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Audited Financial Statements
and Other Financial Information

Town of Bucksport, Maine

June 30, 2018



Proven Expertise and Integrity

TOWN OF BUCKSPORT, MAINE

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JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Town Council
Town of Bucksport
Bucksport, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Bucksport, 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 Bucksport, 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, business-type activities, each major fund and the aggregate remaining fund information of the Town of Bucksport, Maine as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 4 through 12 and 70 through 76 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 Bucksport, 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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, capital asset schedules and the schedule of expenditures of federal awards 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, Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards 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 October 12, 2018, on our consideration of the Town of Bucksport, 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 Bucksport, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
October 12, 2018

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

(UNAUDITED)

The following management's discussion and analysis of the Town of Bucksport, 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 Bucksport'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 pension information, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in 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 separate columns for the two different types of town activities. The types of activities presented for the Town of Bucksport are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, protection, public works, health and sanitation, education, recreation, community and social agencies, and unclassified.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Bucksport include the sewer fund and the marina fund.

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 Bucksport, 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 Bucksport can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Most 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 Bucksport presents three 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 funds are the general fund and the TIF 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.

Proprietary Funds: The Town of Bucksport maintains two proprietary funds, the sewer fund and the marina fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

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 Statement of Cash Flows - Proprietary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pensions, a Schedule of Changes in Net OPEB Liability, a Schedule of Changes in Net OPEB Liability and Related Ratios, a Schedule of Contributions - OPEB and 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 for governmental activities decreased by \$458,465 from \$20,102,615 to \$19,644,150. For the business-type activities the Town's total net position increased by \$889,352 from \$8,866,057 to \$9,755,409, primarily due to construction of the secondary waste water treatment plant.

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 for the governmental activities to a balance of \$8,806,058 at the end of the fiscal year. For the business-type activities, the unrestricted net position decreased to a balance of \$1,367,646.

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

	Governmental Activities		Business-type Activities	
	2018	2017 (Restated)	2018	2017 (Restated)
Assets:				
Current Assets	\$ 11,221,515	\$ 11,038,320	\$ 1,565,559	\$ 1,687,932
Capital Assets	9,862,099	10,528,193	17,297,255	16,838,835
Other Assets	2,056,685	2,468,022	-	-
Total Assets	<u>23,140,299</u>	<u>24,034,535</u>	<u>18,862,814</u>	<u>18,526,767</u>
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	439,782	535,233	-	-
Deferred Outflows Related to OPEB	1,758	-	-	-
Total Deferred Outflows of Resources	<u>441,540</u>	<u>535,233</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current and Other Liabilities	911,061	904,584	398,133	628,218
Long-term Debt Outstanding	2,877,024	3,330,777	8,709,272	9,032,492
Total Liabilities	<u>3,788,085</u>	<u>4,235,361</u>	<u>9,107,405</u>	<u>9,660,710</u>
Deferred Inflows of Resources:				
Prepaid Taxes	12,552	14,152	-	-
Deferred Inflows Related to Pensions	319,185	217,640	-	-
Deferred Inflows Related to OPEB	5,588	-	-	-
Total Deferred Inflows of Resources	<u>337,325</u>	<u>231,792</u>	<u>-</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	9,670,913	10,260,935	8,264,763	7,488,180
Restricted: Nonspendable - Principal	140,198	140,198	-	-
General Fund	357,358	532,057	-	-
Special Revenue Funds	616,405	671,071	-	-
Permanent Funds	53,218	52,517	-	-
Unrestricted	8,806,058	8,445,837	1,367,646	1,377,877
Total Net Position	<u>\$ 19,644,150</u>	<u>\$ 20,102,615</u>	<u>\$ 9,632,409</u>	<u>\$ 8,866,057</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 2.58%, while total expenses increased by 0.47%. Increases in charges for services, miscellaneous and excise tax revenues, partially offset by a decline in property taxes resulted in the increase in governmental revenues. Governmental expenditures recognized an increase, primarily in cost of education and unclassified expenses, partially offset by decreases in public works expenses. For the business-type activities, revenues decreased by 58.06% primarily due to a decrease in capital grants and contributions received for the secondary treatment project in the prior year, while total expenses increased by 25.18%.

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

	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Revenues				
<i>Programs Revenues:</i>				
Charges for services	\$ 729,517	\$ 545,360	\$ 864,812	\$ 925,801
Operating grants and contributions	65,718	64,713	-	-
Capital grants and contributions	-	-	969,790	3,751,045
<i>General Revenues:</i>				
Property taxes	7,004,595	7,087,379	-	-
Excise taxes	875,622	838,481	-	-
Grants and contributions not restricted to specific programs	885,744	885,169	-	-
Miscellaneous	542,028	428,032	131,994	11,701
Total Revenues	10,103,224	9,849,134	1,966,596	4,688,547
Expenses				
General government	1,765,218	1,809,965	-	-
Protection	1,754,268	1,771,426	-	-
Public works	1,313,468	1,622,890	-	-
Health and sanitation	278,761	272,723	-	-
Community and social agencies	86,331	66,561	-	-
Education	4,379,440	4,184,260	-	-
Recreation	269,624	341,384	-	-
Cemeteries	9,675	11,293	-	-
Tax increment financing agreement	500	101,685	-	-
County tax	186,625	282,246	-	-
Sewer fund	-	-	971,660	796,579
Marina	-	-	120,996	76,306
Unclassified	74,656	32,780	-	-
Total Expenses	10,546,277	10,497,437	1,092,656	872,885
Transfers	(15,412)	(131,269)	15,412	131,269
Change in Net Position	(458,465)	(779,572)	889,352	3,946,931
Net Position - July 1, Restated	20,102,615	20,882,187	8,866,057	4,919,126
Net Position - June 30	\$ 19,644,150	\$ 20,102,615	\$ 9,755,409	\$ 8,866,057

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 Bucksport, Maine
Fund Balances - Governmental Funds
June 30,

	<u>2018</u>	<u>2017 (Restated)</u>
General Fund:		
Nonspendable	\$ 9,678	\$ 5,988
Restricted	357,358	532,057
Committed	119,972	133,310
Assigned	808,778	808,778
Unassigned	6,573,260	6,161,596
Total General Fund	<u>\$ 7,869,046</u>	<u>\$ 7,641,729</u>
TIF Fund:		
Restricted	<u>\$ 423,144</u>	<u>\$ 493,644</u>
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 193,261	\$ 189,020
Assigned	372,620	354,962
Unassigned	(35,482)	(68,609)
Capital Projects Funds:		
Committed	1,651,047	1,666,874
Assigned	98,307	96,600
Unassigned	-	(674)
Permanent Funds:		
Nonspendable - Principal	140,198	140,198
Restricted	53,218	52,517
Total Nonmajor Funds	<u>\$ 2,473,169</u>	<u>\$ 2,430,888</u>

The general fund total fund balance increased by \$227,317 from the prior fiscal year primarily due to revenues received that were higher than actual expenditures. The TIF fund total fund balance decreased by \$70,500 from the prior year which was primarily the result of a transfer to the general fund. The nonmajor funds total fund balances increased by \$42,281 from the prior fiscal year as a result of interfund transfers.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The sewer fund had in net position for the year of an increase primarily due to capital grant contributions during the current fiscal year. The marina fund had in net position for the year of a decrease.

Budgetary Highlights

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

The general fund actual revenues exceeded budgeted amounts by \$289,446. This was mostly the result of greater than anticipated revenues in all categories with the exception of intergovernmental.

The general fund actual expenditures were under budget by \$462,570. Nearly all expenditure categories were under or within budget, with the exception of general government and protection.

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 \$207,674 from the prior year. The decrease is the result of capital additions of \$1,123,213, offset by current year depreciation of \$1,105,874 and disposals of \$225,013.

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

	<u>2018</u>	<u>2017</u>
Land	\$ 2,193,021	\$ 2,193,021
Construction in progress	12,885,727	12,134,315
Artwork	11,450	11,450
Buildings	3,132,241	3,287,738
Building improvements	985,314	1,064,854
Furniture and fixtures	6,978	8,635
Equipment	387,621	353,273
Vehicles	1,051,803	1,231,313
Infrastructure	6,505,199	7,082,429
Total	<u>\$ 27,159,354</u>	<u>\$ 27,367,028</u>

Debt

At June 30, 2018, the Town had \$11,229,922 of bonds and note outstanding versus \$12,019,835 last year, a decrease of 6.57%, primarily due to construction of the secondary waste water treatment plant. Other obligations include a capital lease payable, accrued compensated absences, net pension liability and net OPEB liability. Refer to Note 7 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

Bucksport's financial performance and management of resources remains strong with sixteen consecutive general fund surpluses. The unassigned general fund balance increased to \$6,573,260 for the year ended June 30, 2018 from \$6,161,596 for the same period in 2017 or a 6.68% increase.

Fiscal 2017 budget expectations continued to support operational and program needs within LD-1 tax limitations despite continued economic constraints and flat local economy. Property taxes remained the largest source of revenue for the Town in fiscal 2018 at \$7,043,923, comprising approximately 72.61% of revenues. The Town's mil rate decreased to \$16.40, a decrease of \$0.10 from the previous year rate of \$16.50.

To limit the Town's exposure to unforeseen cost and more specifically to provide an adequate level of funding in the event of a valuation loss from large taxpayers, Bucksport adopted an Undesignated Fund Balance Policy in May of 2007. The Town's management designed the policy around maintaining a level of funding in Undesignated Fund Balance (surplus) that provides financial stability for the community into the near future. In addition, the policy will assist the Town in maintaining its current favorable bond rating and provide direction to the Town Manager during annual budget preparation. The Town maintained balances in excess of the required minimum level for the fiscal years ended 2018 and 2017. The policy also includes a provision for the suggested utilization of excess funds on future capital improvements and/or accelerated payment of debt service.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, 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, the Finance Director for the Town of Bucksport can be reached at P.O. Box X, Bucksport, Maine 04416, by phone at (207) 469-7368 or email address of financedirector@bucksportmaine.gov.

STATEMENT A

TOWN OF BUCKSPORT, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,972,312	\$ 932	\$ 2,973,244
Investments	8,874,756	-	8,874,756
Accounts receivable (net of allowance for uncollectibles):			
Taxes	3,580	-	3,580
Liens	286,616	-	286,616
Other	440,027	75,458	515,485
Note receivable	119,972	-	119,972
Inventory	9,678	3,743	13,421
Internal balances	(1,485,426)	1,485,426	-
Total current assets	11,221,515	1,565,559	12,787,074
Noncurrent assets:			
Receivable for long-term debt obligations from RSU No. 25	2,056,685	-	2,056,685
Capital assets:			
Land, infrastructure, and other assets not being depreciated	1,555,843	13,534,355	15,090,198
Buildings and vehicles net of accumulated depreciation	8,306,256	3,762,900	12,069,156
Total noncurrent assets	11,918,784	17,297,255	29,216,039
TOTAL ASSETS	23,140,299	18,862,814	42,003,113
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	439,782	-	439,782
Deferred outflows related to OPEB	1,758	-	1,758
TOTAL DEFERRED OUTFLOWS OF RESOURCES	441,540	-	441,540
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 23,581,839	\$ 18,862,814	\$ 42,444,653
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 105,881	\$ -	\$ 105,881
Accrued payroll	107,201	-	107,201
Due to other governments	36	74,913	74,949
Current portion of long-term obligations	510,222	323,220	833,442
Total current liabilities	723,340	398,133	1,121,473
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds	1,693,511	8,709,272	10,402,783
Note	30,778	-	30,778
Capital lease	34,218	-	34,218
Accrued compensated absences	187,721	-	187,721
Net pension liability	722,886	-	722,886
Net OPEB liability	207,910	-	207,910
Total noncurrent liabilities	2,877,024	8,709,272	11,586,296
TOTAL LIABILITIES	3,600,364	9,107,405	12,707,769
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	12,552	-	12,552
Deferred inflows related to pensions	319,185	-	319,185
Deferred inflows related to OPEB	5,588	-	5,588
TOTAL DEFERRED INFLOWS OF RESOURCES	337,325	-	337,325
NET POSITION			
Net investment in capital assets	9,670,913	8,264,763	17,935,676
Restricted - nonspendable principal	140,198	-	140,198
Restricted	1,026,981	-	1,026,981
Unrestricted	8,806,058	1,367,646	10,173,704
TOTAL NET POSITION	19,644,150	9,632,409	29,276,559
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 23,581,839	\$ 18,739,814	\$ 42,321,653

