

TOWN OF EAST MILLINOCKET, MAINE
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report		1 - 2
Management Discussion & Analysis		3 – 8
<i>Basic Financial Statements</i>		
<i>Governmental-Wide Financial Statements</i>		
Statement of Net Position	A	9
Statement of Activities	B	10
<i>Fund Financial Statements</i>		
Balance Sheet – Governmental Funds	C	11
Combined Statement of Revenues, Expenditures And Changes in Fund Balances – Governmental Funds	D	12
Statement of Net Position – Proprietary Funds	E	13
Statement of Revenues, Expenditures and Changes in Fund Net Position – Proprietary Funds	F	14
Statement of Cash Flows – Proprietary Funds	G	15
Statement of Net Position – Fiduciary Funds	H	16
Statement of Changes in Net Position – Fiduciary Funds	I	17
Notes to the Financial Statements		18- 36
<i>Other Supplementary Information</i>		
	<u>Schedule</u>	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	1	37
Schedule of Departmental Operations – General Fund	2	38- 39
Schedule of Valuation and Assessment	3	40
Schedule of Revenues, Expenditures and Changes in Net Position – Private Purpose Funds	4	41

TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page</u>
Schedule of Cash Receipts, Cash Disbursements and Ending Balance – Student Activity Funds	5	42
Combining Balance Sheet – Nonmajor Governmental Funds	6	43
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	7	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Special Revenue Funds	8	45-47
Statement of Cash Receipts, Disbursements and Changes In Fund Balance – General Fund – School Department	9	48
Schedule of Activity in Reserve Funds	10	49
Schedule of Expenditures of Federal Awards	11	50
Statement of Revenues and Expenses – Ambulance	12	51
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		52-53
Auditor’s Statement of Assurance and Determination		54

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Independent Auditor's Report

To the Selectmen
Town of East Millinocket, Maine

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Town of East Millinocket, Maine as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information for the primary government of the Town of East Millinocket, Maine as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity 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 a management's discussion and analysis and budgetary comparison information on pages 3 through 8 and page 37 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 an opinion on the basic financial statements taken as a whole. The other supplemental schedules as listed in the table of contents on pages 38-51 are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Town of East Millinocket, Maine. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material aspects in relation to the basic financial statements taken as a whole.

Change in Accounting Principle

As discussed in Note 15 to the financial statements, in 2015 the Town adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2016 on our consideration of the Town of East Millinocket, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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's internal control over financial reporting and compliance.

Foster & Co. LLP

Certified Public Accountants
February 15, 2016

Management's Discussion and Analysis

As management of the Town of East Millinocket, we offer readers of the Town of East Millinocket's financial statements this narrative overview and analysis of the financial activities of the Town of East Millinocket for the fiscal year ended June 30, 2015.

The Community

East Millinocket "The Town That Paper Made" lies on the northern side of the West Branch of the Penobscot River and is nine square miles with 22 miles of roads. The Town incorporated on February 21, 1907. Great Northern Paper Company started the paper machines producing newsprint in August 1907.

East Millinocket with a population of 1,800 takes pride in its small town community which continues to provide that *Home Town Feeling*. The Town offers an Industrial Park for commercial business opportunity and economic growth, an education system which offers education from pre-school to the college level and many wonderful places of worship. East Millinocket is the ideal host town to visitors for an array of outdoor recreation activities in the Great Maine North Woods.

Financial Highlights

The balance of the Town's cash assets as of June 30, 2015 was \$2,449,635.

The assets of the Town of East Millinocket exceeded its liabilities as of June 30, 2015, by \$12,390,636 (net assets) a decrease of \$224,269 in comparison to the previous year, of which (\$731,642) is due to a prior period adjustment described in Note 15 of these financial statements. Of this amount, \$2,411,597 (unrestricted governmental activities net assets) may be used to meet the government's ongoing obligations to citizens and creditors. The total net position include restricted assets and infrastructure (land, buildings & equipment).

As of June 30, 2015, the Town of East Millinocket's governmental funds reported combined ending fund balances of \$2,821,949 a decrease of \$1,986,100 in comparison with the prior year. Approximately 69% of this total or \$1,961,875 is available for spending at the government's discretion (cash equivalents & available investment funds).

As of June 30, 2015, the available fund balance for the general fund was \$1,961,875 or approximately 25% of total general fund expenditures.

The Town of East Millinocket's total debt increased by \$87,145 (10.6%) during 2015.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of East Millinocket's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Comparative data for governmental activities for the year 2014 and 2015 can be made as follows:

	2014	2015	+ / -
Cash and equivalents	\$ 3,185,220	\$ 2,061,183	\$-1,124,037
Investments	\$ 810,648	\$ 775,403	\$ - 35,245
Taxes Receivable	\$ 816,960	\$ 273,234	\$ -789,725
Accounts Receivable	\$ 16,936	\$ 54,592	\$ +71,528
Capital Assets (Net)	\$ 2,319,980	\$ 5,061,543	\$+2,741,563
Bonds and Notes	\$ 817,044	\$ 729,899	\$ - 87,145
Accounts Payable	\$ 42,655	\$ 191,498	\$ +148,843
Unrestricted	\$ 2,129,261	\$ 1,961,875	\$ - 167,386

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town of East Millinocket's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the Town of East Millinocket's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of East Millinocket is improving or deteriorating. The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Government-wide statements distinguish business-type activities from governmental activities. Business-type activities are those that are funded through user fees or user based revenue. Governmental activities are those that are principally supported by taxes and intergovernmental revenues. The business-type activities in East Millinocket include sewer, water and ambulance departments. The business-type statements can be found on pages 13-15 of this report.

The governmental activities of the Town of East Millinocket include general government, education, public safety, roads, health and social services, library, recreation, special projects, cemeteries, debt service, county taxes, and capital projects. The government-wide statements of departmental operations can be found in pages 9 & 10 of this report.

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 East Millinocket, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town of East Millinocket maintains three basic funds, the governmental fund, fiduciary fund and proprietary fund.

