td>
</tr>
</tbody>
</table>

Retiree Continuation Percentage:

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

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

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

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

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

<table>
<thead>
<tr>
<th>Age</th>
<th>POS A Medical Male</th>
<th>POS A Medical Female</th>
<th>POS A Rx Male</th>
<th>POS A Rx Female</th>
<th>POS 200 Medical Male</th>
<th>POS 200 Medical Female</th>
<th>POS 200 Rx Male</th>
<th>POS 200 Rx Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>$311</td>
<td>$565</td>
<td>$99</td>
<td>$122</td>
<td>$296</td>
<td>$538</td>
<td>$95</td>
<td>$118</td>
</tr>
<tr>
<td>45</td>
<td>$411</td>
<td>$585</td>
<td>$128</td>
<td>$146</td>
<td>$391</td>
<td>$557</td>
<td>$123</td>
<td>$141</td>
</tr>
<tr>
<td>50</td>
<td>$539</td>
<td>$674</td>
<td>$163</td>
<td>$173</td>
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<td>$641</td>
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<td>$166</td>
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<td>55</td>
<td>$694</td>
<td>$824</td>
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<td>$202</td>
<td>$660</td>
<td>$784</td>
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</tr>
<tr>
<td>60</td>
<td>$878</td>
<td>$971</td>
<td>$248</td>
<td>$234</td>
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<td>$923</td>
<td>$239</td>
<td>$226</td>
</tr>
<tr>
<td>64</td>
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<tr>
<td>65</td>
<td>$120</td>
<td>$110</td>
<td>$457</td>
<td>$446</td>
<td>$120</td>
<td>$110</td>
<td>$457</td>
<td>$446</td>
</tr>
<tr>
<td>70</td>
<td>$144</td>
<td>$124</td>
<td>$514</td>
<td>$467</td>
<td>$144</td>
<td>$124</td>
<td>$514</td>
<td>$467</td>
</tr>
<tr>
<td>75</td>
<td>$176</td>
<td>$148</td>
<td>$502</td>
<td>$458</td>
<td>$176</td>
<td>$148</td>
<td>$502</td>
<td>$458</td>
</tr>
<tr>
<td>80</td>
<td>$209</td>
<td>$174</td>
<td>$454</td>
<td>$432</td>
<td>$209</td>
<td>$174</td>
<td>$454</td>
<td>$432</td>
</tr>
</tbody>
</table>
## NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

### POS C

<table>
<thead>
<tr>
<th>Age</th>
<th>Male Medical Rx</th>
<th>Female Medical Rx</th>
<th>Male Medical Rx</th>
<th>Female Medical Rx</th>
<th>Male Medical Rx</th>
<th>Female Medical Rx</th>
</tr>
</thead>
<tbody>
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<td>$202</td>
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<td>$764</td>
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<td>$899</td>
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<td>$913</td>
</tr>
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<td>$446</td>
<td>$120</td>
<td>$110</td>
</tr>
<tr>
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<td>$144</td>
<td>$124</td>
<td>$514</td>
<td>$467</td>
<td>$144</td>
<td>$124</td>
</tr>
<tr>
<td>75</td>
<td>$176</td>
<td>$148</td>
<td>$502</td>
<td>$458</td>
<td>$176</td>
<td>$148</td>
</tr>
<tr>
<td>80</td>
<td>$209</td>
<td>$174</td>
<td>$454</td>
<td>$432</td>
<td>$209</td>
<td>$174</td>
</tr>
</tbody>
</table>

### PPO 500

<table>
<thead>
<tr>
<th>Age</th>
<th>Male Medical</th>
<th>Female Medical</th>
<th>Male Medical</th>
<th>Female Medical</th>
<th>Male Medical</th>
<th>Female Medical</th>
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</thead>
<tbody>
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<td>40</td>
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<td>$474</td>
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<td>$118</td>
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<tr>
<td>45</td>
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<td>$360</td>
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<td>50</td>
<td>$486</td>
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<td>$166</td>
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<tr>
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<td>$195</td>
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</tr>
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<td>$124</td>
<td>$514</td>
<td>$467</td>
<td>$144</td>
<td>$124</td>
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<tr>
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<td>$502</td>
<td>$458</td>
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<td>$148</td>
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<td>80</td>
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<td>$174</td>
<td>$454</td>
<td>$432</td>
<td>$209</td>
<td>$174</td>
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### PPO 1000

<table>
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<tr>
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<th>Female Medical</th>
<th>Male Medical</th>
<th>Female Medical</th>
<th>Male Medical</th>
<th>Female Medical</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>$281</td>
<td>$474</td>
<td>$95</td>
<td>$118</td>
<td>$273</td>
<td>$495</td>
</tr>
<tr>
<td>45</td>
<td>$371</td>
<td>$528</td>
<td>$123</td>
<td>$141</td>
<td>$360</td>
<td>$512</td>
</tr>
<tr>
<td>50</td>
<td>$486</td>
<td>$608</td>
<td>$157</td>
<td>$166</td>
<td>$472</td>
<td>$589</td>
</tr>
<tr>
<td>55</td>
<td>$627</td>
<td>$744</td>
<td>$195</td>
<td>$195</td>
<td>$608</td>
<td>$722</td>
</tr>
<tr>
<td>60</td>
<td>$792</td>
<td>$876</td>
<td>$239</td>
<td>$226</td>
<td>$768</td>
<td>$850</td>
</tr>
<tr>
<td>64</td>
<td>$943</td>
<td>$890</td>
<td>$278</td>
<td>$253</td>
<td>$914</td>
<td>$863</td>
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<td>65</td>
<td>$120</td>
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<td>70</td>
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<td>$467</td>
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<td>$124</td>
</tr>
<tr>
<td>75</td>
<td>$176</td>
<td>$148</td>
<td>$502</td>
<td>$458</td>
<td>$176</td>
<td>$148</td>
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<td>$209</td>
<td>$174</td>
<td>$454</td>
<td>$432</td>
<td>$209</td>
<td>$174</td>
</tr>
</tbody>
</table>