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

STATEMENT B

TOWN OF BUCKSPORT, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 1,765,218	\$ 93,342	\$ 2,546	\$ -	\$ (1,669,330)	\$ -	\$ (1,669,330)
Protection	1,754,268	506,516	-	-	(1,247,752)	-	(1,247,752)
Public works	1,313,468	280	63,172	-	(1,250,016)	-	(1,250,016)
Health and sanitation	278,761	85,001	-	-	(193,760)	-	(193,760)
Community and social agencies	86,331	-	-	-	(86,331)	-	(86,331)
Education	4,379,440	-	-	-	(4,379,440)	-	(4,379,440)
Recreation	269,624	44,378	-	-	(225,246)	-	(225,246)
Cemeteries	9,675	-	-	-	(9,675)	-	(9,675)
Tax increment financing agreement	500	-	-	-	(500)	-	(500)
County tax	186,625	-	-	-	(186,625)	-	(186,625)
Capital outlay	427,711	-	-	-	(427,711)	-	(427,711)
Unclassified	74,656	-	-	-	(74,656)	-	(74,656)
Total governmental activities	<u>10,546,277</u>	<u>729,517</u>	<u>65,718</u>	<u>-</u>	<u>(9,751,042)</u>	<u>-</u>	<u>(9,751,042)</u>
Business-type activities:							
Sewer fund	971,660	761,578	-	969,790	-	759,708	759,708
Marina fund	120,996	103,234	-	-	-	(17,762)	(17,762)
Total business-type activities	<u>1,092,656</u>	<u>864,812</u>	<u>-</u>	<u>969,790</u>	<u>-</u>	<u>741,946</u>	<u>741,946</u>
Total government	<u>\$ 11,638,933</u>	<u>\$ 1,594,329</u>	<u>\$ 65,718</u>	<u>\$ 969,790</u>	<u>(9,751,042)</u>	<u>741,946</u>	<u>(9,009,096)</u>

STATEMENT B (CONTINUED)

TOWN OF BUCKSPORT, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(9,751,042)	741,946	(9,009,096)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	7,004,595	-	7,004,595
Excise taxes	875,622	-	875,622
Grants and contributions not restricted to specific programs	885,744	-	885,744
Miscellaneous	542,028	131,994	674,022
Transfers	(15,412)	15,412	-
Total general revenues and transfers	9,292,577	147,406	9,439,983
Change in net position	(458,465)	889,352	430,887
NET POSITION - JULY 1, RESTATED	20,102,615	8,866,057	28,968,672
NET POSITION - JUNE 30	\$ 19,644,150	\$ 9,755,409	\$ 29,399,559

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

STATEMENT C

TOWN OF BUCKSPORT, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	TIF Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,867,686	\$ -	\$ 104,626	\$ 2,972,312
Investments	8,755,245	-	119,511	8,874,756
Accounts receivable (net of allowance for uncollectibles):				
Taxes	3,580	-	-	3,580
Liens	286,616	-	-	286,616
Other	373,627	-	66,400	440,027
Note receivable	119,972	-	-	119,972
Inventory	9,678	-	-	9,678
Due from other funds	57,197	423,144	2,239,829	2,720,170
TOTAL ASSETS	\$ 12,473,601	\$ 423,144	\$ 2,530,366	\$ 15,427,111
LIABILITIES				
Accounts payable	\$ 105,881	\$ -	\$ -	\$ 105,881
Accrued payroll and related items	107,201	-	-	107,201
Due to other governments	36	-	-	36
Due to other funds	4,148,399	-	57,197	4,205,596
TOTAL LIABILITIES	4,361,517	-	57,197	4,418,714
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	12,552	-	-	12,552
Deferred tax revenues	230,486	-	-	230,486
TOTAL DEFERRED INFLOWS OF RESOURCES	243,038	-	-	243,038
FUND BALANCES				
Nonspendable	9,678	-	140,198	149,876
Restricted	357,358	423,144	246,479	1,026,981
Committed	119,972	-	1,651,047	1,771,019
Assigned	808,778	-	470,927	1,279,705
Unassigned	6,573,260	-	(35,482)	6,537,778
TOTAL FUND BALANCES	7,869,046	423,144	2,473,169	10,765,359
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 12,473,601	\$ 423,144	\$ 2,530,366	\$ 15,427,111

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

TOWN OF BUCKSPORT, MAINE

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

	Total Governmental Funds
Total Fund Balances	\$ 10,765,359
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	9,862,099
Long-term assets are not available in the current period and therefore are not reported as assets in the funds:	
Receivable for long-term debt obligations from RSU No. 25	2,056,685
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	230,486
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds:	
Pensions	439,782
OPEB	1,758
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(2,152,172)
Note payable	(45,258)
Capital lease payable	(50,441)
Accrued compensated absences	(208,579)
Net pension liability	(722,886)
Net OPEB liability	(207,910)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds:	
Pensions	(319,185)
OPEB	(5,588)
Net position of governmental activities	<u>\$ 19,644,150</u>

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

STATEMENT E

TOWN OF BUCKSPORT, MAINE

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

	General Fund	TIF Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 7,043,923	\$ -	\$ -	\$ 7,043,923
Excise	875,622	-	-	875,622
Intergovernmental	803,477	-	147,985	951,462
Charges for services	729,517	-	-	729,517
Miscellaneous revenues	249,001	-	293,027	542,028
TOTAL REVENUES	<u>9,701,540</u>	<u>-</u>	<u>441,012</u>	<u>10,142,552</u>
EXPENDITURES				
Current:				
General government	1,621,273	-	3,853	1,625,126
Protection	1,605,170	-	4,685	1,609,855
Public works	822,256	-	-	822,256
Health and sanitation	263,356	-	3,722	267,078
Community and social agencies	86,331	-	-	86,331
Education	4,379,440	-	-	4,379,440
Recreation	215,929	-	-	215,929
Cemeteries	2,775	-	6,900	9,675
Tax increment financing agreement	-	500	-	500
County tax	186,625	-	-	186,625
Unclassified	74,656	-	-	74,656
Capital outlay	-	-	650,571	650,571
TOTAL EXPENDITURES	<u>9,257,811</u>	<u>500</u>	<u>669,731</u>	<u>9,928,042</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>443,729</u>	<u>(500)</u>	<u>(228,719)</u>	<u>214,510</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	74,500	-	275,500	350,000
Transfers (out)	(290,912)	(70,000)	(4,500)	(365,412)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(216,412)</u>	<u>(70,000)</u>	<u>271,000</u>	<u>(15,412)</u>
NET CHANGE IN FUND BALANCES	227,317	(70,500)	42,281	199,098
FUND BALANCES - JULY 1, RESTATED	<u>7,641,729</u>	<u>493,644</u>	<u>2,430,888</u>	<u>10,566,261</u>
FUND BALANCES - JUNE 30	<u>\$ 7,869,046</u>	<u>\$ 423,144</u>	<u>\$ 2,473,169</u>	<u>\$ 10,765,359</u>

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

TOWN OF BUCKSPORT, MAINE

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 199,098</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	146,788
Depreciation expense	<u>(812,882)</u>
	<u>(666,094)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>(39,328)</u>
Decrease in the receivable for long-term debt obligations from RSU No. 25	<u>(411,337)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pensions	(95,451)
OPEB	<u>1,758</u>
	<u>(93,693)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>487,409</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
Pensions	(101,545)
OPEB	<u>(5,588)</u>
	<u>(107,133)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	20,503
Net pension liability	152,657
Net OPEB liability	<u>(547)</u>
	<u>172,613</u>
Change in net position of governmental activities (Statement B)	<u>\$ (458,465)</u>

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

STATEMENT G

TOWN OF BUCKSPORT, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018

	Enterprise Funds		
	Sewer Fund	Marina Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 332	\$ 600	\$ 932
Accounts receivable (net of allowance for uncollectibles)	64,952	10,506	75,458
Inventory	-	3,743	3,743
Due from other funds	1,440,285	45,141	1,485,426
Total current assets	1,505,569	59,990	1,565,559
Noncurrent assets:			
Capital assets:			
Construction in progress	12,857,456	-	12,857,456
Land	676,899	-	676,899
Buildings	4,546,320	45,593	4,591,913
Building improvements	875,270	-	875,270
Furniture and fixtures	-	704	704
Infrastructure	5,760,930	25,813	5,786,743
Equipment	78,331	4,603	82,934
Vehicles	53,205	-	53,205
Total capital assets	24,848,411	76,713	24,925,124
Less: accumulated depreciation	(7,615,615)	(12,254)	(7,627,869)
Total noncurrent assets	17,232,796	64,459	17,297,255
TOTAL ASSETS	\$ 18,738,365	\$ 124,449	\$ 18,862,814
LIABILITIES			
Current liabilities:			
Accrued interest	\$ 74,913	\$ -	\$ 74,913
Current portion of long-term obligations	323,220	-	323,220
Total current liabilities	398,133	-	398,133
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	8,709,272	-	8,709,272
Total noncurrent liabilities	8,709,272	-	8,709,272
TOTAL LIABILITIES	9,107,405	-	9,107,405
NET POSITION			
Net investment in capital assets	8,200,304	64,459	8,264,763
Restricted	123,000	-	123,000
Unrestricted	1,307,656	59,990	1,367,646
TOTAL NET POSITION	9,630,960	124,449	9,755,409
TOTAL LIABILITIES AND NET POSITION	\$ 18,738,365	\$ 124,449	18,862,814

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

STATEMENT H

TOWN OF BUCKSPORT, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Funds		
	Sewer Fund	Marina Fund	Total
OPERATING REVENUES			
Charges for services	\$ 761,578	\$ 103,234	\$ 864,812
Other	119,541	10,256	129,797
TOTAL OPERATING REVENUES	<u>881,119</u>	<u>113,490</u>	<u>994,609</u>
OPERATING EXPENSES			
Payroll	100,195	53,629	153,824
Supplies	52,626	6,006	58,632
Equipment, maintenance and repairs	18,048	11,570	29,618
Utilities	75,928	5,915	81,843
Fuel	17,201	31,252	48,453
Insurance	3,032	700	3,732
Depreciation	288,847	4,145	292,992
Contracted services	257,965	4,182	262,147
Other	7,569	3,597	11,166
TOTAL OPERATING EXPENSES	<u>821,411</u>	<u>120,996</u>	<u>942,407</u>
OPERATING INCOME (LOSS)	<u>59,708</u>	<u>(7,506)</u>	<u>52,202</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	2,197	-	2,197
Interest expense	(150,249)	-	(150,249)
Capital grant	969,790	-	969,790
Transfers in	15,412	-	15,412
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>837,150</u>	<u>-</u>	<u>837,150</u>
CHANGE IN NET POSITION	896,858	(7,506)	889,352
NET POSITION - JULY 1, RESTATED	<u>8,734,102</u>	<u>131,955</u>	<u>8,866,057</u>
NET POSITION - JUNE 30	<u>\$ 9,630,960</u>	<u>\$ 124,449</u>	<u>\$ 9,755,409</u>

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

STATEMENT I

TOWN OF BUCKSPORT, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Funds		
	Sewer Fund	Marina Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 888,903	\$ 107,473	\$ 996,376
Internal activity - receipts (payments) from/to other funds	111,401	9,378	120,779
Payments to suppliers	(667,512)	(63,222)	(730,734)
Payments to employees	(100,195)	(53,629)	(153,824)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	232,597	-	232,597
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating subsidies and transfers to/from other funds	15,412	-	15,412
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(976,425)	-	(976,425)
Disposal of capital assets	225,013	-	225,013
Proceeds from capital grants	969,790	-	969,790
Principal payments on bonds payable	(318,163)	-	(318,163)
Interest payments on bonds payable	(150,249)	-	(150,249)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(250,034)	-	(250,034)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	2,197	-	2,197
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	2,197	-	2,197
NET CHANGE IN CASH AND CASH EQUIVALENTS	172	-	172
CASH AND CASH EQUIVALENTS - JULY 1	160	600	760
CASH AND CASH EQUIVALENTS - JUNE 30	\$ 332	\$ 600	\$ 932
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 59,708	\$ (7,506)	\$ 52,202
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	288,847	4,145	292,992
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	7,784	(8,421)	(637)
(Increase) decrease in due from other funds	111,401	9,378	120,779
(Increase) decrease in inventory	-	2,404	2,404
Increase (decrease) in accounts payable	(218,218)	-	(218,218)
Increase (decrease) in accrued interest	(16,925)	-	(16,925)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 232,597	\$ -	\$ 232,597
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	\$ 150,249	\$ -	\$ 150,249

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Bucksport was incorporated under the laws of the State of Maine. The Town operates under the council-manager form of government and provides the following services: general government, protection, public works, health and sanitation, education, recreation, community and social agencies, and unclassified.