Governmental Funds

The general fund covers essentially the same data as included in the government-wide statements and is used to account for near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Capital assets and depreciation are not included because they do not exemplify a specific year's transactions.

Also included in governmental funds are the Special Revenue Funds, Permanent Funds and the Capital Reserve Fund. Special Revenue Funds are used to account for grants received for educational purposes and for special projects. The Permanent Funds are used to account for trust funds with a fixed principal balance whose interest income has been dedicated to specific municipal purposes. The Permanent Fund consists of the school ministerial fund and the Scholarship Fund. The Capital Reserve Fund is used to account for reserves set aside to off set the impact of future major capital expenses.

The governmental funds financial statements can be found on pages 11-12 of this report. Separate schedules for the Special Revenues Funds and Permanent Funds are provided in the supplemental information on pages 37 and 38 of this report. The Capital Reserve schedule can be found on page 43 of this report.

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the Town cannot use these funds to finance its operations. The basic fiduciary fund financial statements can be found on pages 16-17 of this report.

Proprietary Funds

The Town maintains three proprietary funds. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer, water and ambulance department operations. The basic proprietary fund financial statements can be found on pages 13-15 of this report.

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 fund financial statements. The notes to the financial statements can be found on pages 18-36 of these financial statements.

Other information

In addition to the basic financial statements and accompanying notes, required supplementary information presents a budgetary comparison schedule for the General Fund to demonstrate compliance with the budget. This schedule is located on page 37 of the accompanying financial statements. Other supplementary information for the Special Revenue funds, Private Purpose Trust Funds and Student Activity Funds are presented on pages 41-47 of this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of East Millinocket, assets exceeded liabilities by \$12,390,636 at the close of 2015.

The general capital assets (e.g., land, buildings, machinery, and equipment) of the governmental activities of the Town of East Millinocket less outstanding debt equal \$4,331,644.

The governmental funds have a total net position of \$7,383,112. Included within total net position are fund balances totaling \$3,051,468 for the year ending June 30, 2015, which is available (less \$244,489 in trust balances and \$12,030 in nonspendable inventory) for future spending. The unrestricted fund balance totaled \$2,411,597 of which approximately 25% or \$598,742 is attributable to funds committed to meet subsequent year's expenditures. In comparison, governmental fund balances as of June 30, 2014 totaled \$5,597,069.

It should be noted that, even though these funds balances are available for future spending, the investment in capital assets is reported net of related debt. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental activities: Governmental activities increased the Town of East Millinocket's net assets by \$1,014,755.

Public safety activities account for approximately 8%, roads 3%, administration 6% education 75% and the county tax 2% of the total expenditures within the governmental funds of the Town of East Millinocket. Property taxes account for approximately 33% of total revenues.

Business-type activities: Business-type activities decreased the Town's net position by \$507,382. Personnel costs and employee benefits account for approximately 52% and depreciation expense 10% of total expenses. Charges for services totaled \$1,647,346 which accounts for 100% of total revenues.

Financial Analysis of the Government's Funds

Governmental funds: The focus of the Town of East Millinocket's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of East Millinocket's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2015, the Town of East Millinocket's governmental funds reported combined ending fund balances of \$3,553,591 a decrease of \$1,254,458 in comparison with the prior year. Approximately 55% of this total or \$1,961,875 is available for spending at the government's discretion (cash equivalents & available investment funds). The remainder, 1,591,716, represents trust and special revenue accounts.

Total governmental fund expenditures for the year were \$13,811,330 an increase of \$6,640,872 from the prior year. Revenues include property taxes totaling \$2,754,076. Excise taxes accounted for \$242,648.

The Capital Reserve Fund provides funding for capital projects of the Town of East Millinocket or other unique expenditures which are not normal operating or maintenance type expenditures reportable within the general fund or other governmental funds. The total fund balance as of June 30, 2015, is \$543,236.

Proprietary funds: The Town used enterprise funds to account for its sewer, water and ambulance departments. Unrestricted net assets of the proprietary fund were \$526,681.

General Fund Budgetary Highlights

The Town budgeted for an excess of \$110,087.

During the year, actual excess of revenues over expenditures was \$590,426 which was an favorable variance with budget of \$482,839.

Purchases from the capital reserve fund have been removed from the general fund budget.

Capital Asset and Debt Administration

Governmental activities capital assets increased by \$ 2,966,322 primarily due to the roof construction at the School Building.

Additional information on the Town's capital assets can be found in Note 7 on pages 25-26 of this report.

The Town's debt includes two bonds broken down as follows:

Sewer Bond - \$446,238 – Main Street sewer project

School Bond - \$278,645 – General renovations at Schenck High School

Additional information on the Town's long-term debt can be found in Note 8 on page 27 in the basic financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Town of East Millinocket's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The Town Treasurer, Town of East Millinocket, 53 Main St, East Millinocket, ME 04430.