### PPO 1500

<table>
<thead>
<tr>
<th>Age</th>
<th>Male Medical</th>
<th>Female Medical</th>
<th>Male Medical</th>
<th>Female Medical</th>
<th>Male Medical</th>
<th>Female Medical</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>$281</td>
<td>$474</td>
<td>$95</td>
<td>$118</td>
<td>$273</td>
<td>$495</td>
</tr>
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</tr>
<tr>
<td>75</td>
<td>$176</td>
<td>$148</td>
<td>$502</td>
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<td>$148</td>
</tr>
<tr>
<td>80</td>
<td>$209</td>
<td>$174</td>
<td>$454</td>
<td>$432</td>
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<td>$174</td>
</tr>
</tbody>
</table>

### PPO 2500

<table>
<thead>
<tr>
<th>Age</th>
<th>Male Medical</th>
<th>Female Medical</th>
<th>Male Medical</th>
<th>Female Medical</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>$261</td>
<td>$474</td>
<td>$95</td>
<td>$118</td>
</tr>
<tr>
<td>45</td>
<td>$345</td>
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<td>$141</td>
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<tr>
<td>50</td>
<td>$452</td>
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<tr>
<td>55</td>
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<tr>
<td>64</td>
<td>$877</td>
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<td>$253</td>
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<tr>
<td>65</td>
<td>$120</td>
<td>$110</td>
<td>$457</td>
<td>$446</td>
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<tr>
<td>70</td>
<td>$144</td>
<td>$124</td>
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<tr>
<td>75</td>
<td>$176</td>
<td>$148</td>
<td>$502</td>
<td>$458</td>
</tr>
<tr>
<td>80</td>
<td>$209</td>
<td>$174</td>
<td>$454</td>
<td>$432</td>
</tr>
</tbody>
</table>
NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

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

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

Changes in Net OPEB Liability

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

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the
NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2018 was $8,461.

Changes in Assumptions

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

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town office at 62 East Main Street, Denmark, ME 04022.

NOTE 14 - CONTINGENCIES

With regard to pending legal claims or 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.
NOTE 14 - CONTINGENCIES (CONTINUED)

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.

NOTE 15 - RELATED PARTY TRANSACTIONS

An employee of the Town owns a business that provides mowing services to the Town. The Town requests contract proposals for this service annually. During the fiscal year ended June 30, 2018, payments to this vendor for mowing services totaled $2,915.

NOTE 16 - 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.

NOTE 17 - RESTATEMENT

The net position of the governmental activities has been restated at July 1, 2017 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by $49,380. The resulting restatement decreased net position from $5,625,152 to $5,575,772.
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 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 DENMARK, MAINE

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

<table>
<thead>
<tr>
<th>Resources (Inflows):</th>
<th>Budgeted Amounts</th>
<th>Actual Amounts</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>Original</td>
</tr>
<tr>
<td>Budgetary Fund Balance - July 1</td>
<td>$ 1,902,768</td>
<td>$ 1,902,768</td>
<td>$ 1,902,768</td>
</tr>
<tr>
<td>Taxes:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>3,359,077</td>
<td>3,359,077</td>
<td>3,253,547</td>
</tr>
<tr>
<td>Excise taxes</td>
<td>230,250</td>
<td>230,250</td>
<td>311,476</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>161,800</td>
<td>161,800</td>
<td>156,846</td>
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<tr>
<td>Charges for services</td>
<td>30,700</td>
<td>30,700</td>
<td>61,292</td>
</tr>
<tr>
<td>Interest income</td>
<td>11,000</td>
<td>11,000</td>
<td>13,025</td>
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<tr>
<td>Other revenue</td>
<td>450</td>
<td>5,450</td>
<td>35,453</td>
</tr>
<tr>
<td>Amounts Available for Appropriation</td>
<td>5,696,045</td>
<td>5,701,045</td>
<td>5,734,407</td>
</tr>
<tr>
<td>Charges to Appropriations (Outflows):</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>532,819</td>
<td>554,759</td>
<td>410,015</td>
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<tr>
<td>Health and welfare</td>
<td>23,600</td>
<td>21,330</td>
<td>22,727</td>
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<td>Public safety</td>
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<td>67,050</td>
<td>68,064</td>
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<tr>
<td>Public works</td>
<td>572,710</td>
<td>572,710</td>
<td>609,967</td>
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<tr>
<td>Culture and recreation</td>
<td>19,990</td>
<td>19,990</td>
<td>24,423</td>
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<tr>
<td>County tax</td>
<td>231,510</td>
<td>231,510</td>
<td>231,506</td>
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<tr>
<td>Education</td>
<td>2,158,380</td>
<td>2,158,380</td>
<td>2,041,523</td>
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<tr>
<td>Unclassified</td>
<td>21,000</td>
<td>21,000</td>
<td>20,440</td>
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<tr>
<td>Capital outlay</td>
<td>442,250</td>
<td>427,580</td>
<td>301,613</td>
</tr>
<tr>
<td>Total Charges to Appropriations</td>
<td>4,069,309</td>
<td>4,074,309</td>
<td>3,730,278</td>
</tr>
<tr>
<td>Budgetary Fund Balance - June 30</td>
<td>$ 1,626,736</td>
<td>$ 1,626,736</td>
<td>$ 2,004,129</td>
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<tr>
<td>Utilization of assigned fund balance</td>
<td>$ 221,032</td>
<td>$ 221,032</td>
<td>$ -</td>
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<tr>
<td>Utilization of restricted fund balance</td>
<td>2,000</td>
<td>2,000</td>
<td>-</td>
</tr>
<tr>
<td>Utilization of unassigned fund balance</td>
<td>41,000</td>
<td>41,000</td>
<td>-</td>
</tr>
<tr>
<td>$ 264,032</td>
<td>$ 264,032</td>
<td>$ -</td>
<td>(264,032)</td>
</tr>
</tbody>
</table>