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

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

Implementation of New Accounting Standards

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

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

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

agreements - in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not 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. The Town's sewer fund and marina fund are categorized as business-type activities. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are 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;

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and business-type activities (general government, protection, 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 or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

1. Governmental Funds:

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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.
- b. The TIF Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Nonmajor Funds

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

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c)

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

established fees and charges based on a pricing policy designed to recover similar costs.

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

Basis of Accounting

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

1. Accrual

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

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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Town Council 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 Town Council.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The Town's investment policy requires collateralization of accounts and deposits exceeding an amount equal to 25% of capital, surplus, and undivided profits as defined by the laws of the State of Maine.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

Receivables

Receivables include amounts due from ambulance services, local businesses and sewer receivables. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$515,485 for the year ended June 30, 2018. The allowance for uncollectible accounts for the ambulance receivables and micro-loans was estimated to be \$106,985 and \$26,174, respectively, as of June 30, 2018.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). Inventory in the general fund consists of diesel and gasoline and in the marina fund, gasoline and supplies. Inventories of supplies in the sewer fund are considered to be expenditures at the time of purchase and are not included in the sewer fund balance sheet.

Interfund Receivables and Payables

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

Transactions Between Funds

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. 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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and improvements	10 - 70 years
Infrastructure	20 - 50 years
Machinery and equipment	5 - 30 years
Vehicles	5 - 30 years

Long-term Obligations

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

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

Compensated Absences

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick 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 \$208,579.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

OPEB

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the

TOWN OF BUCKSPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

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

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

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings and/or the Town Council 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 Town Council.

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.

Deferred Outflows and Inflows of Resources

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

related to pensions and OPEB. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions and OPEB qualify for reporting in this category as well. These items are reported only in the statement of net position. All items in these categories 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 July 5, 2017 on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. Taxes were due in two installments on August 31, 2017 and March 31, 2018. Interest on unpaid taxes commenced on September 1, 2017 and April 1, 2018, at 4.00% 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 \$258,747 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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

Operating/Non-Operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to 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 OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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 and cash equivalent balance of \$2,973,244 was comprised of bank deposits and cash equivalents amounting to \$3,103,108. Of these bank deposits and cash equivalents, \$831,454 was insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining deposits of \$2,271,654 were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 1,677,303
Repurchase agreement	157,614
Money market account	1,186,737
Cash equivalents	81,454
	<u>\$ 3,103,108</u>

Investments:

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

At June 30, 2018, the Town's investments of \$8,874,756 were comprised of \$28,065 of stocks that are registered in the Town's name, held by the Town, and therefore not exposed to custodial credit risk. \$91,447 of open-ended mutual funds was also not exposed to custodial credit risk. \$357,711 of brokered certificates of deposit were insured by federal depository insurance and consequently were not exposed to custodial credit risk. \$7,035,892 of certificates of deposits were collateralized with securities held by the financial institution in the Town's name. \$500,000 of debt securities, mutual funds, and equity securities were covered by the Securities Investors Protection Corporation (SIPC) and the remaining \$861,641 was uninsured and uncollateralized.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Investment Type	Fair Value	Not Applicable	Less than 1 Year	1 - 5 Years	Over 5 Years
Certificates of deposit	\$ 7,035,892	\$ -	2,944,030	\$ 4,091,862	\$ -
Debt securities:					
U.S. agency securities	24,985	-	-	24,985	-
Corporate bonds	119,430	-	69,817	49,613	-
Brokered certificates of deposit	407,086	-	-	382,409	24,677
Mutual funds:					
Equities	337,177	337,177	-	-	-
Fixed income	601,085	601,085	-	-	-
Equity securities:					
Common stock	349,101	349,101	-	-	-
	<u>\$ 8,874,756</u>	<u>\$ 1,287,363</u>	<u>\$ 3,013,847</u>	<u>\$ 4,548,869</u>	<u>\$ 24,677</u>

Fair Value Hierarchy

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

	June 30, 2018 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
U.S. agency securities	\$ 24,985	\$ -	\$ 24,985	\$ -
Corporate bonds	119,430	-	119,430	-
Brokered certificates of deposit	407,086	-	407,086	-
Total debt securities	<u>551,501</u>	<u>-</u>	<u>551,501</u>	<u>-</u>
Equity securities:				
Common stock	349,101	349,101	-	-
Mutual funds and exchange-traded funds - domestic and foreign	938,262	938,262	-	-
Total equity securities	<u>1,287,363</u>	<u>1,287,363</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>1,838,864</u>	<u>\$ 1,287,363</u>	<u>\$ 551,501</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	81,454			
Total cash equivalents measured at the NAV	<u>81,454</u>			
Total investments measured at fair value	<u>\$ 1,920,318</u>			

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 3 investments or cash equivalents that are measured at NAV per share (or its equivalent). Certificates of deposit held with local financial institutions for \$7,035,892 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

Credit risk – Statutes for the State of Maine authorize the Unit 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. Generally, the Town invests excess funds in repurchase agreements, savings accounts and various insured certificates of deposit. Certain long-term trust funds are invested through a financial institution with trust powers in a mix of securities that comply with state and federal regulations to provide long-term growth and income. As of June 30, 2018, the Town's investments in U.S. agency securities were rated AA+ (\$24,985) by Standard & Poor's Rating Service. The Town's investments in corporate bonds were rated A+ (\$24,907), A (\$24,944), AA- (\$49,613), and BBB+ (\$19,966) by Standard & Poor's Rating Service. The Town's holdings in brokered certificates of deposit totaling \$407,086 were not rated.

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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 57,197	\$ 4,148,399
TIF Fund	423,144	-
Nonmajor Special Revenue Funds	412,268	35,482
Nonmajor Capital Projects Funds	1,749,354	-
Nonmajor Permanent Funds	78,207	21,715
Enterprise Funds	1,485,426	-
	<u>\$ 4,205,596</u>	<u>\$ 4,205,596</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS

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

	Balance, 7/1/2017	Additions	Disposals	Balance, 6/30/18
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 1,516,122	\$ -	\$ -	\$ 1,516,122
Construction in progress	28,271	-	-	28,271
Artwork	11,450	-	-	11,450
	<u>1,555,843</u>	<u>-</u>	<u>-</u>	<u>1,555,843</u>
Depreciated assets:				
Buildings	3,816,046	-	-	3,816,046
Building improvements	1,094,469	-	-	1,094,469
Furniture and fixtures	13,563	-	-	13,563
Equipment	1,572,315	146,788	-	1,719,103
Vehicles	3,205,850	-	-	3,205,850
Infrastructure	13,625,423	-	-	13,625,423
	<u>23,327,666</u>	<u>146,788</u>	<u>-</u>	<u>23,474,454</u>
Less: accumulated depreciation	<u>(14,355,316)</u>	<u>(812,882)</u>	<u>-</u>	<u>(15,168,198)</u>
	<u>8,972,350</u>	<u>(666,094)</u>	<u>-</u>	<u>8,306,256</u>
Net governmental capital assets	<u>\$ 10,528,193</u>	<u>\$ (666,094)</u>	<u>\$ -</u>	<u>\$ 9,862,099</u>
	Balance, 7/1/2017	Additions	Disposals	Balance, 6/30/18
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 676,899	\$ -	\$ -	\$ 676,899
Construction in progress	12,106,044	976,425	(225,013)	12,857,456
	<u>12,782,943</u>	<u>976,425</u>	<u>(225,013)</u>	<u>13,534,355</u>
Depreciated assets:				
Buildings	4,591,913	-	-	4,591,913
Building improvements	875,270	-	-	875,270
Furniture and fixtures	704	-	-	704
Equipment	82,934	-	-	82,934
Vehicles	53,205	-	-	53,205
Infrastructure	5,786,743	-	-	5,786,743
	<u>11,390,769</u>	<u>-</u>	<u>-</u>	<u>11,390,769</u>
Less: accumulated depreciation	<u>(7,334,877)</u>	<u>(292,992)</u>	<u>-</u>	<u>(7,627,869)</u>
	<u>4,055,892</u>	<u>(292,992)</u>	<u>-</u>	<u>3,762,900</u>
Net business-type capital assets	<u>\$ 16,838,835</u>	<u>\$ 683,433</u>	<u>\$ (225,013)</u>	<u>\$ 17,297,255</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS (CONTINUED)

<u>Current year depreciation:</u>	
General government	\$ 111,879
Protection	144,413
Public works	491,212
Health and sanitation	11,683
Recreation	53,695
Total governmental activities depreciation expense	<u>812,882</u>
Sewer fund	288,847
Marina fund	4,145
Total business-type activities depreciation expense	<u>292,992</u>
Total depreciation expense	<u>\$ 1,105,874</u>

NOTE 5 - NOTE RECEIVABLE

On December 5, 2011, the Town entered into a note receivable from Chambers Realty LLC for an assisted living facility. The original amount of the note was for \$200,000 with 0% interest. As long as the property is maintained and operated as an assisted living facility for 15 years in accordance with the terms set forth in the agreement, there shall be no payments due from the borrower in repayment of the loan and the loan shall be forgiven at the end of the 15 year period. The following is a summary of changes in the note receivable for the year ended June 30, 2018:

	Balance, 7/1/17	Additions	Deletions	Balance, 6/30/18
Note receivable	\$ 133,310	\$ -	\$ (13,338)	\$ 119,972
Total	<u>\$ 133,310</u>	<u>\$ -</u>	<u>\$ (13,338)</u>	<u>\$ 119,972</u>

NOTE 6 - LONG-TERM RECEIVABLE

As of July 1, 2009, the Bucksport School Department became a member of Regional School Unit (RSU) No. 25. The RSU Plan requires that the RSU be responsible for payment of all school-related long-term debt on behalf of the Town. As of June 30, 2018, a long-term receivable has been recorded for \$2,056,685, which represents school-related general obligation bonds. The State of Maine Department of Education is responsible for paying approximately 92% of the debt service on general obligation bonds directly to the Maine Municipal Bond Bank. The remaining debt service for bonds is paid by the RSU.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - LONG-TERM DEBT

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

	Balance 7/1/17 (Restated)	Additions	Deletions	Balance, 6/30/18	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 2,610,008	\$ -	\$ (457,836)	\$ 2,152,172	\$ 458,661
Note payable	59,172	-	(13,914)	45,258	14,480
Capital lease payable	66,100	-	(15,659)	50,441	16,223
Accrued compensated absences	229,082	-	(20,503)	208,579	20,858
Net pension liability	875,543	44,339	(196,996)	722,886	-
Net OPEB liability	207,363	547	-	207,910	-
Totals	<u>\$ 4,047,268</u>	<u>\$ 44,886</u>	<u>\$ (704,908)</u>	<u>\$ 3,387,246</u>	<u>\$ 510,222</u>
	Balance, 6/30/17	Additions	Deletions	Balance, 6/30/18	Current Portion
<u>Business-type activities:</u>					
Bonds payable	\$ 9,350,655	\$ -	\$ (318,163)	\$ 9,032,492	\$ 323,220
Totals	<u>\$ 9,350,655</u>	<u>\$ -</u>	<u>\$ (318,163)</u>	<u>\$ 9,032,492</u>	<u>\$ 323,220</u>