TOWN OF EAST MILLINOCKET
STATEMENT OF NET POSITION
JUNE 30, 2015

Exhibit A

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents - Note 3	\$ 2,061,183	\$ 388,452	\$ 2,449,635
Investments - Note 3	775,403	810,035	1,585,438
Taxes Receivable & Liens All Years - Net	273,234	-	273,234
Accounts Receivable - net	54,592	469,325	523,917
Internal Balances - Note 6	911,968	(911,968)	-
Due from Other Governmental Agencies	205,715	-	205,715
Inventories	12,030	31,447	43,477
Loans Receivable	14,400	-	14,400
Capital Assets - Net of depreciation - Note 7	5,061,543	4,279,757	9,341,300
Total Assets	9,370,068	5,067,048	14,437,116
 LIABILITIES			
Accounts payable	191,498	15,569	207,067
Accrued Salaries	183,508	-	183,508
Taxes Paid in Advance	9,840	-	9,840
Compensated Absences	72,266	6,566	78,832
Accrued Postemployment Health Benefits - Note 12	115,670	-	115,670
Deferred Revenue	-	98	98
Advance for Construction	-	37,293	37,293
Net Pension Liability	458,860	-	458,860
Long-Term Liabilities - Note 8			
Capital lease due within one year	1,065	-	1,065
Capital lease due in more than one year	3,951	-	3,951
Bonds due within one year	92,891	-	92,891
Bonds due in more than one year	631,992	-	631,992
Total Liabilities	1,761,541	59,526	1,821,067
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - pension	225,415	-	225,415
 NET POSITION			
Net Investment in Capital Assets	4,331,644	4,279,757	8,611,401
Restricted for:			
Nonspendable	22,030	-	22,030
Food Program	35,234	-	35,234
Other Projects	10,194	201,086	211,280
Education Grants	14,891	-	14,891
Education	323,033	-	323,033
Ministerial Fund	234,489	-	234,489
Unrestricted	2,411,597	526,681	2,938,278
Total Net Position - Exhibit B	\$ 7,383,112	\$ 5,007,524	\$ 12,390,636

The accompanying notes are an integral part of these financial statements

**TOWN OF EAST MILLINOCKET
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Exhibit B

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities						
General Government	\$ 464,789	\$ 8,158		\$ (456,631)	-	\$ (456,631)
Roads	268,637	-	14,140	(254,497)	-	(254,497)
Health, Social Service, and Recreation Expenses	287,010	31,449	3,205	(252,356)	-	(252,356)
Public Safety	633,211	149,993	257	(482,961)	-	(482,961)
Special Projects	155,920	-	176	(155,744)	-	(155,744)
Library	196	-	948	752	-	752
Education	3,071,509	44,301	4,617,274	1,590,066	-	1,590,066
Capital Purchases	3,762,737	-	2,026,120	(1,736,617)	-	(1,736,617)
Capital Projects	4,356	-	-	(4,356)	-	(4,356)
Interest on Long-term Debt	8,293	-	-	(8,293)	-	(8,293)
Cemetery	13,098	4,800	-	(8,298)	-	(8,298)
County Tax	124,401	-	-	(124,401)	-	(124,401)
Total Governmental Activities	8,794,157	238,701	6,662,120	(1,893,336)	-	(1,893,336)
Business-type Activities						
Sewer Fund	393,670	232,065	-	-	(161,605)	(161,605)
Water Fund	229,929	239,898	-	-	9,969	9,969
Ambulance Fund	1,488,068	1,173,559	-	-	(314,509)	(314,509)
Total Business-type Activities	2,111,667	1,645,522	-	-	(466,145)	(466,145)
	\$ 10,905,824	\$ 1,884,223	\$ 6,662,120	\$ (1,893,336)	(466,145)	(2,359,481)
General Revenues:						
Property Taxes - Schedule 3				2,194,575	-	2,194,575
Excise Taxes				242,648	-	242,648
Grants and Contributions not restricted to specific programs				286,839	-	286,839
Investment Income				33,260	-	33,260
Other Income				109,532	-	109,532
Total General Revenues				2,866,854	-	2,866,854
Transfers from Enterprise to General Fund				41,237	(41,237)	-
Change in Net Position - Exhibits D and F				1,014,755	(507,382)	507,373
Net Position Beginning of Year				7,100,005	5,514,906	12,614,911
Prior period adjustments - Note 15				(731,642)	-	(731,642)
Net Position - Ending - Exhibit A				\$ 7,383,112	\$ 5,007,524	\$ 12,390,636

The accompanying notes are an integral part of these financial statements

**TOWN OF EAST MILLINOCKET
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

Exhibit C

	GENERAL	CAPITAL RESERVES	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents - Note 3	\$ 2,061,183	\$ -	\$ -	\$ 2,061,183
Investments - Note 3	528,657	-	246,746	775,403
Taxes Receivable & Liens All Years - Net	273,234	-	-	273,234
Due from Other Governmental Agencies	173,952	-	31,763	205,715
Due from Other Funds	12,716	-	39,015	51,731
Accounts Receivable	54,592	-	-	54,592
Loans Receivable	14,400	-	-	14,400
Inventories	-	-	12,030	12,030
Interfund Receivable	911,968	543,236	-	1,455,204
TOTAL ASSETS	\$ 4,030,702	\$ 543,236	\$ 329,554	\$ 4,903,492
LIABILITIES				
Accounts Payable	\$ 145,446	\$ -	\$ -	\$ 145,446
Accounts Payable - school	46,052	-	-	46,052
Accrued Salaries	16,986	-	-	16,986
Accrued Summer Wages	166,522	-	-	166,522
Taxes Paid in Advance	9,840	-	-	9,840
Due to Other Funds	39,015	-	12,716	51,731
Accrued Compensated Absences	72,266	-	-	72,266
Accrued Postemployment Health Benefits - Note 12	115,670	-	-	115,670
Net Pension Liability	458,860	-	-	458,860
Interfund Payable	543,236	-	-	543,236
TOTAL LIABILITIES	1,613,893	-	12,716	1,626,609
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - pension	225,415	-	-	225,415
Unavailable revenue - property taxes	229,519	-	-	229,519
TOTAL DEFERRED INFLOW OF RESOURCES	454,934	-	-	454,934
FUND BALANCES - Note 9				
Nonspendable	-	-	22,030	22,030
Restricted	323,033	-	294,808	617,841
Committed	55,506	543,236	-	598,742
Unassigned	1,583,336	-	-	1,583,336
TOTAL FUND BALANCES - EXHIBIT D	1,961,875	543,236	316,838	2,821,949
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,030,702	\$ 543,236	\$ 329,554	\$ 4,903,492
Total Fund Balances - Total Governmental Funds (from above)				\$ 2,821,949
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements.				5,061,543
Taxes and liens receivable not available are deferred in the fund financial statements.				229,519
Some liabilities, such as capital lease and notes payable, are not due and payable in the current period and therefore are not reported in the fund financial statements.				(729,899)
Net Position of Governmental Activities - Exhibit A				\$ 7,383,112