See accompanying independent auditors' report and notes to financial statements.
TOWN OF DENMARK, MAINE

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

Increase (Decrease)

<table>
<thead>
<tr>
<th>Net OPEB Liability</th>
<th>Plan Fiduciary Net Position</th>
<th>Net OPEB Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>(b)</td>
<td>(a) - (b)</td>
</tr>
</tbody>
</table>

Balances at 1/1/17 (Reporting December 31, 2017) $49,380 $ - $49,380

Changes for the year:

<table>
<thead>
<tr>
<th>Description</th>
<th>Net OPEB Liability (a)</th>
<th>Plan Fiduciary Net Position (b)</th>
<th>Net OPEB Liability (a) - (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost</td>
<td>3,104</td>
<td>-</td>
<td>3,104</td>
</tr>
<tr>
<td>Interest</td>
<td>1,984</td>
<td>-</td>
<td>1,984</td>
</tr>
<tr>
<td>Changes of benefits</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Differences between expected and actual experience</td>
<td>(10,576)</td>
<td>-</td>
<td>(10,576)</td>
</tr>
<tr>
<td>Changes of assumptions</td>
<td>9,898</td>
<td>-</td>
<td>9,898</td>
</tr>
<tr>
<td>Contributions - employer</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributions - member</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net investment income</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Administrative expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net changes</td>
<td>4,410</td>
<td>-</td>
<td>4,410</td>
</tr>
</tbody>
</table>

Balances at 1/1/18 (Reporting December 31, 2018) $53,790 $ - $53,790

See accompanying independent auditors' report and notes to financial statements.
TOWN OF DENMARK, MAINE

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

2018

Total OPEB liability
Service cost (BOY) 3,104
Interest (includes interest on service cost) 1,984
Changes of benefit terms -
Differences between expected and actual experience (10,576)
Changes of assumptions 9,898
Benefit payments, including refunds of member contributions -
Net change in total OPEB liability $ 4,410

Total OPEB liability - beginning $ 49,380
Total OPEB liability - ending $ 53,790

Plan fiduciary net position
Contributions - employer -
Contributions - member -
Net investment income -
Benefit payments, including refunds of member contributions -
Administrative expense -
Net change in fiduciary net position -

Plan fiduciary net position - beginning $ -
Plan fiduciary net position - ending $ -

Net OPEB liability - ending $ 53,790

Plan fiduciary net position as a percentage of the total OPEB liability -

Covered employee payroll $ 273,218
Net OPEB liability as a percentage of covered payroll 19.7%

* 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 DENMARK, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB

LAST 10 FISCAL YEARS*

<table>
<thead>
<tr>
<th>MMEHT:</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer contributions</td>
<td>$</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>-</td>
</tr>
<tr>
<td>Contribution deficiency (excess)</td>
<td>$</td>
</tr>
</tbody>
</table>

| Covered-employee payroll            | 273,218 |
| Contributions as a percentage of covered-employee payroll | 0.0% |

* 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.
Changes in Assumptions

Maine Municipal Health Trust

The funding method was changed from Projected Unit Credit funding to Entry Age Normal funding method.
Other Supplementary Information

Other supplementary information includes financial statements 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 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
## TOWN OF DENMARK, MAINE

### BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

**BUDGET AND ACTUAL - GENERAL FUND REVENUES**

**FOR THE YEAR ENDED JUNE 30, 2018**

<table>
<thead>
<tr>
<th>Resources (Inflows):</th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual Amounts</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxes:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>$3,359,077</td>
<td>$3,359,077</td>
<td>$3,253,547</td>
<td>$(105,530)</td>
</tr>
<tr>
<td>Auto excise</td>
<td>228,000</td>
<td>228,000</td>
<td>303,688</td>
<td>75,688</td>
</tr>
<tr>
<td>Boat excise</td>
<td>2,250</td>
<td>2,250</td>
<td>7,788</td>
<td>5,538</td>
</tr>
<tr>
<td><strong>Intergovernmental revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State revenue sharing</td>
<td>24,600</td>
<td>24,600</td>
<td>26,905</td>
<td>2,305</td>
</tr>
<tr>
<td>Homestead reimbursement</td>
<td>36,563</td>
<td>36,563</td>
<td>37,735</td>
<td>1,172</td>
</tr>
<tr>
<td>BETE reimbursement</td>
<td>9,019</td>
<td>9,019</td>
<td>-</td>
<td>(9,019)</td>
</tr>
<tr>
<td>Highway block grant</td>
<td>53,968</td>
<td>53,968</td>
<td>55,136</td>
<td>1,168</td>
</tr>
<tr>
<td>Tree growth</td>
<td>35,000</td>
<td>35,000</td>
<td>31,396</td>
<td>(3,604)</td>
</tr>
<tr>
<td>Veterans' exemption</td>
<td>1,250</td>
<td>1,250</td>
<td>1,618</td>
<td>368</td>
</tr>
<tr>
<td>Other intergovernmental revenues</td>
<td>1,400</td>
<td>1,400</td>
<td>4,056</td>
<td>2,656</td>
</tr>
<tr>
<td><strong>Charges for services:</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Clerk fees</td>
<td>6,000</td>
<td>6,000</td>
<td>9,363</td>
<td>3,363</td>
</tr>
<tr>
<td>Zoning and subdivision fees</td>
<td>9,900</td>
<td>9,900</td>
<td>15,474</td>
<td>5,574</td>
</tr>
<tr>
<td>Animal control fees</td>
<td>600</td>
<td>600</td>
<td>364</td>
<td>(236)</td>
</tr>
<tr>
<td>Transfer station fees</td>
<td>12,000</td>
<td>12,000</td>
<td>32,787</td>
<td>20,787</td>
</tr>
<tr>
<td>Recreation fees</td>
<td>2,200</td>
<td>2,200</td>
<td>3,304</td>
<td>1,104</td>
</tr>
<tr>
<td><strong>Interest income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax interest &amp; lien costs</td>
<td>11,000</td>
<td>11,000</td>
<td>13,012</td>
<td>2,012</td>
</tr>
<tr>
<td>Interest income</td>
<td>-</td>
<td>-</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td><strong>Miscellaneous revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Misc. other</td>
<td>450</td>
<td>5,450</td>
<td>35,453</td>
<td>30,003</td>
</tr>
<tr>
<td><strong>Amounts Available for Appropriation</strong></td>
<td>$3,793,277</td>
<td>$3,798,277</td>
<td>$3,831,639</td>
<td>$33,362</td>
</tr>
</tbody>
</table>

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

## TOWN OF DENMARK, MAINE

### SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2018

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Budget Adjustments</th>
<th>Final Budget</th>
<th>Actual Expenditures</th>
<th>Variance Positive (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENERAL GOVERNMENT:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>$ 327,960</td>
<td>$ 18,437</td>
<td>$ 346,397</td>
<td>$ 346,397</td>
<td>$ -</td>
</tr>
<tr>
<td>Board of Selectmen</td>
<td>7,500</td>
<td></td>
<td>7,500</td>
<td>7,887</td>
<td>(387)</td>
</tr>
<tr>
<td>Planning board</td>
<td>2,400</td>
<td></td>
<td>2,400</td>
<td>3,180</td>
<td>(780)</td>
</tr>
<tr>
<td>Board of appeals</td>
<td>510</td>
<td></td>
<td>510</td>
<td>255</td>
<td>255</td>
</tr>
<tr>
<td>Building and repair</td>
<td>6,500</td>
<td>(5,346)</td>
<td>1,154</td>
<td>1,154</td>
<td>-</td>
</tr>
<tr>
<td>Assessing and mapping</td>
<td>21,900</td>
<td>(5,855)</td>
<td>16,045</td>
<td>16,045</td>
<td>-</td>
</tr>
<tr>
<td>Legal council</td>
<td>15,000</td>
<td>14,704</td>
<td>29,704</td>
<td>29,481</td>
<td>223</td>
</tr>
<tr>
<td>Conservation expense</td>
<td>-</td>
<td></td>
<td>-</td>
<td>175</td>
<td>(175)</td>
</tr>
<tr>
<td>Comprehensive plan</td>
<td>10,000</td>
<td></td>
<td>10,000</td>
<td>980</td>
<td>9,020</td>
</tr>
<tr>
<td>Tax overlay</td>
<td>141,049</td>
<td></td>
<td>141,049</td>
<td>4,461</td>
<td>136,588</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 532,819</td>
<td>21,940</td>
<td>$ 554,759</td>
<td>$ 410,015</td>
<td>$ 144,744</td>
</tr>
<tr>
<td><strong>HEALTH AND WELFARE:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and casualty insurance</td>
<td>20,600</td>
<td></td>
<td>20,600</td>
<td>21,997</td>
<td>(1,397)</td>
</tr>
<tr>
<td>General assistance</td>
<td>3,000</td>
<td>(2,270)</td>
<td>730</td>
<td>730</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 23,600</td>
<td>(2,270)</td>
<td>$ 21,330</td>
<td>$ 22,727</td>
<td>(1,397)</td>
</tr>
<tr>
<td><strong>PUBLIC SAFETY:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fire department</td>
<td>49,500</td>
<td></td>
<td>49,500</td>
<td>50,724</td>
<td>(1,224)</td>
</tr>
<tr>
<td>Street lights</td>
<td>5,000</td>
<td></td>
<td>5,000</td>
<td>5,664</td>
<td>(664)</td>
</tr>
<tr>
<td>Addressing</td>
<td>-</td>
<td></td>
<td>-</td>
<td>1,166</td>
<td>(1,166)</td>
</tr>
<tr>
<td>Animal control</td>
<td>4,150</td>
<td></td>
<td>4,150</td>
<td>2,510</td>
<td>1,640</td>
</tr>
<tr>
<td>United Ambulance</td>
<td>8,400</td>
<td></td>
<td>8,400</td>
<td>8,000</td>
<td>400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 67,050</td>
<td></td>
<td>$ 67,050</td>
<td>$ 68,064</td>
<td>(1,014)</td>
</tr>
</tbody>
</table>
TOWN OF DENMARK, MAINE