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

Governmental activities:

\$8,226,730, 2002 General Obligation Bonds due in annual principal payments of \$411,336, through November of 2022. Interest is charged at a rate varying from 3.050% to 5.250% per annum.	\$ 2,056,685
\$141,986, 2016 General Obligation Bonds due in annual principal payments, through November of 2020. Interest is charged at a rate of 1.75% per annum.	95,487
\$75,466, 2017 Note due in annual principal payments, through June of 2021. Interest is charged at a rate of 3.99% per annum.	<u>45,258</u>
Total governmental activities	<u>2,197,430</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Business-type activities:

\$2,151,880, 2010 General Obligation Bonds due in annual installments, calculated using the level debt method, through October of 2030. Interest is charged at a rate of 1.00% per annum. 1,446,914

\$1,500,000, 2016 General Obligation Bonds due in annual installments, calculated using the level debt method, through November of 2044. Interest is charged at a rate of 1.875% per annum. 1,458,765

\$6,300,000, 2016 General Obligation Bonds due in annual installments, calculated using the level debt method, through November of 2044. Interest is charged at a rate of 1.875% per annum. 6,126,813

Total business-type activities 9,032,492

Total bonds and note payable \$ 11,229,922

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

	Governmental Activities			Business-type Activities		
	Bonds and Notes			Sewer - Bonds		
	Principal					Total
	Principal	Credit	Interest	Principal	Interest	Debt Service
2019	\$ 473,140	\$ -	\$ 73,951	\$ 323,220	\$ 162,111	\$ 1,032,422
2020	474,569	-	51,008	328,364	156,962	1,010,903
2021	427,047	-	27,781	333,595	151,725	940,148
2022	411,337	-	10,798	338,914	146,400	907,449
2023	411,337	(22,481)	-	344,325	140,985	874,166
2024-2028	-	-	-	1,806,051	620,407	2,426,458
2029-2033	-	-	-	1,716,130	461,017	2,177,147
2034-2038	-	-	-	1,498,326	305,034	1,803,360
2039-2043	-	-	-	1,644,162	159,198	1,803,360
2044-2048	-	-	-	699,405	19,711	719,116
	<u>\$ 2,197,430</u>	<u>\$ (22,481)</u>	<u>\$ 163,538</u>	<u>\$ 9,032,492</u>	<u>\$ 2,323,550</u>	<u>\$ 13,694,529</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - LONG-TERM DEBT (CONTINUED)

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense in business-type activities for the year ended June 30, 2018 was \$150,249.

The following is a summary of the capital lease payable:

The Town leases a loader from Gorham Leasing Group LLC under a non-cancellable lease agreement. The term is for five years with annual principal and interest payments of \$18,037 at a rate of 3.60% and maturity in January of 2021.

The following is a summary of the outstanding capital lease principal and interest requirements for the next five fiscal years ending June 30:

Year Ending June 30:	
2019	\$ 18,039
2020	18,038
2021	18,038
Total minimum lease payments	<u>54,115</u>
Less: amount representing interest	<u>(3,674)</u>
Present value of future minimum lease payments	<u>\$ 50,441</u>

All bonds payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town. Principal credit represents the Town's portion of savings realized by the Maine Municipal Bond Bank upon debt refunding, amortized over the remaining life of the bond.

NOTE 8 - NONSPENDABLE FUND BALANCES

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

General fund:	
Inventory	\$ 9,678
Nonmajor permanent funds (Schedule I)	140,198
	<u>\$ 149,876</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 - RESTRICTED FUND BALANCES

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

General fund:	
Education	\$ 357,358
TIF fund	423,144
Nonmajor special revenue funds (Schedule E)	193,261
Nonmajor permanent funds (Schedule I)	53,218
	<u>\$ 1,026,981</u>

NOTE 10 - COMMITTED FUND BALANCES

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

General fund:	
Loans receivable	\$ 119,972
Nonmajor capital projects funds (Schedule G)	1,651,047
	<u>\$ 1,771,019</u>

NOTE 11 - ASSIGNED FUND BALANCES

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

General fund:	
2019 budget reduction	\$ 350,000
Maine PERS distribution	458,778
Nonmajor special revenue funds (Schedule E)	372,620
Nonmajor capital projects funds (Schedule G)	98,307
	<u>\$ 1,279,705</u>

NOTE 12 - OVERLAPPING DEBT

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

	Outstanding Debt	Town's Percentage	Total Share
County of Hancock	\$ 317,988	3.38%	\$ 10,748
RSU #25	217,047	60.40%	131,096
			<u>\$ 141,844</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - RISK MANAGEMENT

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

The Town is a member of the Maine Municipal Association – Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a “claims made” form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

The Town is self-insured in the area of unemployment compensation, and accounts for and finances its uninsured risk of loss in the special revenue funds.

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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

NOTE 15 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

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

Benefits Provided

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's police and fire department employees are part of the PLD's special plan "4N" and are required to contribute 9.0% of their annual covered salary, while all other employees are part of the PLD's plan "AN" and are required to contribute 8.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rates for special plan "4N" and plan "AN" are 3.9% and 7.0%, respectively of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2018 was \$90,440.

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

At June 30, 2018, the Town reported a liability of \$722,886 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2017, the Town's proportion was 0.17656%, which was an increase of 0.01177% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized total pension expense of \$44,339. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 34,729
Changes of assumptions	61,513	-
Net difference between projected and actual earnings on pension plan investments	249,127	269,005
Changes in proportion and differences between contributions and proportionate share of contributions	38,702	15,451
Contributions subsequent to the measurement date	90,440	-
Total	<u>\$ 439,782</u>	<u>\$ 319,185</u>

\$90,440 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2018	\$ 1,578
2019	72,946
2020	4,850
2021	(49,217)
2022	-
Thereafter	-

Actuarial Methods and Assumptions

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

Amortization

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

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

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

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Cost of Living Benefit Increases - 2.20%

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

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

Discount Rate

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 1,450,331	\$ 722,886	\$ 175,232

Changes in Net Pension Liability

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

Differences between Expected and Actual Experience

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

Differences between Projected and Actual Investment Earnings on Pension Plan Investments

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

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

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

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

Pension Plan Fiduciary Net Position

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

NOTE 16 - DEFERRED COMPENSATION PENSION PLAN

INTERNATIONAL CITY MANAGERS ASSOCIATION - RETIREMENT CORPORATION

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits the employee to defer a portion of salary until future years. There is no employer match by the Town. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - DEFERRED COMPENSATION PENSION PLAN (CONTINUED)

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

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

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

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

Benefits Provided

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Employees Covered by Benefit Terms

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

Active members	14
Retirees and spouses	4
Total	<u>18</u>

Contributions

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

Retiree Premium Amounts:

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS 200	\$956.96	\$2,146.58
POS C	\$1,044.20	\$2,342.30
<u>Medicare</u>		
Medicare-Eligible Retirees	\$527.65	\$1,055.29

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

At June 30, 2018, the Town reported a liability of \$207,910 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

For the year ended June 30, 2018, the Town recognized OPEB expense of \$4,377. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,588
Changes of assumptions	1,758	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 1,758</u>	<u>\$ 5,588</u>

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

	MMEHT
Plan year ended June 30:	
2018	\$ (958)
2019	(958)
2020	(958)
2021	(956)
2022	-
Thereafter	-

Discount Rate

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

TOWN OF BUCKSPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	2.44%	3.44%	4.44%
Total OPEB liability	\$ 236,566	\$ 207,910	\$ 184,133
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 236,566</u>	<u>\$ 207,910</u>	<u>\$ 184,133</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 184,149	\$ 207,910	\$ 236,726
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 184,149</u>	<u>\$ 207,910</u>	<u>\$ 236,726</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of 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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (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.
- Medicare Drug - Initial trend of 9.60% applied in 2017 grading over 14 years to 4.00% per annum.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

- 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.

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

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

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

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

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

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

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

Administrative expenses - Included in the per capita claims cost.

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

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

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

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

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Participation Rates -

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

Retiree Continuation Percentage:

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

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

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

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

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

TOWN OF BUCKSPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

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

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

TOWN OF BUCKSPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

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

Changes in Net OPEB Liability

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

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2018 was \$5,588.

Changes in Assumptions

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

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town office at P.O. Box X, Bucksport, Maine 04416, by phone at (207) 469-7368 or email address of financedirector@bucksportmaine.gov.

NOTE 18 - TAX INCREMENT FINANCING AGREEMENTS

On March 27, 2003, the Bucksport Town Council approved a Tax Increment Financing District for Ellis & Guerrette. The original valuation of the property was \$28,300; \$1,076,340 in TIF captured value was added, bringing the 2014-15 valuation of the property to \$1,104,640. Fifty percent of the property taxes to be generated on the improvements within the District will be returned to the developer for 14 years or until \$71,000 is returned to the developer. The remaining 50% will be retained by the Town and used to fund the development plan of the District. As of June 30, 2018, all terms of the agreement have been met and the District is considered inactive.

On February 28, 2011, the Bucksport Town Council approved a Tax Increment Financing District for Leadbetter Realty Trust. The original valuation of the property was \$16,600; \$375,200 in TIF captured value was added, bringing the 2014-15 valuation of the property to \$391,800. Fifty percent of the property taxes to be generated on the improvements within the District will be returned to the developer for 15 years or until \$40,000 is returned to the developer. The remaining 50% will be retained by the Town and used to fund the development plan of the District.

Abatements

The Town has not made any commitments as part of the Credit Enhancement Agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities. The Town currently has one active tax abatement agreement, the Leadbetter Realty Trust Credit Enhancement Agreement, which is summarized above.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 18 - TAX INCREMENT FINANCING AGREEMENTS (CONTINUED)

For the fiscal year ended June 30, 2018, the Town abated property taxes for the following programs:

<u>Tax Abatement Program</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Leadbetter Realty Trust Credit Enhancement Agreement	50%	<u>\$ 3,212</u>

NOTE 19 - EXPENDITURES OVER APPROPRIATIONS

The following appropriations were exceeded by actual expenditures for the year ended June 30, 2018:

General government	\$ 84,221
Protection	32,603
	<u>\$ 116,824</u>

NOTE 20 - DEFICIT FUND BALANCES

At June 30, 2018, the Town has the following funds with deficit fund balances:

Maine Forestry	\$ 1,272
CDBG Community Enterprise	15,663
Bucksport Fire Department	1,041
Christmas Lights	137
JAG Byne Grant	5,905
2013 CDBG Housing Assistance	11,464
	<u>\$ 35,482</u>

NOTE 21 - CONTINGENCIES AND COMMITMENTS

With regard to pending legal claims, the Town is currently defending an appeal of an eminent domain order of the Town Council by a landowner. It is unclear the extent of the damages alleged at this time, as the damages were not stated in the complaint, and discovery is ongoing. The Town believes that the claim has no financial merit and therefore will not have a material adverse effect on the Town's financial position. The Town continues to vigorously defend the appeal.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 21 - CONTINGENCIES AND COMMITMENTS (CONTINUED)

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

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

As of April 30, 2015, the Town has entered into a construction contract for its secondary wastewater treatment plant totaling \$13.60 million, of which \$1.49 million is still outstanding.

On April 13, 2017, the Town entered into a contract to develop, implement, and enhance recreational programs in the Town of Bucksport, Maine with the Down East Family YMCA. The contract term is for two years and two months, with year one of the contract beginning May 1, 2017 and ending June 30, 2018 for a total cost of \$105,399. A budget review/adjustment will be made to the fiscal year 2018-19 contract price. All future contract amounts are subject to annual appropriation by the Town of Bucksport.

On March 30, 2017, the Town entered into a contract with the Maine Water Company for the operations and management agreement of its wastewater treatment facility. The contract term is for three years beginning July 1, 2017 and ending June 30, 2020. The annual contract cost is calculated based on the agreement at \$236,400 for year one with the following two, twelve-month periods adjusted annually by the change in the CPI-U for that same period. All future contract amounts are subject to annual appropriation by the Town of Bucksport.