The accompanying notes are an integral part of these financial statements

TOWN OF EAST MILLINOCKET
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

Exhibit D

	GENERAL	CAPITAL RESERVES	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Property Taxes - Schedule 3	\$ 2,754,076	\$ -	\$ -	2,754,076
Excise Taxes	242,648	-	-	242,648
Tax Interest and Lien Costs	67,352	-	-	67,352
Fees for Services	189,600	-	44,301	233,901
Intergovernmental	4,952,170	-	310,188	5,262,358
Ambulance Support	41,237	-	-	41,237
Investment Income	984	24,360	7,916	33,260
Other	46,980	2,026,120	1,848,940	3,922,040
Total Revenues	8,295,047	2,050,480	2,211,345	12,556,872
EXPENDITURES				
General Government	453,817	-	-	453,817
Roads	236,274	-	-	236,274
Health, Social Service and Recreation Expenses	260,677	-	11,380	272,057
Public Safety	594,851	-	-	594,851
Library	(752)	-	-	(752)
Capital Purchases	4,356	3,762,737	-	3,767,093
Special Projects	155,744	-	-	155,744
Education	5,807,385	-	2,215,043	8,022,428
Food Service	-	-	117,549	117,549
Debt Service	54,770	-	-	54,770
Cemetery	13,098	-	-	13,098
County Tax	124,401	-	-	124,401
Total Expenditures	7,704,621	3,762,737	2,343,972	13,811,330
Excess (Deficiency) of Revenues over Expenditures	590,426	(1,712,257)	(132,627)	(1,254,458)
OTHER FINANCING SOURCES (USES)				
Transfers in (out) - Special Revenue Funds	(26,170)	21,170	5,000	-
Total Other Financing Sources (Uses)	(26,170)	21,170	5,000	-
Net Change in Fund Balances	564,256	(1,691,087)	(127,627)	(1,254,458)
FUND BALANCES - Beginning	2,129,261	2,234,323	444,465	4,808,049
Prior Period Adjustments - Note 15	(731,642)	-	-	(731,642)
FUND BALANCES - Ending - Exhibit C	\$ 1,961,875	\$ 543,236	\$ 316,838	\$ 3,553,591

Net Change In Fund Balances - Total Governmental Funds (from above) \$ (1,254,458)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
This is the amount by which depreciation (229,759) exceeds outlays (5,000) in the current period.	(224,759)
Asset additions (net of deletions 5,000)	2,966,321
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	92,918
Long-term debt proceeds	(5,773)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Deferred Property Tax	(559,501)

Change in Net Position of Governmental Activities - Exhibit B \$ 1,014,755

The accompanying notes are an integral part of these financial statements

TOWN OF EAST MILLINOCKET
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

Exhibit E

ASSETS	Enterprise Funds			Total
	Waste Water	Water Works	Ambulance	
Current Assets				
Cash and cash equivalents - Note 3	\$ 163,468	\$ 224,984	\$ -	\$ 388,452
Due from other funds	-	-	-	-
Investments - Note 3	100,151	709,884	-	810,035
Accounts receivable - net	81,772	20,930	366,625	469,327
Inventories	-	31,447	-	31,447
Total Assets	345,391	987,245	366,625	\$ 1,699,261
Noncurrent Assets - Note 7				
Property, plant and equipment	5,414,889	2,079,694	888,268	8,382,851
Less accumulated depreciation	(2,816,210)	(998,210)	(288,674)	(4,103,094)
Total Noncurrent Assets	2,598,679	1,081,484	599,594	4,279,757
Total Assets	\$ 2,944,070	\$ 2,068,729	\$ 966,219	\$ 5,979,018
LIABILITIES				
Current Liabilities				
Due to other funds	\$ 261,412	\$ 171,098	\$ 479,458	911,968
Accounts Payable	15,569	-	-	15,569
Compensated Absences	2,640	3,926	-	6,566
Advance for Construction	-	37,293	-	37,293
Deferred Revenue	-	98	-	98
Total Liabilities	279,621	212,415	479,458	971,494
NET ASSETS				
Net Investment in Capital Assets	2,598,679	1,081,484	599,594	4,279,757
Restricted:				
Capital Reserves - Note 5	76,725	124,361	-	201,086
Unrestricted:				
Undesignated	(10,955)	650,469	(112,833)	526,681
Total Net Position - Exhibit B	\$ 2,664,449	\$ 1,856,314	\$ 486,761	\$ 5,007,524

The accompanying notes are an integral part of these financial statements

TOWN OF EAST MILLINOCKET
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

Exhibit F

	Enterprise Funds			
	Waste Water	Water Works	Ambulance	Total
REVENUES				
Charges for services-net of 3rd party disallowances	\$ 231,835	\$ 241,952	\$ 1,173,559	\$ 1,647,346
Total Operating Revenues	\$ 231,835	\$ 241,952	\$ 1,173,559	\$ 1,647,346
OPERATING EXPENSES				
Purification Costs	\$ 5,603	\$ 1,069	\$ -	\$ 6,672
Personnel Costs	61,142	92,473	866,427	1,020,042
Employee Benefits	17,816	20,414	104,392	142,622
Utilities	21,853	32,998	16,541	71,392
Repairs and Maintenance	3,156	2,785	104,253	110,194
General Expenses	11,028	29,671	73,936	114,635
Insurance	3,405	3,959	50,113	57,477
Capital Improvements	454	3,134	-	3,588
Bad Debt Expense	-	8,000	119,000	127,000
Transportation	-	4,176	-	4,176
Landfill and Waste Disposal Costs	160,322	-	-	160,322
Depreciation	108,891	31,250	90,421	230,562
Total Operating Expenses	\$ 393,670	\$ 229,929	\$ 1,425,083	\$ 2,048,682
Operating Income (Loss)	(161,835)	12,023	(251,524)	(401,336)
NONOPERATING REVENUE (EXPENSES)				
Transfer to Reserves	(5,000)	(19,000)	-	(24,000)
Transfer to General Reserves for Ambulance	-	-	(190,577)	(190,577)
Transfer to General for Fire/Police Support	-	-	(41,237)	(41,237)
Fixed Asset Additions (net)	-	-	127,592	127,592
Net investment income	5,170	15,253	-	20,423
Interest income	60	1,693	-	1,753
Change in Net Assets - Exhibit B	(161,605)	9,969	(355,746)	(507,382)
NET POSITION - BEGINNING	2,826,054	1,846,345	842,507	5,514,906
NET POSITION - ENDING - Exhibit E	\$ 2,664,449	\$ 1,856,314	\$ 486,761	\$ 5,007,524