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

<table>
<thead>
<tr>
<th>Department/Program</th>
<th>Original Budget</th>
<th>Budget Adjustments</th>
<th>Final Budget</th>
<th>Actual Expenditures</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUBLIC WORKS:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public works</td>
<td>420,880</td>
<td>-</td>
<td>420,880</td>
<td>445,496</td>
<td>(24,616)</td>
</tr>
<tr>
<td>Transfer station</td>
<td>120,830</td>
<td>-</td>
<td>120,830</td>
<td>132,057</td>
<td>(11,227)</td>
</tr>
<tr>
<td>Vehicle fuel and oil</td>
<td>31,000</td>
<td>-</td>
<td>31,000</td>
<td>32,414</td>
<td>(1,414)</td>
</tr>
<tr>
<td>Total</td>
<td>572,710</td>
<td>-</td>
<td>572,710</td>
<td>609,967</td>
<td>(37,257)</td>
</tr>
<tr>
<td>CULTURE AND RECREATION:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td>5,000</td>
<td>-</td>
<td>5,000</td>
<td>5,000</td>
<td>-</td>
</tr>
<tr>
<td>Youth activities</td>
<td>5,730</td>
<td>-</td>
<td>5,730</td>
<td>10,163</td>
<td>(4,433)</td>
</tr>
<tr>
<td>Salvation Army</td>
<td>500</td>
<td>-</td>
<td>500</td>
<td>500</td>
<td>-</td>
</tr>
<tr>
<td>Lakes Environmental Association</td>
<td>1,000</td>
<td>-</td>
<td>1,000</td>
<td>1,000</td>
<td>-</td>
</tr>
<tr>
<td>Home Health</td>
<td>600</td>
<td>-</td>
<td>600</td>
<td>600</td>
<td>-</td>
</tr>
<tr>
<td>Seniors Plus</td>
<td>100</td>
<td>-</td>
<td>100</td>
<td>100</td>
<td>-</td>
</tr>
<tr>
<td>Western Maine Transportation</td>
<td>230</td>
<td>-</td>
<td>230</td>
<td>230</td>
<td>-</td>
</tr>
<tr>
<td>Brownfield Food Pantry</td>
<td>500</td>
<td>-</td>
<td>500</td>
<td>500</td>
<td>-</td>
</tr>
<tr>
<td>Tri-County Mental Health</td>
<td>1,200</td>
<td>-</td>
<td>1,200</td>
<td>1,200</td>
<td>-</td>
</tr>
<tr>
<td>Children's programs</td>
<td>2,500</td>
<td>-</td>
<td>2,500</td>
<td>2,500</td>
<td>-</td>
</tr>
<tr>
<td>Community Concepts</td>
<td>1,000</td>
<td>-</td>
<td>1,000</td>
<td>1,000</td>
<td>-</td>
</tr>
<tr>
<td>Life Flight Foundation</td>
<td>500</td>
<td>-</td>
<td>500</td>
<td>500</td>
<td>-</td>
</tr>
<tr>
<td>Eastern Slope Airport Authority</td>
<td>580</td>
<td>-</td>
<td>580</td>
<td>580</td>
<td>-</td>
</tr>
<tr>
<td>REACH program</td>
<td>250</td>
<td>-</td>
<td>250</td>
<td>250</td>
<td>-</td>
</tr>
<tr>
<td>Saco River Corridor Commission</td>
<td>300</td>
<td>-</td>
<td>300</td>
<td>300</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>19,990</td>
<td>-</td>
<td>19,990</td>
<td>24,423</td>
<td>(4,433)</td>
</tr>
</tbody>
</table>
SCHEDULE B (CONTINUED)