NOTE 22 - JOINT VENTURE

The Town of Bucksport is a member of the Joint Venture of the Equity Charter Municipalities of Municipal Review Committee, Inc. (Joint Venture). The Joint Venture is an organization that resulted from a contractual arrangement between certain member municipalities, Penobscot Energy Recovery Company (PERC) and Bangor Hydro Electric Company. It was formed to pool resources of the Equity Charter Municipalities for the long-term goal of handling the disposal of their present and projected volumes of non-hazardous municipal solid waste. As of March 31, 2018, (most recent data available), the Town of Bucksport's share of the Joint Venture's net position was \$368,081. Complete financial statements may be obtained from the Municipal Review Committee, 395 State Street, Ellsworth, Maine 04605.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 22 - JOINT VENTURE (CONTINUED)

On March 31, 2018, MRC's waste disposal agreements with the Penobscot Energy Recovery Company (PERC) terminate. All Equity Charter Municipalities have the right to withdraw from their limited partnership interests in the PERC Partnership and receive three one-time distributions of cash pursuant to these events. The financial impact of these events, if any, to the Town of Bucksport or its share of the net position in the joint venture is unknown at this time.

NOTE 23 - RESTATEMENTS

In 2017, the Town determined that certain transactions in the prior year had been recorded incorrectly or omitted. Therefore, restatements to the 2017 government-wide financial statements for governmental and business-type activities and the corresponding general fund and proprietary fund financial statements were required. The result of this was the restatement as of July 1, 2017 for a reduction of \$11,593 and a decrease of \$218,218 in the governmental and business-type activities, respectively. The restatements represent a decrease to current assets to the 2017 net position for governmental activities. For business-type activities, the restatements represent a decrease to current assets and a decrease to 2017 net position.

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 \$207,363.

The resulting restatements decreased net position for governmental activities from \$20,321,571 to \$20,102,615 and the business-type activities from \$9,084,275 to \$8,866,057.

NOTE 24 - COMPARATIVE DATA/RECLASSIFICATIONS

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

NOTE 25 - SUBSEQUENT EVENTS

The Town purchased a 2018 Freightliner by securing a note from the First, N.A. in the amount of \$144,715 at an interest rate of 2.9%.

Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- 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 BUCKSPORT, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 7,641,729	\$ 7,641,729	\$ 7,641,729	\$ -
Resources (Inflows):				
Property taxes	7,004,604	7,004,604	7,043,923	39,319
Excise taxes	805,500	805,500	875,622	70,122
Intergovernmental	819,445	819,445	803,477	(15,968)
Charges for services	682,370	682,370	729,517	47,147
Interest on taxes	24,000	24,000	27,307	3,307
Interest income	44,000	44,000	133,101	89,101
Miscellaneous revenues	32,175	32,175	88,593	56,418
Transfers from other funds	74,500	74,500	74,500	-
Amounts Available for Appropriation	<u>17,128,323</u>	<u>17,128,323</u>	<u>17,417,769</u>	<u>289,446</u>
Charges to Appropriations (Outflows):				
General government	1,537,052	1,537,052	1,621,273	(84,221)
Protection	1,572,567	1,572,567	1,605,170	(32,603)
Public works	1,031,632	1,031,632	822,256	209,376
Health and sanitation	269,587	269,587	263,356	6,231
Community and social agencies	87,942	87,942	86,331	1,611
Education	4,487,571	4,497,571	4,379,440	118,131
Recreation	230,638	230,638	215,929	14,709
Cemeteries	4,525	4,525	2,775	1,750
County tax	186,625	186,625	186,625	-
Unclassified	302,242	302,242	74,656	227,586
Transfers to other funds	290,912	290,912	290,912	-
Total Charges to Appropriations	<u>10,001,293</u>	<u>10,011,293</u>	<u>9,548,723</u>	<u>462,570</u>
Budgetary Fund Balance, June 30	<u>\$ 7,127,030</u>	<u>\$ 7,117,030</u>	<u>\$ 7,869,046</u>	<u>\$ 752,016</u>
Utilization of restricted fund balance	\$ 164,699	\$ 174,699	\$ -	\$ (174,699)
Utilization of unassigned fund balance	350,000	350,000	-	(350,000)
	<u>\$ 514,699</u>	<u>\$ 524,699</u>	<u>\$ -</u>	<u>\$ (524,699)</u>

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

SCHEDULE 2

TOWN OF BUCKSPORT, MAINE

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

	2018	2017	2016	2015	2014
<u>PLD Plan:</u>					
Proportion of the net pension liability (asset)	0.18%	0.16%	0.17%	0.16%	0.17%
Proportionate share of the net pension liability (asset)	\$ 722,886	\$ 875,543	\$ 553,469	\$ 249,821	\$ 514,429
Covered-employee payroll	\$ 1,597,715	\$ 1,537,530	\$ 1,685,602	\$ 1,585,157	\$ 1,584,949
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	45.24%	56.94%	32.84%	15.76%	32.46%
Plan fiduciary net position as a percentage of the total pension liability	86.40%	81.61%	88.27%	94.10%	87.50%

* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

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

SCHEDULE 3

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

	2018	2017	2016	2015	2014
<u>PLD Plan:</u>					
Contractually required contribution	\$ 90,440	\$ 90,636	\$ 77,324	\$ 68,195	\$ 56,280
Contributions in relation to the contractually required contribution	(90,440)	(90,636)	(77,324)	(68,195)	(56,280)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,605,365	\$ 1,597,715	\$ 1,537,530	\$ 1,685,602	\$ 1,585,157
Contributions as a percentage of covered-employee payroll	5.63%	5.67%	5.03%	4.05%	3.55%

* 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 BUCKSPORT, MAINE

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

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/17 (Reporting December 31, 2017)	\$ 207,363	\$ -	\$ 207,363
Changes for the year:			
Service cost	4,681	-	4,681
Interest	7,880	-	7,880
Changes of benefits	-	-	-
Differences between expected and actual experience	(6,985)	-	(6,985)
Changes of assumptions	2,197	-	2,197
Contributions - employer	-	7,226	(7,226)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(7,226)	(7,226)	-
Administrative expense	-	-	-
Net changes	547	-	547
Balances at 1/1/18 (Reporting December 31, 2018)	<u>\$ 207,910</u>	<u>\$ -</u>	<u>\$ 207,910</u>

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

TOWN OF BUCKSPORT, MAINE

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

	<u>2018</u>
<u>Total OPEB liability</u>	
Service cost (BOY)	4,681
Interest (includes interest on service cost)	7,880
Changes of benefit terms	-
Differences between expected and actual experience	(6,985)
Changes of assumptions	2,197
Benefit payments, including refunds of member contributions	<u>(7,226)</u>
Net change in total OPEB liability	\$ 547
 Total OPEB liability - beginning	 \$ 207,363
Total OPEB liability - ending	\$ 207,910
 <u>Plan fiduciary net position</u>	
Contributions - employer	7,226
Contributions - member	-
Net investment income	-
Benefit payments, including refunds of member contributions	-
Administrative expense	(7,226)
Net change in fiduciary net position	<u>-</u>
 Plan fiduciary net position - beginning	 \$ -
Plan fiduciary net position - ending	<u><u>\$ -</u></u>
 Net OPEB liability - ending	 <u><u>\$ 207,910</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 -
 Covered employee payroll	 \$ 659,358
Net OPEB liability as a percentage of covered payroll	31.5%

* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

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

TOWN OF BUCKSPORT, MAINE
SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2018</u>
<u>MMEHT:</u>	
Employer contributions	\$ 7,226
Benefit payments	<u>(7,226)</u>
Contribution deficiency (excess)	<u>\$ -</u>
 Covered-employee payroll	 \$ 659,358
Contributions as a percentage of covered- employee payroll	 0.00%

* 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 BUCKSPORT, MAINE

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

Changes in Assumptions

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

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

Other Supplementary Information

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

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

SCHEDULE A

TOWN OF BUCKSPORT, MAINE

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 7,004,604	\$ 7,004,604	\$ 7,043,923	\$ 39,319
Excise taxes:				
Auto excise	800,000	800,000	870,827	70,827
Boat excise	5,500	5,500	4,795	(705)
Intergovernmental revenues:				
State revenue sharing	300,000	300,000	275,938	(24,062)
Homestead exemption	198,407	198,407	198,407	-
Local road assistance	62,200	62,200	63,172	972
Tree growth reimbursement	30,000	30,000	29,406	(594)
Veterans' reimbursement	4,000	4,000	3,870	(130)
General assistance reimbursement	5,600	5,600	2,546	(3,054)
BETE reimbursement	56,591	56,591	56,691	100
Department subsidies	162,647	162,647	167,752	5,105
Other	-	-	5,695	5,695
Charges for services:				
Auto registration fees	16,000	16,000	16,523	523
Town clerk revenues	11,150	11,150	9,729	(1,421)
Planning board fees	1,200	1,200	3,025	1,825
Code enforcement fees	6,000	6,000	7,838	1,838
Plumbing inspector fees	3,500	3,500	4,249	749
Ambulance user fees	432,000	432,000	452,072	20,072
Fire revenue	-	-	697	697
Police revenue	34,000	34,000	44,144	10,144
Animal control fees	18,000	18,000	9,603	(8,397)
Highway revenue	500	500	280	(220)
Recycling revenue	5,000	5,000	1,555	(3,445)
Solid waste fees	36,000	36,000	22,912	(13,088)
MERC revenue	33,000	33,000	60,534	27,534
Recreation fees	37,220	37,220	38,258	1,038
Cable TV revenue	45,000	45,000	51,978	6,978
Mooring and docking fees	3,800	3,800	6,120	2,320
Interest:				
Taxes	24,000	24,000	27,307	3,307
Deposit and investment accounts	44,000	44,000	133,101	89,101
Other income:				
Tax lien cost	13,000	13,000	18,822	5,822
Fee in lieu of taxes	15,975	15,975	14,161	(1,814)
Snowmobile revenue	1,200	1,200	1,079	(121)
Other income	2,000	2,000	54,531	52,531
Transfers in:				
Spofford fund	4,500	4,500	4,500	-
TIF revenue	70,000	70,000	70,000	-
Total revenues	<u>\$ 9,486,594</u>	<u>\$ 9,486,594</u>	<u>\$ 9,776,040</u>	<u>\$ 289,446</u>

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

SCHEDULE B

TOWN OF BUCKSPORT, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Administration	\$ 403,816	\$ -	\$ 403,816	\$ 396,000	\$ 7,816
Municipal planning	62,799	-	62,799	60,034	2,765
Assessor's office	60,260	-	60,260	74,253	(13,993)
Municipal building	24,813	-	24,813	24,859	(46)
Insurance & benefits	902,979	-	902,979	981,829	(78,850)
Contingency	12,000	-	12,000	13,336	(1,336)
Public access channel	4,150	-	4,150	5,477	(1,327)
Economic development	66,235	-	66,235	65,485	750
	<u>1,537,052</u>	<u>-</u>	<u>1,537,052</u>	<u>1,621,273</u>	<u>(84,221)</u>
Protection:					
Fire protection	397,338	-	397,338	419,917	(22,579)
Police department	507,764	-	507,764	468,536	39,228
Dispatcher service	189,391	-	189,391	183,776	5,615
Ambulance service	193,953	-	193,953	250,461	(56,508)
Public safety building	37,138	-	37,138	33,817	3,321
Public safety utilities	246,983	-	246,983	248,663	(1,680)
	<u>1,572,567</u>	<u>-</u>	<u>1,572,567</u>	<u>1,605,170</u>	<u>(32,603)</u>
Public works:					
General highways	1,011,832	-	1,011,832	804,752	207,080
Town garage	19,800	-	19,800	17,504	2,296
	<u>1,031,632</u>	<u>-</u>	<u>1,031,632</u>	<u>822,256</u>	<u>209,376</u>
Health and sanitation:					
Solid waste	261,287	-	261,287	258,794	2,493
Health	300	-	300	300	-
General assistance	8,000	-	8,000	4,262	3,738
	<u>269,587</u>	<u>-</u>	<u>269,587</u>	<u>263,356</u>	<u>6,231</u>
Community and social agencies:					
Community agencies	53,750	-	53,750	51,239	2,511
Social agencies	34,192	-	34,192	35,092	(900)
	<u>87,942</u>	<u>-</u>	<u>87,942</u>	<u>86,331</u>	<u>1,611</u>