The accompanying notes are an integral part of these financial statements

TOWN OF EAST MILLINOCKET
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2015

Exhibit G

	<u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from User Charges	\$ 2,144,094
Payments for Administrative Services	1,157,133
Payments to Suppliers for Goods and Services	<u>839,358</u>
Net Cash Provided by Operating Activities	<u>147,603</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers to Reserve Fund	(24,000)
Transfers to General Fund	(41,237)
Net Transfers of Fixed Assets	<u>-</u>
Net Cash Used by Investing Activities	<u>(65,237)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Earned	22,176
Purchase of Investments	<u>(20,156)</u>
Net Cash Used by Investing Activities	<u>2,020</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	84,386
CASH AND CASH EQUIVALENTS, BEGINNING	<u>304,066</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 388,452</u></u>
Supplemental information	
Interest paid during the year	<u><u>\$ -</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities	
Operating Income (Loss)	\$ (591,913)
Depreciation	230,562
Changes in Assets and Liabilities	
Decrease in Accounts Receivables	60,093
Decrease in Inventory	10,917
Increase in Compensated Absences	1,286
Increase in Due to/from Other Funds	436,655
Increase in Deferred Revenue	3
Net Cash Provided by Operating Activities	<u><u>\$ 147,603</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF EAST MILLINOCKET
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

Exhibit H

ASSETS	Private Purpose	Agency Fund
Cash - Schedules 4 and 5	\$ 74,364	\$ 76,759
Total Assets	<u>\$ 74,364</u>	<u>\$ 76,759</u>
LIABILITIES		
Due to Student Groups	-	\$ 76,759
NET POSITION		
Reserved for Scholarships - Exhibit I	<u>\$ 74,364</u>	

The accompanying notes are an integral part of these financial statements

**TOWN OF EAST MILLINOCKET
STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
JUNE 30, 2015**

Exhibit I

ADDITIONS		Private Purpose
Investment gains	\$	191
Donations		<u>5,600</u>
Total Additions	\$	<u><u>5,791</u></u>
DEDUCTIONS		
Scholarships/Athletics		<u>3,460</u>
Change in Net Assets		2,331
NET POSITION - BEGINNING		<u>72,033</u>
NET POSITION - ENDING - Exhibit H	\$	<u><u>74,364</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF EAST MILLINOCKET, MAINE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town conform to accounting principles generally accepted in the United States (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The Town of East Millinocket, Maine was incorporated in 1907 under the laws of the State of Maine. The Town operates under a selectman form of government and provides the following services: general government services, public safety, public works, education, health and welfare, library and recreation. In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the components unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens.

It is the Town's judgment, based on all pertinent facts derived from the analysis of these criteria, that there are no entities that would be considered potential component units within the Town of East Millinocket that should be included as part of these financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF EAST MILLINOCKET, MAINE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when the cash is received by the Town and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Town reports the following major governmental funds:

The General Fund is the primary operating fund of the Town. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Reserves Fund accounts for resources obtained and expended for the acquisition or construction of major capital facilities and projects (other than those financed by proprietary funds, special assessment funds and trust funds).

The Town reports the following major proprietary funds:

The Waste Water Fund accounts for the operation of the sewer system.

The Water Works Fund accounts for the operation of the water system.

The Ambulance Fund accounts for the operations of ambulance.

Additionally, the Town reports the following fund type:

Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. The Town's fiduciary funds include:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting and are used to account for assets that the Town holds for others in an agency capacity.

Private purpose funds are funds held by the Town in a trustee capacity accounted for in essentially the same manner as proprietary funds. Capital maintenance of private purpose funds is critical.

TOWN OF EAST MILLINOCKET, MAINE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's Water Works and Waste Water Funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary fund are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Equity

1. Deposits and Investments

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. State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, money market mutual funds and repurchase agreements.

Investments are stated at fair value. 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.

2. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as interfund loans on the balance sheet.

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

3. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectable. Ambulance 3rd party disallowances are recognized based on past performance.

4. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities financial statements. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

TOWN OF EAST MILLINOCKET, MAINE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Capital Assets

Capital assets, consisting of land, buildings, equipment and infrastructure, are reported in the applicable governmental activities columns or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15-50
Infrastructure	20-100
Equipment	8-20
Vehicles	5-15

The Town elected to utilize the infrastructure transition option in the implementation of GASB Statement #34 which does not require the Town to retroactively capitalize certain infrastructure assets.

6. Compensated Absences

The Town policy regarding vacation and sick time permits employees to accumulate earned but unused vacation time. The liability for these compensated absences is recorded as long-term debt due within one year in both the government-wide statements and fund financial statements. The proprietary funds report the liability as it is incurred, also in both the government-wide statements and fund financial statements.

7. Fund Balances

In accordance with Government Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Town of East Millinocket classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Fund balance may be committed by Board of Selectmen action

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the manager and elected selectmen of the Town.

TOWN OF EAST MILLINOCKET, MAINE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned – includes positive fund balances with the General fund which has not been classified within the above mentioned categories and negative fund balance in other governmental funds.

The Town has no formal revenue spending policy for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

The Town has no fund balance policy.