TOWN OF DENMARK, MAINE

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

<table>
<thead>
<tr>
<th>Original Budget</th>
<th>Budget Adjustments</th>
<th>Final Budget</th>
<th>Actual Expenditures</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>COUNTY TAX</td>
<td>231,510</td>
<td>-</td>
<td>231,510</td>
<td>231,506</td>
</tr>
<tr>
<td>EDUCATION</td>
<td>2,158,380</td>
<td>-</td>
<td>2,158,380</td>
<td>2,041,523</td>
</tr>
<tr>
<td>CAPITAL OUTLAY:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PW truck lease to own</td>
<td>55,050</td>
<td>(14)</td>
<td>55,036</td>
<td>55,036</td>
</tr>
<tr>
<td>PW dump truck</td>
<td>35,000</td>
<td>-</td>
<td>35,000</td>
<td>-</td>
</tr>
<tr>
<td>Road projects</td>
<td>275,000</td>
<td>-</td>
<td>275,000</td>
<td>184,033</td>
</tr>
<tr>
<td>Town matching funds grant</td>
<td>5,000</td>
<td>(5,000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Single stream recycling facility</td>
<td>36,000</td>
<td>(11,904)</td>
<td>24,096</td>
<td>24,096</td>
</tr>
<tr>
<td>PW backhoe</td>
<td>36,200</td>
<td>(73)</td>
<td>36,127</td>
<td>36,127</td>
</tr>
<tr>
<td>Fire prevention</td>
<td>-</td>
<td>2,321</td>
<td>2,321</td>
<td>2,321</td>
</tr>
<tr>
<td>Total</td>
<td>442,250</td>
<td>(14,670)</td>
<td>427,580</td>
<td>301,613</td>
</tr>
<tr>
<td>UNCLASSIFIED:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unanticipated expenses</td>
<td>12,000</td>
<td>-</td>
<td>12,000</td>
<td>10,325</td>
</tr>
<tr>
<td>Annual fireworks</td>
<td>4,000</td>
<td>-</td>
<td>4,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Emergency fuel</td>
<td>5,000</td>
<td>-</td>
<td>5,000</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>6,115</td>
<td>(6,115)</td>
</tr>
<tr>
<td>Total</td>
<td>21,000</td>
<td>-</td>
<td>21,000</td>
<td>20,440</td>
</tr>
</tbody>
</table>

TOTAL DEPARTMENTAL OPERATIONS: $ 4,069,309 $ 5,000 $ 4,074,309 $ 3,730,278 $ 344,031

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

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## SCHEDULE C

**TOWN OF DENMARK, MAINE**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2018**

<table>
<thead>
<tr>
<th>Special Revenue Funds</th>
<th>Permanent Funds</th>
<th>Total Nonmajor Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 65,795</td>
<td>$ 18,418</td>
</tr>
<tr>
<td>Investments</td>
<td>68,424</td>
<td>-</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>62,435</td>
<td>9,864</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$ 196,654</td>
<td>$ 28,282</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to other funds</td>
<td>$ 96,428</td>
<td>$ 27</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>$ 96,428</td>
<td>27</td>
</tr>
<tr>
<td><strong>FUND BALANCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonspendable</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Restricted</td>
<td>67,700</td>
<td>28,255</td>
</tr>
<tr>
<td>Committed</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assigned</td>
<td>32,526</td>
<td>-</td>
</tr>
<tr>
<td>Unassigned</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL FUND BALANCES</strong></td>
<td>100,226</td>
<td>28,255</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND FUND BALANCES</strong></td>
<td>$ 196,654</td>
<td>$ 28,282</td>
</tr>
</tbody>
</table>

See accompanying independent auditors' report and notes to financial statements.
## TOWN OF DENMARK, MAINE

### COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

#### FOR THE YEAR ENDED JUNE 30, 2018

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

<table>
<thead>
<tr>
<th></th>
<th>Special Revenue Funds</th>
<th>Permanent Funds</th>
<th>Total Nonmajor Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>$ 641</td>
<td>$ 2</td>
<td>$ 643</td>
</tr>
<tr>
<td>Other</td>
<td>11,350</td>
<td>-</td>
<td>11,350</td>
</tr>
<tr>
<td>TOTAL REVENUES</td>
<td>11,991</td>
<td>2</td>
<td>11,993</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>13,010</td>
<td>-</td>
<td>13,010</td>
</tr>
<tr>
<td>TOTAL EXPENDITURES</td>
<td>13,010</td>
<td>-</td>
<td>13,010</td>
</tr>
<tr>
<td><strong>NET CHANGE IN FUND BALANCES</strong></td>
<td>(1,019)</td>
<td>2</td>
<td>(1,017)</td>
</tr>
<tr>
<td><strong>FUND BALANCES - JULY 1</strong></td>
<td>101,245</td>
<td>28,253</td>
<td>129,498</td>
</tr>
<tr>
<td><strong>FUND BALANCES - JUNE 30</strong></td>
<td>$100,226</td>
<td>$28,255</td>
<td>$128,481</td>
</tr>
</tbody>
</table>

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Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.
<table>
<thead>
<tr>
<th></th>
<th>Denmark Little League Fund</th>
<th>Capital Equip./Improv. Fund</th>
<th>Nestle Waters Contract Fund</th>
<th>Fire Dept. Donation Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ - $</td>
<td>$ - $</td>
<td>$ 49,558</td>
<td>$ 8,989</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>68,424</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>10,968</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$ 10,968</td>
<td>$ 68,424</td>
<td>$ 49,558</td>
<td>$ 8,989</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to other funds</td>
<td>$ - $</td>
<td>$ 66,603</td>
<td>$ 29,825</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>-</td>
<td>66,603</td>
<td>29,825</td>
<td>-</td>
</tr>
<tr>
<td><strong>FUND BALANCES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonspendable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Restricted</td>
<td>-</td>
<td>-</td>
<td>19,733</td>
<td>-</td>
</tr>
<tr>
<td>Committed</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assigned</td>
<td>10,968</td>
<td>1,821</td>
<td>-</td>
<td>8,989</td>
</tr>
<tr>
<td>Unassigned</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL FUND BALANCES</strong></td>
<td>10,968</td>
<td>1,821</td>
<td>19,733</td>
<td>8,989</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND FUND BALANCES</strong></td>
<td>$ 10,968</td>
<td>$ 68,424</td>
<td>$ 49,558</td>
<td>$ 8,989</td>
</tr>
</tbody>
</table>
SCHEDULE E (CONTINUED)