SCHEDULE B (CONTINUED)

TOWN OF BUCKSPORT, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education:					
Regular program	4,487,571	10,000	4,497,571	4,379,440	118,131
Recreation:					
Recreation program	189,163	-	189,163	186,482	2,681
Town dock expenses	41,475	-	41,475	29,447	12,028
	230,638	-	230,638	215,929	14,709
Cemeteries	4,525	-	4,525	2,775	1,750
County tax	186,625	-	186,625	186,625	-
Unclassified:					
Note receivable amortization	13,338	-	13,338	9,669	3,669
TIF	30,157	-	30,157	60,146	(29,989)
Overlay	258,747	-	258,747	4,841	253,906
	302,242	-	302,242	74,656	227,586
Transfers to other funds:					
Capital projects funds	275,500	-	275,500	275,500	-
Sewer fund - debt service	15,412	-	15,412	15,412	-
	290,912	-	290,912	290,912	-
Total Departmental Operations	\$ 10,001,293	\$ 10,000	\$ 10,011,293	\$ 9,548,723	\$ 462,570

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

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 87,213	\$ -	\$ 17,413	\$ 104,626
Investments	-	-	119,511	119,511
Accounts receivable (net of allowance for uncollectibles)	66,400	-	-	66,400
Due from other funds	412,268	1,749,354	78,207	2,239,829
TOTAL ASSETS	<u>\$ 565,881</u>	<u>\$ 1,749,354</u>	<u>\$ 215,131</u>	<u>\$ 2,530,366</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	35,482	-	21,715	57,197
TOTAL LIABILITIES	<u>35,482</u>	<u>-</u>	<u>21,715</u>	<u>57,197</u>
FUND BALANCES				
Nonspendable - principal	-	-	140,198	140,198
Restricted	193,261	-	53,218	246,479
Committed	-	1,651,047	-	1,651,047
Assigned	372,620	98,307	-	470,927
Unassigned	(35,482)	-	-	(35,482)
TOTAL FUND BALANCES	<u>530,399</u>	<u>1,749,354</u>	<u>193,416</u>	<u>2,473,169</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 565,881</u>	<u>\$ 1,749,354</u>	<u>\$ 215,131</u>	<u>\$ 2,530,366</u>

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

SCHEDULE D

TOWN OF BUCKSPORT, MAINE

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 147,985	\$ -	\$ -	\$ 147,985
Investment income, net of unrealized gains/(losses)	-	239,580	12,101	251,681
Other	41,346	-	-	41,346
TOTAL REVENUES	<u>189,331</u>	<u>239,580</u>	<u>12,101</u>	<u>441,012</u>
EXPENDITURES				
General government	3,475	378	-	3,853
Protection	3,810	875	-	4,685
Health and sanitation	-	3,722	-	3,722
Cemeteries	-	-	6,900	6,900
Capital outlay	127,020	523,551	-	650,571
TOTAL EXPENDITURES	<u>134,305</u>	<u>528,526</u>	<u>6,900</u>	<u>669,731</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>55,026</u>	<u>(288,946)</u>	<u>5,201</u>	<u>(228,719)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	275,500	-	275,500
Transfers (out)	-	-	(4,500)	(4,500)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>275,500</u>	<u>(4,500)</u>	<u>271,000</u>
NET CHANGE IN FUND BALANCES	55,026	(13,446)	701	42,281
FUND BALANCES - JULY 1, RESTATED	<u>475,373</u>	<u>1,762,800</u>	<u>192,715</u>	<u>2,430,888</u>
FUND BALANCES - JUNE 30	<u>\$ 530,399</u>	<u>\$ 1,749,354</u>	<u>\$ 193,416</u>	<u>\$ 2,473,169</u>

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

Special Revenue Funds

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

SCHEDULE E

TOWN OF BUCKSPORT, MAINE

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

	911 Numbering	Closed Housing Grant	Maine Forestry	2008 CDBG CE Grant	Unemployment Reserve	Sick & Vacation Reserve	Community for Children and Youth	Barr Grant
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-
Due from other funds	39	13,880	-	2,049	64,631	172,400	15,833	1,500
TOTAL ASSETS	<u>\$ 39</u>	<u>\$ 13,880</u>	<u>\$ -</u>	<u>\$ 2,049</u>	<u>\$ 64,631</u>	<u>\$ 172,400</u>	<u>\$ 15,833</u>	<u>\$ 1,500</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	1,272	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>1,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	13,880	-	2,049	-	-	15,833	-
Committed	-	-	-	-	-	-	-	-
Assigned	39	-	-	-	64,631	172,400	-	1,500
Unassigned	-	-	(1,272)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>39</u>	<u>13,880</u>	<u>(1,272)</u>	<u>2,049</u>	<u>64,631</u>	<u>172,400</u>	<u>15,833</u>	<u>1,500</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 39</u>	<u>\$ 13,880</u>	<u>\$ -</u>	<u>\$ 2,049</u>	<u>\$ 64,631</u>	<u>\$ 172,400</u>	<u>\$ 15,833</u>	<u>\$ 1,500</u>

SCHEDULE E (CONTINUED)

TOWN OF BUCKSPORT, MAINE

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

	Wilson Hall	Wednesdays on Main Street	CDBG Community Enterprise	Christmas Lights	Halloween Event
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
Due from other funds	3,385	4,888	-	-	469
TOTAL ASSETS	<u>\$ 3,385</u>	<u>\$ 4,888</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 469</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	15,663	137	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>15,663</u>	<u>137</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	3,385	4,888	-	-	469
Unassigned	-	-	(15,663)	(137)	-
TOTAL FUND BALANCES (DEFICITS)	<u>3,385</u>	<u>4,888</u>	<u>(15,663)</u>	<u>(137)</u>	<u>469</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 3,385</u>	<u>\$ 4,888</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 469</u>

SCHEDULE E (CONTINUED)

TOWN OF BUCKSPORT, MAINE

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

	Youth Softball	Youth Football	Bucksport Fire Department	Bucksport Police Department	Local General Assistance	2015 Fire FEMA Grant	2015 Fire FEMA Grant
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other funds	318	4,670	-	1,355	314	38	-
TOTAL ASSETS	<u>\$ 318</u>	<u>\$ 4,670</u>	<u>\$ -</u>	<u>\$ 1,355</u>	<u>\$ 314</u>	<u>\$ 38</u>	<u>\$ -</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	1,041	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>1,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	318	4,670	-	1,355	314	38	-
Unassigned	-	-	(1,041)	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>318</u>	<u>4,670</u>	<u>(1,041)</u>	<u>1,355</u>	<u>314</u>	<u>38</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 318</u>	<u>\$ 4,670</u>	<u>\$ -</u>	<u>\$ 1,355</u>	<u>\$ 314</u>	<u>\$ 38</u>	<u>\$ -</u>

SCHEDULE E (CONTINUED)

TOWN OF BUCKSPORT, MAINE

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

	JAG Byne Grant	DARE Program	Youth Council	Police Explorers	Community for Children	Diversion Program
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other funds	-	5,573	947	291	1,524	54,024
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 5,573</u>	<u>\$ 947</u>	<u>\$ 291</u>	<u>\$ 1,524</u>	<u>\$ 54,024</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	5,905	-	-	-	-	-
TOTAL LIABILITIES	<u>5,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	5,573	947	291	1,524	54,024
Unassigned	(5,905)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>(5,905)</u>	<u>5,573</u>	<u>947</u>	<u>291</u>	<u>1,524</u>	<u>54,024</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 5,573</u>	<u>\$ 947</u>	<u>\$ 291</u>	<u>\$ 1,524</u>	<u>\$ 54,024</u>

SCHEDULE E (CONTINUED)

TOWN OF BUCKSPORT, MAINE

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

	Special Business	District 7 Police Training	Police Training Buyout	Animal Spay/Neuter Program	2013 CDBG Housing Assistance	Micro Loan	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,213	\$ 87,213
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	66,400	66,400
Due from other funds	138	2,882	5,000	1,308	-	54,812	412,268
TOTAL ASSETS	<u>\$ 138</u>	<u>\$ 2,882</u>	<u>\$ 5,000</u>	<u>\$ 1,308</u>	<u>\$ -</u>	<u>\$ 208,425</u>	<u>\$ 565,881</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	11,464	-	35,482
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,464</u>	<u>-</u>	<u>35,482</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	161,499	193,261
Committed	-	-	-	-	-	-	-
Assigned	138	2,882	5,000	1,308	-	46,926	372,620
Unassigned	-	-	-	-	(11,464)	-	(35,482)
TOTAL FUND BALANCES (DEFICITS)	<u>138</u>	<u>2,882</u>	<u>5,000</u>	<u>1,308</u>	<u>(11,464)</u>	<u>208,425</u>	<u>530,399</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 138</u>	<u>\$ 2,882</u>	<u>\$ 5,000</u>	<u>\$ 1,308</u>	<u>\$ -</u>	<u>\$ 208,425</u>	<u>\$ 565,881</u>

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

SCHEDULE F

TOWN OF BUCKSPORT, MAINE

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

	911 Numbering	Closed Housing Grant	Maine Forestry	2008 CDBG CE Grant	Unemployment Reserve	Sick & Vacation Reserve	Community for Children and Youth	Barr Grant
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500
Other	39	-	697	-	-	-	15,833	-
TOTAL REVENUES	39	-	697	-	-	-	15,833	1,500
EXPENDITURES								
General government	-	-	-	-	-	-	-	-
Protection	-	-	-	-	-	-	-	-
Capital outlay	-	-	1,479	-	-	-	-	-
TOTAL EXPENDITURES	-	-	1,479	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	39	-	(782)	-	-	-	15,833	1,500
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	-	13,880	(490)	2,049	64,631	172,400	-	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ 39	\$ 13,880	\$ (1,272)	\$ 2,049	\$ 64,631	\$ 172,400	\$ 15,833	\$ 1,500

SCHEDULE F (CONTINUED)

TOWN OF BUCKSPORT, MAINE

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

	Wilson Hall	Wednesdays on Main Street	CDBG Community Enterprise	Christmas Lights	Halloween Event
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Other	2,085	15,270	-	1,455	-
TOTAL REVENUES	<u>2,085</u>	<u>15,270</u>	<u>-</u>	<u>1,455</u>	<u>-</u>
EXPENDITURES					
General government	-	-	-	3,475	-
Protection	-	-	-	-	-
Capital outlay	-	18,546	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>18,546</u>	<u>-</u>	<u>3,475</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	2,085	(3,276)	-	(2,020)	-
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>1,300</u>	<u>8,164</u>	<u>(15,663)</u>	<u>1,883</u>	<u>469</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 3,385</u>	<u>\$ 4,888</u>	<u>\$ (15,663)</u>	<u>\$ (137)</u>	<u>\$ 469</u>

SCHEDULE F (CONTINUED)

TOWN OF BUCKSPORT, MAINE

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

	Youth Softball	Youth Football	Bucksport Fire Department	Bucksport Police Department	Local General Assistance	2015 Fire FEMA Grant	2015 Fire FEMA Grant
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 111,174	\$ 25,000
Other	-	-	1,993	1,675	-	-	-
TOTAL REVENUES	-	-	1,993	1,675	-	111,174	25,000
EXPENDITURES							
General government	-	-	-	-	-	-	-
Protection	-	-	1,973	-	-	-	-
Capital outlay	-	-	-	-	-	96,555	-
TOTAL EXPENDITURES	-	-	1,973	-	-	96,555	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	20	1,675	-	14,619	25,000
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	318	4,670	(1,061)	(320)	314	(14,581)	(25,000)
FUND BALANCES (DEFICITS) - JUNE 30	\$ 318	\$ 4,670	\$ (1,041)	\$ 1,355	\$ 314	\$ 38	\$ -