8. Use of Estimates

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

9. Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes 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) until that time. The deferred outflows related to the net pension liability, which include the Town's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between the Town's contributions and proportionate share of contributions, which are deferred and amortized over the expected remaining service lives of active and inactive members of the plan.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents and acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows include amounts related to the net pension liability, which include the difference between expected and actual experience, and changes in the proportion and differences between the Town's contributions and proportionate share of contributions. The deferred inflows related to pensions are deferred and amortized over the average expected remaining service lives of active and inactive members of the plan. They also include the net difference between the projected and actual investment earnings on pension plan investments, which is deferred and amortized over a five-year period.

Pensions

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

TOWN OF EAST MILLINOCKET, MAINE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Town's governmental funds. The budget is adopted by the townspeople during the month of June. All annual appropriations lapse at fiscal year-end to the extent that they have not been designated or reserved for future year's expenditures.

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 unless designated as carry forwards by the town.

B. Budget/GAAP Reconciliation

The Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual (Schedule 1) reconciles financial data on a budgetary basis for the government's general fund to the data shown on the Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit D). The differences are that designations are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP) and, as required by generally accepted accounting principles.

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Deposits

Custodial credit risk - In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As of June 30, 2015, the Town had a bank balance of \$2,600,758 of which all of it was either covered by federal depository insurance or covered by collateral held by Bangor Savings Bank, in the name of the Town. The Town had cash on hand of \$600 at year end.

At June 30, 2015, cash and cash equivalents consisted of the following:

Cash, Checking and Savings

Reported in governmental funds	\$ 2,061,183
Reported in proprietary funds	388,452
Total reported on Statement of Net Assets	<u>2,449,635</u>
Reported in private purpose funds	74,364
Reported in agency funds	<u>76,759</u>
	<u>\$ 2,600,758</u>

B. Investments

Custodial credit risk- For an investment, the custodial credit risk is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value if its investments or collateral securities that are in the possession of an outside party. As of June 30, 2015, the Town investments were not exposed to custodial risk

TOWN OF EAST MILLINOCKET, MAINE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

The following schedule summarizes the Town's investments at June 30, 2015:

	<u>Fair Value</u>	<u>N/A</u>	<u>Less than 1 year</u>	<u>1-5 years</u>
U.S. Agency Treasury	\$ 578,885	\$ -	\$ 50,158	\$ 528,727
Money Market Accts	314,783	-	314,783	-
Certificate of Deposit	258,408	-	-	258,408
Mutual Funds	433,362	433,362	-	-
Total Investments	<u>\$ 1,585,438</u>	<u>\$ 433,362</u>	<u>\$ 364,941</u>	<u>\$ 787,135</u>

Investments have been reported as follows:

Reported in governmental funds	\$ 775,403
Reported in proprietary funds	810,035
Total reported on Statement of Net Assets	<u>\$ 1,585,438</u>

NOTE 4 – PROPERTY TAX

The Town's property tax was levied October 30, 2014 on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. The assessed value for the list as of April 1, 2014 upon which the current levy was based was \$76,991,516.

Taxes are billed annually and are due one half on December 1st and one half on February 3rd with interest charged at 7% per annum on taxes unpaid after that date. Tax liens placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remained unpaid.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$110,087 for the year ended June 30, 2015.

NOTE 5 – NET ASSETS – RESTRICTED FOR OTHER PURPOSES – BUSINESS-TYPE ACTIVITIES

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Capital improvement	\$ 76,725	\$ -	\$ 76,725
Backhoe	-	59,187	59,187
Standpipe	-	47,132	47,132
Truck	-	18,042	18,042
Capital Reserves	<u>76,725</u>	<u>124,361</u>	<u>201,086</u>

TOWN OF EAST MILLINOCKET, MAINE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – INTERFUND TRANSACTIONS

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers.

Individual fund interfund receivable and payable balances at June 30, 2015, arising from these transactions were as follows:

	Receivables	Payables	Transfers In	Transfers Out
General fund	\$ 924,684	\$ -	\$ -	\$ 26,170
Other governmental funds	-	12,716	5,000	-
Enterprise funds				
Waste Water	-	261,412	-	-
Water Works	-	171,098	-	-
Ambulance	-	479,458	-	-
Capital Reserves	-	-	21,170	-
	<u>\$ 924,684</u>	<u>\$ 924,684</u>	<u>\$ 26,170</u>	<u>\$ 26,170</u>

Transfers are used to move revenues that are collected in accordance with the budget to the appropriate fund to expend.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 96,266	\$ -	\$ -	\$ 96,266
Construction in Progress	650,039	-	650,039	-
Total Capital Assets not being depreciated	<u>746,305</u>	<u>-</u>	<u>650,039</u>	<u>96,266</u>
Other Capital Assets:				
Buildings and improvements	3,445,068	3,604,657	-	7,049,725
Equipment and furniture	1,129,358	16,704	5,000	1,141,062
Vehicles	1,149,437	-	-	1,149,437
Total Capital Assets being depreciated	<u>5,723,863</u>	<u>3,621,361</u>	<u>5,000</u>	<u>9,340,224</u>
Total Capital Assets	<u>6,470,168</u>	<u>3,621,361</u>	<u>(655,039)</u>	<u>9,436,490</u>
Less: Accumulated depreciation	<u>4,150,188</u>	<u>229,759</u>	<u>(5,000)</u>	<u>4,374,947</u>
Governmental Capital Assets, Net	<u>\$ 2,319,980</u>	<u>\$ 3,391,602</u>	<u>\$ (650,039)</u>	<u>\$ 5,061,543</u>

TOWN OF EAST MILLINOCKET, MAINE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – CAPITAL ASSETS (Continued)