TOWN OF DENMARK, MAINE

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

<table>
<thead>
<tr>
<th></th>
<th>First Responders Donation Fund</th>
<th>Fireworks Donation Fund</th>
<th>FEMA Fire Fighter Asst. Grant</th>
<th>Perley Mills Community Forest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 7,248</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 65,795</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>68,424</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>-</td>
<td>3,500</td>
<td>15,821</td>
<td>32,146</td>
<td>62,435</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$ 7,248</td>
<td>$ 3,500</td>
<td>$ 15,821</td>
<td>$ 32,146</td>
<td>$ 196,654</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to other funds</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 96,428</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>96,428</td>
</tr>
<tr>
<td><strong>FUND BALANCES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonspendable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Restricted</td>
<td>-</td>
<td>-</td>
<td>15,821</td>
<td>32,146</td>
<td>67,700</td>
</tr>
<tr>
<td>Committed</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assigned</td>
<td>7,248</td>
<td>3,500</td>
<td>-</td>
<td>-</td>
<td>32,526</td>
</tr>
<tr>
<td>Unassigned</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL FUND BALANCES</strong></td>
<td>7,248</td>
<td>3,500</td>
<td>15,821</td>
<td>32,146</td>
<td>100,226</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FUND BALANCES</strong></td>
<td>$ 7,248</td>
<td>$ 3,500</td>
<td>$ 15,821</td>
<td>$ 32,146</td>
<td>$ 196,654</td>
</tr>
</tbody>
</table>

See accompanying independent auditors’ report and notes to financial statements.
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

<table>
<thead>
<tr>
<th>Fund</th>
<th>Denmark Little League Fund</th>
<th>Capital Equip./Improv. Fund</th>
<th>Nestle Waters Contract Fund</th>
<th>Fire Dept. Donation Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>$</td>
<td>$ 593</td>
<td>$ 45</td>
<td>$ 1</td>
</tr>
<tr>
<td>Other income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,150</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td></td>
<td>593</td>
<td>45</td>
<td>8,151</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>8,727</td>
<td>507</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td></td>
<td>-</td>
<td>8,727</td>
<td>507</td>
</tr>
<tr>
<td><strong>NET CHANGE IN FUND BALANCES</strong></td>
<td>-</td>
<td>593</td>
<td>(8,682)</td>
<td>7,644</td>
</tr>
<tr>
<td><strong>FUND BALANCES - JULY 1</strong></td>
<td>10,968</td>
<td>1,228</td>
<td>28,415</td>
<td>1,345</td>
</tr>
<tr>
<td><strong>FUND BALANCES - JUNE 30</strong></td>
<td>$10,968</td>
<td>$1,821</td>
<td>$19,733</td>
<td>$8,989</td>
</tr>
</tbody>
</table>
## SCHEDULE F (CONTINUED)

TOWN OF DENMARK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

<table>
<thead>
<tr>
<th></th>
<th>First Responders Donation Fund</th>
<th>Fireworks Donation Fund</th>
<th>FEMA Fire Fighter Asst. Grant</th>
<th>Perley Mills Community Forest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>$ 2</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 641</td>
</tr>
<tr>
<td>Other income</td>
<td>2,200</td>
<td>1,000</td>
<td>-</td>
<td>-</td>
<td>11,350</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>2,202</td>
<td>1,000</td>
<td>-</td>
<td>-</td>
<td>11,991</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,776</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,776</td>
</tr>
<tr>
<td><strong>NET CHANGE IN FUND BALANCES</strong></td>
<td>2,202</td>
<td>1,000</td>
<td>-</td>
<td>(3,776)</td>
<td>(1,019)</td>
</tr>
<tr>
<td><strong>FUND BALANCES - JULY 1</strong></td>
<td>5,046</td>
<td>2,500</td>
<td>15,821</td>
<td>35,922</td>
<td>101,245</td>
</tr>
<tr>
<td><strong>FUND BALANCES - JUNE 30</strong></td>
<td>$ 7,248</td>
<td>$ 3,500</td>
<td>$ 15,821</td>
<td>$ 32,146</td>
<td>$ 100,226</td>
</tr>
</tbody>
</table>

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 Denmark, 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 cemeteries and scholarships.
## TOWN OF DENMARK, MAINE

### COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS

**JUNE 30, 2018**

<table>
<thead>
<tr>
<th></th>
<th>Eugenia Parker Trust Fund</th>
<th>Robert Griffin Flag Fund</th>
<th>Cemetery Trust Fund</th>
<th>Mt. Pleasant Cemetery Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,234</td>
<td>$1,324</td>
<td>$15,860</td>
<td>-</td>
<td>$18,418</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,864</td>
<td>9,864</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$1,234</td>
<td>$1,324</td>
<td>$15,860</td>
<td>9,864</td>
<td>$28,282</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to others funds</td>
<td>-</td>
<td>-</td>
<td>$9,864</td>
<td>-</td>
<td>27</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>-</td>
<td>-</td>
<td>27</td>
<td>-</td>
<td>27</td>
</tr>
<tr>
<td><strong>FUND BALANCES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonspendable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Restricted</td>
<td>$1,234</td>
<td>$1,324</td>
<td>$15,833</td>
<td>9,864</td>
<td>28,255</td>
</tr>
<tr>
<td>Committed</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assigned</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unassigned</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL FUND BALANCES</strong></td>
<td>$1,234</td>
<td>$1,324</td>
<td>$15,833</td>
<td>9,864</td>
<td>28,255</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND FUND BALANCES</strong></td>
<td>$1,234</td>
<td>$1,324</td>
<td>$15,860</td>
<td>$9,864</td>
<td>$28,282</td>
</tr>
</tbody>
</table>