SCHEDULE F (CONTINUED)

TOWN OF BUCKSPORT, MAINE

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

	JAG Byne Grant	DARE Program	Youth Council	Police Explorers	Community for Children	Diversion Program
REVENUES						
Intergovernmental	\$ 10,311	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-	-
TOTAL REVENUES	<u>10,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Protection	-	102	-	-	-	-
Capital outlay	10,440	-	-	-	-	-
TOTAL EXPENDITURES	<u>10,440</u>	<u>102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(129)	(102)	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>(5,776)</u>	<u>5,675</u>	<u>947</u>	<u>291</u>	<u>1,524</u>	<u>54,024</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (5,905)</u>	<u>\$ 5,573</u>	<u>\$ 947</u>	<u>\$ 291</u>	<u>\$ 1,524</u>	<u>\$ 54,024</u>

SCHEDULE F (CONTINUED)

TOWN OF BUCKSPORT, MAINE

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

	Special Business	District 7 Police Training	Police Training Buyout	Animal Spay/Neuter Program	2013 CDBG Housing Assistance	Micro Loan	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	147,985
Other	-	-	-	1,556	-	743	41,346
TOTAL REVENUES	-	-	-	1,556	-	743	189,331
EXPENDITURES							
General government	-	-	-	-	-	-	3,475
Protection	-	-	-	1,735	-	-	3,810
Capital outlay	-	-	-	-	-	-	127,020
TOTAL EXPENDITURES	-	-	-	1,735	-	-	134,305
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	(179)	-	743	55,026
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	138	2,882	5,000	1,487	(11,464)	207,682	475,373
FUND BALANCES (DEFICITS) - JUNE 30	\$ 138	\$ 2,882	\$ 5,000	\$ 1,308	\$ (11,464)	\$ 208,425	\$ 530,399

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

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

SCHEDULE G

TOWN OF BUCKSPORT, MAINE

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

	Police Equipment	Highway Equipment	Waterfront Improvements	Fire Equipment	Ambulance	Town Office Equipment	Solid Waste Equipment
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	11,862	262,658	22,951	70,819	121,004	4,603	124,738
TOTAL ASSETS	<u>\$ 11,862</u>	<u>\$ 262,658</u>	<u>\$ 22,951</u>	<u>\$ 70,819</u>	<u>\$ 121,004</u>	<u>\$ 4,603</u>	<u>\$ 124,738</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	11,862	262,658	22,951	70,819	121,004	4,603	124,738
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>11,862</u>	<u>262,658</u>	<u>22,951</u>	<u>70,819</u>	<u>121,004</u>	<u>4,603</u>	<u>124,738</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 11,862</u>	<u>\$ 262,658</u>	<u>\$ 22,951</u>	<u>\$ 70,819</u>	<u>\$ 121,004</u>	<u>\$ 4,603</u>	<u>\$ 124,738</u>

SCHEDULE G (CONTINUED)

TOWN OF BUCKSPORT, MAINE

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

	School St Fire House	Recreation Equipment	Cable TV	Dispatch Equipment	Municipal Building	Dog Kennel	Swimming Pool
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	11,725	66,985	60,585	33,783	61,575	24,124	39,848
TOTAL ASSETS	<u>\$ 11,725</u>	<u>\$ 66,985</u>	<u>\$ 60,585</u>	<u>\$ 33,783</u>	<u>\$ 61,575</u>	<u>\$ 24,124</u>	<u>\$ 39,848</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	11,725	66,985	60,585	33,783	61,575	24,124	39,848
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>11,725</u>	<u>66,985</u>	<u>60,585</u>	<u>33,783</u>	<u>61,575</u>	<u>24,124</u>	<u>39,848</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 11,725</u>	<u>\$ 66,985</u>	<u>\$ 60,585</u>	<u>\$ 33,783</u>	<u>\$ 61,575</u>	<u>\$ 24,124</u>	<u>\$ 39,848</u>

SCHEDULE G (CONTINUED)

TOWN OF BUCKSPORT, MAINE

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

	Town Garage	Parking Lots	Recreation Facility	Transfer Station	Public Safety	Chamber Building	Jewett School Community
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	69,012	25,518	95,705	47,143	56,368	4,205	32,694
TOTAL ASSETS	<u>\$ 69,012</u>	<u>\$ 25,518</u>	<u>\$ 95,705</u>	<u>\$ 47,143</u>	<u>\$ 56,368</u>	<u>\$ 4,205</u>	<u>\$ 32,694</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	69,012	25,518	95,705	47,143	56,368	4,205	32,694
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>69,012</u>	<u>25,518</u>	<u>95,705</u>	<u>47,143</u>	<u>56,368</u>	<u>4,205</u>	<u>32,694</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 69,012</u>	<u>\$ 25,518</u>	<u>\$ 95,705</u>	<u>\$ 47,143</u>	<u>\$ 56,368</u>	<u>\$ 4,205</u>	<u>\$ 32,694</u>

SCHEDULE G (CONTINUED)

TOWN OF BUCKSPORT, MAINE

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

	Gardiner School	Middle School	Downtown Improvements	Drug Forfeiture	Willow & Wasson House	Defense Fund	Information Technology	Recreation Revenue Reserve
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	163	13,014	16,771	11,107	1,406	1,750	264	98,307
TOTAL ASSETS	<u>\$ 163</u>	<u>\$ 13,014</u>	<u>\$ 16,771</u>	<u>\$ 11,107</u>	<u>\$ 1,406</u>	<u>\$ 1,750</u>	<u>\$ 264</u>	<u>\$ 98,307</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	163	13,014	16,771	11,107	1,406	1,750	264	-
Assigned	-	-	-	-	-	-	-	98,307
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>163</u>	<u>13,014</u>	<u>16,771</u>	<u>11,107</u>	<u>1,406</u>	<u>1,750</u>	<u>264</u>	<u>98,307</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 163</u>	<u>\$ 13,014</u>	<u>\$ 16,771</u>	<u>\$ 11,107</u>	<u>\$ 1,406</u>	<u>\$ 1,750</u>	<u>\$ 264</u>	<u>\$ 98,307</u>

SCHEDULE G (CONTINUED)

TOWN OF BUCKSPORT, MAINE

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

	Housing Rehabilitation	Silver Lake Property	Highway Improvement	Industrial Park Land	Natural Gas	Mile Lane Concession	Rte 46 Highway Improvements	Yellow Schoolhouse	Total
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	1,242	35,454	257,470	2,227	27,963	21,273	12,986	52	1,749,354
TOTAL ASSETS	<u>\$ 1,242</u>	<u>\$ 35,454</u>	<u>\$ 257,470</u>	<u>\$ 2,227</u>	<u>\$ 27,963</u>	<u>\$ 21,273</u>	<u>\$ 12,986</u>	<u>\$ 52</u>	<u>\$ 1,749,354</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	1,242	35,454	257,470	2,227	27,963	21,273	12,986	52	1,651,047
Assigned	-	-	-	-	-	-	-	-	98,307
Unassigned	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>1,242</u>	<u>35,454</u>	<u>257,470</u>	<u>2,227</u>	<u>27,963</u>	<u>21,273</u>	<u>12,986</u>	<u>52</u>	<u>1,749,354</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,242</u>	<u>\$ 35,454</u>	<u>\$ 257,470</u>	<u>\$ 2,227</u>	<u>\$ 27,963</u>	<u>\$ 21,273</u>	<u>\$ 12,986</u>	<u>\$ 52</u>	<u>\$ 1,749,354</u>

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

SCHEDULE H

TOWN OF BUCKSPORT, MAINE

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

	Police Equipment	Highway Equipment	Waterfront Improvements	Fire Equipment	Ambulance	Town Office Equipment	Solid Waste Equipment
REVENUES							
Interest, net of unrealized gains/(losses)	\$ 206	\$ 185,041	\$ 3,583	\$ 1,230	\$ 3,101	\$ 80	\$ 2,166
TOTAL REVENUES	<u>206</u>	<u>185,041</u>	<u>3,583</u>	<u>1,230</u>	<u>3,101</u>	<u>80</u>	<u>2,166</u>
EXPENDITURES							
General government	-	-	-	-	-	-	-
Protection	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	910
Capital outlay	33,674	284,924	35,523	-	-	32,341	-
TOTAL EXPENDITURES	<u>33,674</u>	<u>284,924</u>	<u>35,523</u>	<u>-</u>	<u>-</u>	<u>32,341</u>	<u>910</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(33,468)</u>	<u>(99,883)</u>	<u>(31,940)</u>	<u>1,230</u>	<u>3,101</u>	<u>(32,261)</u>	<u>1,256</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	30,000	150,000	-	21,000	25,000	5,000	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>30,000</u>	<u>150,000</u>	<u>-</u>	<u>21,000</u>	<u>25,000</u>	<u>5,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(3,468)</u>	<u>50,117</u>	<u>(31,940)</u>	<u>22,230</u>	<u>28,101</u>	<u>(27,261)</u>	<u>1,256</u>
FUND BALANCES (DEFICITS) - JULY 1	<u>15,330</u>	<u>212,541</u>	<u>54,891</u>	<u>48,589</u>	<u>92,903</u>	<u>31,864</u>	<u>123,482</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 11,862</u>	<u>\$ 262,658</u>	<u>\$ 22,951</u>	<u>\$ 70,819</u>	<u>\$ 121,004</u>	<u>\$ 4,603</u>	<u>\$ 124,738</u>

SCHEDULE H (CONTINUED)

TOWN OF BUCKSPORT, MAINE

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

	School St Fire House	Recreation Equipment	Cable TV	Dispatch Equipment	Municipal Building	Dog Kennel	Swimming Pool
REVENUES							
Interest, net of unrealized gains/(losses)	\$ 204	\$ 1,563	\$ 1,052	\$ 587	\$ 16,899	\$ 420	\$ 692
TOTAL REVENUES	<u>204</u>	<u>1,563</u>	<u>1,052</u>	<u>587</u>	<u>16,899</u>	<u>420</u>	<u>692</u>
EXPENDITURES							
General government	-	-	-	-	-	-	-
Protection	-	-	-	-	-	875	-
Health and sanitation	-	-	-	-	-	-	-
Capital outlay	-	13,272	-	13,977	26,143	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>13,272</u>	<u>-</u>	<u>13,977</u>	<u>26,143</u>	<u>875</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>204</u>	<u>(11,709)</u>	<u>1,052</u>	<u>(13,390)</u>	<u>(9,244)</u>	<u>(455)</u>	<u>692</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	2,500	2,000	2,500	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,000</u>	<u>2,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>204</u>	<u>(11,709)</u>	<u>1,052</u>	<u>(10,890)</u>	<u>(7,244)</u>	<u>2,045</u>	<u>692</u>
FUND BALANCES (DEFICITS) - JULY 1	<u>11,521</u>	<u>78,694</u>	<u>59,533</u>	<u>44,673</u>	<u>68,819</u>	<u>22,079</u>	<u>39,156</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 11,725</u>	<u>\$ 66,985</u>	<u>\$ 60,585</u>	<u>\$ 33,783</u>	<u>\$ 61,575</u>	<u>\$ 24,124</u>	<u>\$ 39,848</u>

SCHEDULE H (CONTINUED)