BUSINESS-TYPE ACTIVITIES

Capital assets not being depreciated				
Land	\$ 1,456	\$ -	\$ -	\$ 1,456
Organization Costs	29,500	-	-	29,500
Total Capital Assets not being depreciated	<u>30,956</u>	<u>-</u>	<u>-</u>	<u>30,956</u>
Other Capital Assets:				
Infrastructure	6,589,063	-	-	6,589,063
Buildings and improvements	156,592	-	-	156,592
Equipment and furniture	791,602	-	-	791,602
Vehicles	687,046	127,592	-	814,638
Total Capital Assets being depreciated	<u>8,224,303</u>	<u>127,592</u>	<u>-</u>	<u>8,351,895</u>
Total Capital Assets	8,361,191	-	-	8,382,851
Less: Accumulated depreciation	<u>3,872,532</u>	<u>230,562</u>	<u>-</u>	<u>4,103,094</u>
Business-type activities Capital Assets, Net	<u>\$ 4,382,727</u>	<u>\$ (102,970)</u>	<u>\$ -</u>	<u>\$ 4,279,757</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 13,652
Public safety	43,835
Public works	35,864
Schools	122,962
Health & Welfare	<u>13,446</u>
Total Governmental Activities Depreciation Expense	<u>\$ 229,759</u>
Business-type activities:	
Waste Water	\$ 108,891
Water Works	31,250
Ambulance	<u>90,421</u>
Total Business-type Activities Depreciation Expense	<u>\$ 230,562</u>

TOWN OF EAST MILLINOCKET, MAINE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 – LONG-TERM LIABILITIES

Long - term debt at June 30, 2015 consisted of the following:

General bond payable to Maine Municipal Bond Bank, dated October 26, 2000, due 2020 with annual principal and semi-annual interest payments. Interest ranges from 4.676% to 5.751%.	\$ 278,646
Sewer bond payable to Maine Municipal Bond Bank, dated November 13, 2003, due 2023 with annual principal and semi-annual interest payments. Interest at 6.653%.	446,237
Computer lease payable to US Bank, dated October 2, 2015, due 2020 with monthly payments of \$112. Interest at 6%.	5,016
Total long-term debt	\$ <u>729,899</u>

Maturities of long-term debt in future years are shown in the following schedule:

Year Ending June 30	Principal	Interest	Total
2016	\$ 93,956	\$ 24,742	\$ 118,698
2017	94,788	21,256	116,044
2018	95,659	19,680	115,339
2019	96,572	14,400	110,972
2020	94,786	9,403	104,189
Thereafter	<u>254,138</u>	<u>16,205</u>	<u>270,343</u>
	\$ <u>729,899</u>	\$ <u>105,686</u>	\$ <u>835,585</u>

The Town is subject to the laws of the State of Maine, which limit the amount of long - term debt to a percentage (depending on how funds will be used) of its last full state valuation. As of June 30, 2015, the Town was well within these limitations.

TOWN OF EAST MILLINOCKET, MAINE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – GOVERNMENTAL FUND BALANCES

Historically, the Town carries certain departmental unexpended balances to the following year for expenditure. This is usually in lieu of additional appropriations in any particular account. The following summarizes the fund balances as of June 30, 2015:

	General Fund	Capital Reserves	Other Governmental Funds	Total Governmental Funds
Fund Balances				
Nonspendable:				
Inventory	\$ -	\$ -	\$ 12,030	\$ 12,030
Scholarship Trust Fund	-	-	10,000	10,000
	<u>-</u>	<u>-</u>	<u>22,030</u>	<u>22,030</u>
Restricted for:				
Education	323,033	-	14,891	337,924
Ministerial Funds	-	-	234,489	234,489
Food Program	-	-	35,234	35,234
Library	-	-	7,848	7,848
Scholarship Trust Fund	-	-	2,257	2,257
Wellness	-	-	89	89
	<u>323,033</u>	<u>-</u>	<u>294,808</u>	<u>617,841</u>
Committed for:				
Capital Reserves - Schedule 10	-	543,236	-	543,236
Hot Top	36,169	-	-	36,169
Town Buildings Improvements	5,286	-	-	5,286
Town Celebration	2,132	-	-	2,132
Economic Development	5,683	-	-	5,683
Library	2,134	-	-	2,134
DARE	1,092	-	-	1,092
Recreation	948	-	-	948
Administration	811	-	-	811
Public Safety Building Repairs	620	-	-	620
Capital Project	275	-	-	275
Flags	356	-	-	356
	<u>55,506</u>	<u>543,236</u>	<u>-</u>	<u>598,742</u>
Unassigned	<u>1,583,336</u>	<u>-</u>	<u>-</u>	<u>1,583,336</u>
Total Fund Balance - Exhibit C	<u>\$ 1,961,875</u>	<u>\$ 543,236</u>	<u>\$ 316,838</u>	<u>\$ 2,821,949</u>

TOWN OF EAST MILLINOCKET, MAINE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 – SIGNIFICANT TAXPAYER

For the year ending June 30, 2015, the Town of East Millinocket assessed GNP East Inc. \$699,900 for personal and real estate property taxes. This amount represented the following percentages of the taxes assessed for the year ended June 30, 2014: 23% of real estate taxes, 59% of personal property taxes and 32% of total property taxes. GNP East Inc. also represented 23% of water billings. Subsequent to June 30, 2014 the property taxes have been paid. On September 22, 2014 GNP East, Inc. filed for protection in US Bankruptcy Court. Water billing prior to the bankruptcy have not been paid. Collection of assessments against GNP East, Inc. in the future are subject to review by the US Bankruptcy Court.

NOTE 11 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; and natural disasters for which the Town either carries commercial insurance, or participates in a public entity risk pool. Currently, the Town participates in a public risk pool for its workers compensation insurance sponsored by the Maine Municipal Association. Based on the coverage provided by the pool, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2015. There were no significant reductions in insurance coverage from that of the prior year. Settled claims have not exceeded insurance coverage for any of the past three fiscal years. The amount of unpaid claims was \$0 at June 30, 2015.

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS

Governmental Accounting Standards Board (GASB) Statements 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was implemented by the Town for the year ended June 30, 2010. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported similar to pension plans.