See accompanying independent auditors' report and notes to financial statements.
TOWN OF DENMARK, MAINE

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

<table>
<thead>
<tr>
<th></th>
<th>Eugenia Parker Trust Fund</th>
<th>Robert Griffin Flag Fund</th>
<th>Cemetery Trust Fund</th>
<th>Mt. Pleasant Cemetery Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>$</td>
<td>$ 1</td>
<td>$ 1</td>
<td>$ -</td>
<td>$ 2</td>
</tr>
<tr>
<td>TOTAL REVENUES</td>
<td></td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NET CHANGE IN FUND BALANCES</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>FUND BALANCES - JULY 1</td>
<td>1,234</td>
<td>1,323</td>
<td>15,832</td>
<td>9,864</td>
<td>28,253</td>
</tr>
<tr>
<td>FUND BALANCES - JUNE 30</td>
<td>$ 1,234</td>
<td>$ 1,324</td>
<td>$ 15,833</td>
<td>$ 9,864</td>
<td>$ 28,255</td>
</tr>
</tbody>
</table>

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 DENMARK, MAINE

#### SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION

**JUNE 30, 2018**

<table>
<thead>
<tr>
<th>Function</th>
<th>Land and Non-depreciable Assets</th>
<th>Buildings, Building Improvements and Land Improvements</th>
<th>Machinery, Equipment and Vehicles</th>
<th>Infrastructure</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government</td>
<td>$1,533,394</td>
<td>$512,740</td>
<td>$66,740</td>
<td>-</td>
<td>$2,112,874</td>
</tr>
<tr>
<td>Public Safety</td>
<td>-</td>
<td>200,000</td>
<td>667,973</td>
<td>-</td>
<td>867,973</td>
</tr>
<tr>
<td>Public Works</td>
<td>-</td>
<td>231,596</td>
<td>764,080</td>
<td>1,309,871</td>
<td>2,305,547</td>
</tr>
<tr>
<td><strong>Total General Capital Assets</strong></td>
<td><strong>1,533,394</strong></td>
<td><strong>944,336</strong></td>
<td><strong>1,498,793</strong></td>
<td><strong>1,309,871</strong></td>
<td><strong>5,286,394</strong></td>
</tr>
<tr>
<td><strong>Less: Accumulated Depreciation</strong></td>
<td></td>
<td>(571,501)</td>
<td>(634,217)</td>
<td>(509,067)</td>
<td>(1,714,785)</td>
</tr>
<tr>
<td><strong>Net General Capital Assets</strong></td>
<td><strong>$1,533,394</strong></td>
<td><strong>$372,835</strong></td>
<td><strong>$864,576</strong></td>
<td><strong>$800,804</strong></td>
<td><strong>$3,571,609</strong></td>
</tr>
</tbody>
</table>

See accompanying independent auditors’ report and notes to financial statements.
TOWN OF DENMARK, MAINE

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

<table>
<thead>
<tr>
<th>General Capital Assets</th>
<th>7/1/17</th>
<th>Additions</th>
<th>Deletions</th>
<th>6/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government</td>
<td>$2,112,874</td>
<td>$</td>
<td>$</td>
<td>$2,112,874</td>
</tr>
<tr>
<td>Public Safety</td>
<td>867,973</td>
<td>-</td>
<td>-</td>
<td>867,973</td>
</tr>
<tr>
<td>Public Works</td>
<td>2,289,148</td>
<td>16,399</td>
<td>-</td>
<td>2,305,547</td>
</tr>
<tr>
<td><strong>Total General Capital Assets</strong></td>
<td>5,269,995</td>
<td>16,399</td>
<td>-</td>
<td>5,286,394</td>
</tr>
<tr>
<td><strong>Less: Accumulated Depreciation</strong></td>
<td>(1,501,668)</td>
<td>(213,117)</td>
<td>-</td>
<td>(1,714,785)</td>
</tr>
<tr>
<td><strong>Net General Capital Assets</strong></td>
<td>$3,768,327</td>
<td>$(196,718)$</td>
<td>$</td>
<td>$3,571,609</td>
</tr>
</tbody>
</table>

See accompanying independent auditors' report and notes to financial statements.
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Selectmen
Town of Denmark
Denmark, 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 the Town of Denmark, Maine as of and
for the year ended June 30, 2018, and the related notes to the financial statements,
which collectively comprise the Town of Denmark, Maine’s basic financial statements,
and have issued our report thereon dated January 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered
the Town of Denmark, Maine’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 opinions on the financial statements, but not for the purpose
of expressing an opinion on the effectiveness of the Town of Denmark, Maine’s internal
control. Accordingly, we do not express an opinion on the effectiveness of the Town of
Denmark, Maine’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 a 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 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 the Town of Denmark, Maine’s financial statements are free from 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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
January 28, 2019