TOWN OF BUCKSPORT, MAINE

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

	Town Garage	Parking Lots	Recreation Facility	Transfer Station	Public Safety	Chamber Building	Jewett School Community
REVENUES							
Interest, net of unrealized gains/(losses)	\$ 1,198	\$ 443	\$ 1,734	\$ 819	\$ 979	\$ 73	\$ 568
TOTAL REVENUES	<u>1,198</u>	<u>443</u>	<u>1,734</u>	<u>819</u>	<u>979</u>	<u>73</u>	<u>568</u>
EXPENDITURES							
General government	-	-	-	-	-	378	-
Protection	-	-	-	-	-	-	-
Health and sanitation	-	-	-	2,812	-	-	-
Capital outlay	15,753	-	5,262	-	31,676	-	-
TOTAL EXPENDITURES	<u>15,753</u>	<u>-</u>	<u>5,262</u>	<u>2,812</u>	<u>31,676</u>	<u>378</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(14,555)</u>	<u>443</u>	<u>(3,528)</u>	<u>(1,993)</u>	<u>(30,697)</u>	<u>(305)</u>	<u>568</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	10,000	-	-	-	20,000	5,000	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>5,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(4,555)</u>	<u>443</u>	<u>(3,528)</u>	<u>(1,993)</u>	<u>(10,697)</u>	<u>4,695</u>	<u>568</u>
FUND BALANCES (DEFICITS) - JULY 1	<u>73,567</u>	<u>25,075</u>	<u>99,233</u>	<u>49,136</u>	<u>67,065</u>	<u>(490)</u>	<u>32,126</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 69,012</u>	<u>\$ 25,518</u>	<u>\$ 95,705</u>	<u>\$ 47,143</u>	<u>\$ 56,368</u>	<u>\$ 4,205</u>	<u>\$ 32,694</u>

SCHEDULE H (CONTINUED)

TOWN OF BUCKSPORT, MAINE

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

	Gardiner School	Middle School	Downtown Improvements	Drug Forfeiture	Willow & Wasson House	Defense Fund	Information Technology	Recreation Revenue Reserve
REVENUES								
Interest, net of unrealized gains/(losses)	\$ 2	\$ 227	\$ 291	\$ 8,227	\$ 24	\$ 30	\$ 5	\$ 1,707
TOTAL REVENUES	<u>2</u>	<u>227</u>	<u>291</u>	<u>8,227</u>	<u>24</u>	<u>30</u>	<u>5</u>	<u>1,707</u>
EXPENDITURES								
General government	-	-	-	-	-	-	-	-
Protection	-	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2</u>	<u>227</u>	<u>291</u>	<u>8,227</u>	<u>24</u>	<u>30</u>	<u>5</u>	<u>1,707</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	2,500	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>2</u>	<u>2,727</u>	<u>291</u>	<u>8,227</u>	<u>24</u>	<u>30</u>	<u>5</u>	<u>1,707</u>
FUND BALANCES (DEFICITS) - JULY 1	<u>161</u>	<u>10,287</u>	<u>16,480</u>	<u>2,880</u>	<u>1,382</u>	<u>1,720</u>	<u>259</u>	<u>96,600</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 163</u>	<u>\$ 13,014</u>	<u>\$ 16,771</u>	<u>\$ 11,107</u>	<u>\$ 1,406</u>	<u>\$ 1,750</u>	<u>\$ 264</u>	<u>\$ 98,307</u>

SCHEDULE H (CONTINUED)

TOWN OF BUCKSPORT, MAINE

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

	Housing Rehabilitation	Silver Lake Property	Highway Improvement	Industrial Park Land	Natural Gas	Mile Lane Concession	Rte 46 Highway Improvements	Yellow Schoolhouse	Total
REVENUES									
Interest, net of unrealized gains/(losses)	\$ 21	\$ 816	\$ 4,470	\$ 40	\$ 486	\$ 370	\$ 225	\$ 1	\$ 239,580
TOTAL REVENUES	21	816	4,470	40	486	370	225	1	239,580
EXPENDITURES									
General government	-	-	-	-	-	-	-	-	378
Protection	-	-	-	-	-	-	-	-	875
Health and sanitation	-	-	-	-	-	-	-	-	3,722
Capital outlay	-	-	21,378	9,628	-	-	-	-	523,551
TOTAL EXPENDITURES	-	-	21,378	9,628	-	-	-	-	528,526
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	21	816	(16,908)	(9,588)	486	370	225	1	(288,946)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	275,500
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	275,500
NET CHANGE IN FUND BALANCES (DEFICITS)	21	816	(16,908)	(9,588)	486	370	225	1	(13,446)
FUND BALANCES (DEFICITS) - JULY 1	1,221	34,638	274,378	11,815	27,477	20,903	12,761	51	1,762,800
FUND BALANCES (DEFICITS) - JUNE 30	\$ 1,242	\$ 35,454	\$ 257,470	\$ 2,227	\$ 27,963	\$ 21,273	\$ 12,986	\$ 52	\$ 1,749,354

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

SCHEDULE I

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2018

	Cemetery Trusts	Spofford Indigent Fund	Ministerial Fund	Colonoscopy Fund	Oak Hill Cemetery	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 17,413	\$ 17,413
Investments	28,065	-	-	-	91,446	119,511
Due from other funds	29,192	41,098	7,009	908	-	78,207
TOTAL ASSETS	<u>\$ 57,257</u>	<u>\$ 41,098</u>	<u>\$ 7,009</u>	<u>\$ 908</u>	<u>\$ 108,859</u>	<u>\$ 215,131</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 21,715	\$ 21,715
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,715</u>	<u>21,715</u>
FUND BALANCES						
Nonspendable - principal	21,097	39,826	2,300	-	76,975	140,198
Restricted	36,160	1,272	4,709	908	10,169	53,218
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>57,257</u>	<u>41,098</u>	<u>7,009</u>	<u>908</u>	<u>87,144</u>	<u>193,416</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 57,257</u>	<u>\$ 41,098</u>	<u>\$ 7,009</u>	<u>\$ 908</u>	<u>\$ 108,859</u>	<u>\$ 215,131</u>

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

SCHEDULE J

TOWN OF BUCKSPORT, MAINE

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

	Cemetery Trusts	Spofford Indigent Fund	Ministerial Fund	Colonoscopy Fund	Oak Hill Cemetery	Total
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ 7,913	\$ -	\$ -	\$ -	\$ 4,188	\$ 12,101
TOTAL REVENUES	<u>7,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,188</u>	<u>12,101</u>
EXPENDITURES						
Cemetery	-	-	-	-	-	-
Other	-	-	-	-	6,900	6,900
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,900</u>	<u>6,900</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,712)</u>	<u>5,201</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	(4,500)	-	-	-	(4,500)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(4,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,500)</u>
NET CHANGE IN FUND BALANCES	7,913	(4,500)	-	-	(2,712)	701
FUND BALANCES - JULY 1	<u>49,344</u>	<u>45,598</u>	<u>7,009</u>	<u>908</u>	<u>89,856</u>	<u>192,715</u>
FUND BALANCES - JUNE 30	<u>\$ 57,257</u>	<u>\$ 41,098</u>	<u>\$ 7,009</u>	<u>\$ 908</u>	<u>\$ 87,144</u>	<u>\$ 193,416</u>

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.

SCHEDULE K

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2018

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General government	\$ 1,196,252	\$ 652,441	\$ 113,343	\$ 2,159,609	\$ 4,121,645
Protection	22,000	2,039,348	2,403,519	-	4,464,867
Public works	19,200	1,195,432	2,083,148	9,976,445	13,274,225
Health and sanitation	14,000	298,987	238,084	6,290	557,361
Recreation	304,391	724,307	100,422	1,483,079	2,612,199
Sewer	13,534,355	5,421,590	131,536	5,760,930	24,848,411
Marina	-	45,593	5,307	25,813	76,713
Total General Capital Assets	15,090,198	10,377,698	5,075,359	19,412,166	49,955,421
Less: Accumulated Depreciation	-	(6,260,143)	(3,628,957)	(12,906,967)	(22,796,067)
Net General Capital Assets	\$ 15,090,198	\$ 4,117,555	\$ 1,446,402	\$ 6,505,199	\$ 27,159,354

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

SCHEDULE L

TOWN OF BUCKSPORT, MAINE

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

	General Capital Assets 7/1/17	Additions	Deletions	General Capital Assets 6/30/18
General government	\$ 4,121,645	\$ -	\$ -	\$ 4,121,645
Protection	4,464,867	-	-	4,464,867
Public works	13,127,437	146,788	-	13,274,225
Health and sanitation	557,361	-	-	557,361
Recreation	2,612,199	-	-	2,612,199
Sewer fund	24,096,999	976,425	(225,013)	24,848,411
Marina	76,713	-	-	76,713
Total General Capital Assets	49,057,221	1,123,213	(225,013)	49,955,421
Less: Accumulated Depreciation	(21,690,193)	(1,105,874)	-	(22,796,067)
Net General Capital Assets	<u>\$ 27,367,028</u>	<u>\$ 17,339</u>	<u>\$ (225,013)</u>	<u>\$ 27,159,354</u>

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

TOWN OF BUCKSPORT, MAINE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Direct Award - Rural Utilities Service				
Water and Waste Grant - 2015	10.760	Unknown	\$ -	\$ 969,790
Total U.S. Department of Agriculture			<u>-</u>	<u>969,790</u>
U.S. Department of Homeland Security				
Federal Emergency Management Agency - Direct Award				
Assistance to Firefighters Grant Program - 2015	97.044	EMW-2015-FO-05325	-	96,555
Total U.S. Department of Homeland Security			<u>-</u>	<u>96,555</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ -</u>	<u>\$ 1,066,345</u>

TOWN OF BUCKSPORT, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Bucksport, Maine under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Bucksport, Maine, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Bucksport, Maine.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Town of Bucksport, Maine has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. U. S. Department of Agriculture, Rural Utilities Service Loan Program

The USDA RUS loan program listed subsequently is administered directly by the Town of Bucksport, Maine, and balances and transactions relating to this program is included in the Town of Bucksport, Maine's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2018 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at 6/30/2017</u>
1) 10.760	RUS Water and Waste Loan	\$ 6,126,813
2) 10.760	RUS Water and Waste Loan	1,458,765



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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

Town Council
Town of Bucksport
Bucksport, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bucksport, 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 Bucksport, Maine's basic financial statements, and have issued our report thereon dated October 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Bucksport, 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 Bucksport, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Bucksport, 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 Bucksport, 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
October 12, 2018



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Town Council
Town of Bucksport
Bucksport, Maine

Report on Compliance for Each Major Federal Program

We have audited the Town of Bucksport, Maine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Bucksport, Maine's major federal programs for the year ended June 30, 2018. The Town of Bucksport, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Bucksport, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Bucksport, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Bucksport, Maine's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Bucksport, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Town of Bucksport, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Bucksport, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Bucksport, Maine's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
October 12, 2018

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ no
- Noncompliance material to financial statements noted? ☐ yes ☒ no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with §200.516 of Uniform Guidance? ☐ yes ☒ no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

10.760

USDA RUS Water and Waste Grant/Loan

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None



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October 12, 2018

Town Council
Town of Bucksport
P.O. Box X
Bucksport, Maine 04416-1224

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Bucksport, Maine for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 15, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Bucksport, Maine are described in Note 1 of Notes to Financial Statements. We noted no transactions entered into by Town of Bucksport, Maine during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

As described in Note 1 of Notes to Financial Statements, the Town of Bucksport, Maine changed accounting policies related Governmental Accounting Standards Board (GASB Statement) No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 81, "Irrevocable Split-Interest Agreements", GASB Statement No. 85, "Omnibus 2017" and GASB Statement No. 86, "Certain Debt Extinguishment Issues" in 2018. There was no impact in the financial statements based on the cumulative effect of these accounting changes.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Bucksport, Maine's financial statements was (were):

- ☐ Fair value of investments
- ☐ Allowance for uncollectible accounts
- ☐ Depreciation expense which is based on the estimated useful lives of capital assets
- ☐ Pension related assets, liabilities and expenses which are based on actuarial valuations
- ☐ Accrued compensation
- ☐ Deferred revenues

Management's process for determining the above estimates is based on firm concepts and reasonable assumptions of both historical and future events. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are reflected in the deposits and investments, capital assets, long-term liabilities and fund balance footnotes.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. A schedule of any uncorrected misstatements has been presented to management with the management representation letter. We did not identify or propose any adjustments of misstatements as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 10, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to Town of Bucksport, Maine’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Town of Bucksport, Maine’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions, and Notes to Required Supplementary Information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on 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, capital asset schedules and schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Town Council and management of Town of Bucksport, Maine and is not intended to be, and should not be, used by anyone other than these specified parties.

Very Best,

RHR Smith & Company

RHR Smith & Company, CPAs