Plan Descriptions – The Town provides post-employment benefits for health care for eligible retirees. Town employees with 10 years of continuous service are allowed to participate in the plan. The Town will pay 25% of the cost of a single adult coverage premium for up to seven years until the employee is eligible for Medicare.

The School Department provides post-employment benefits for health care for eligible retirees. Teachers hired prior to September 1, 1998 who have 25 years in the East Millinocket School System or 30 years or more teaching experience with 20 of those years in the East Millinocket School System may receive reimbursement up to an annual total of \$2,200 for a single adult coverage of an eligible plan. For all other school employees, the School Department will reimburse eligible retirees according to the bargaining agreement that they retired under.

TOWN OF EAST MILLINOCKET, MAINE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 –OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB liability for the fiscal year 2015 is as follows:

Normal cost	\$ 37,132
Amortization of unfunded	118,206
Interest	6,715
ARC, for the year ended June 30	<u>\$ 162,053</u>
Actual contributions	109,505
Increase in net OPEB liability, for the year ended June 30	52,548
OPEB liability, beginning of year	63,122
OPEB liability, end of year – Exhibit A	<u>\$ 115,670</u>

Funding Status and Funding Progress – For the year ended June 30, 2014, the Town's OPEB funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (Funding Excess)	Funded Ratio (a/b)	Covered Payroll	UAAL (Funding Excess) as a Percentage of Covered Payroll
1/1/2014	\$ -	\$ 2,125,789	\$ 2,125,789	-%	1,444,710	147.14%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions -Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

TOWN OF EAST MILLINOCKET, MAINE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 –OTHER POST-EMPLOYMENT BENEFITS (Continued)

Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/14
Actuarial cost method	Projected unit credit
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.0%-8.7 %

NOTE 13 –RETIREMENT PLANS

A. Maine Public Employees Retirement System:

Description of the Plan - The Town contributes to the Maine Public Employees Retirement System (MPERS) Consolidated Plan, a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. MPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the Maine State legislature. MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. The report may be obtained by contacting Maine PERS at 46 State House Station, Augusta, ME 04333-0046, or (800) 451-9800, and is also available at their website: www.maineopers.org.

The Town's police officers are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Participating Districts (PLD plan), teaching certified employees of the School are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan

Benefits Provided – The PLD Plans provide defined retirement benefits based on members' average final compensation and service credit year earned as of retirement. Vesting (i.e. eligibility for benefit upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD plan on or after July 1, 2014). MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions for the PLD plan.

The SET Plans provide defined retirement benefits based on members' average final compensation and service credit year earned as of retirement. Vesting (i.e. eligibility for benefit upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For SET members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member has met certain creditable service requirements on specific dates, as required by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below his/her normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by statute.

TOWN OF EAST MILLINOCKET, MAINE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 –RETIREMENT PLANS (Continued)

Contributions/Funding Policy – Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

SET Plan - Teachers and other qualified employees are required to contribute 7.65% of their compensation to the Teacher Plan. The State Department of Education is required to contribute the employer contribution, which amounted to 13.03% of the annual covered salary for fiscal year 2015. The School is required to contribute 2.65% of the annual covered payroll. Federally funded positions require the School to contribute 13.50% of compensation. The School's total contributions for the year ended June 30, 2015 was \$51,247. For FY14, the State paid \$209,841 as non-employer on behalf payments for the School.

Consolidated PLD Plan –

Regular Plan/AN – All other full time school and town employees (excepting police below) are required to contribute 7% of their annual pay. The School/Town's contractually required contribution rate for the year ended June 30, 2015 was 7.8% of annual pay for the Regular Plan. Contributions to the pension plan from the School were \$14,150 with an additional IUUAL "catch up" contribution of \$8,808. Contributions to the pension plan from the Town were \$51,414 with an additional IUUAL "catch up" contribution of \$26,916. "Catch up" contributions are required due to changes in the actuarial liability for unfunded pension.

Special Plan/#2C – Police employees are required to contribute 7% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2015 was 8.3% of annual pay for the Special Plan. Contributions to the pension from the Town were \$11,635.

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

The net pension liabilities were measured as of June 30, 2014, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The School and Town's proportionate of the net pension liabilities for the consolidated PLD plan were based on projections of the School and Town's long-term share of contributions to the pension plans relative to projected contributions of all participating local districts (PLD plan), actuarially determined.

At June 30, 2015, the School reported a liability of \$80,323 for its proportionate share of the net pension liability. The State's proportionate share of the net pension liability as of June 30, 2014 was \$1,516,945 and the School's proportionate share of the plan was .007435%.

At June 30, 2015, the Town reported a liability of \$378,537 for its proportionate share of the net pension liability. At June 30, 2014, the Town's proportionate share of the PLD plan was .245993%.

**Deferred Outflows/Inflows:
PLD plans:**

At June 30, 2015, the School and Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF EAST MILLINOCKET, MAINE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – RETIREMENT PLANS (Continued)

<u>School</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		402
Changes of Assumptions	5,532	
Net difference between projected and actual earnings on investments		34,373
Changes in proportion and differences between School contributions and proportionate share of contributions	27,611	35,093
School contributions subsequent to the measurement date	32,958	
Total	66,101	69,868
<u>Town</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	47,533	
Net difference between projected and actual earnings on investments		402,030
Changes in proportion and differences between School contributions and proportionate share of contributions	42,884	
Town contributions subsequent to the measurement date	89,965	
Total	180,382	402,030

Amounts of \$32,958 and \$89,965 from the School and Town, respectively, is reported as deferred outflows of resources related to pensions resulting from School and Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>June 30:</u>	<u>School</u>	<u>Town</u>
2016	\$ 9,770	(\$ 70,369)
2017	9,769	(70,369)
2018	8,593	(70,369)
2019	<u>8,593</u>	<u>(100,506)</u>
	\$ 36,725	(\$ 311,613)

TOWN OF EAST MILLINOCKET, MAINE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – RETIREMENT PLANS (Continued)

SET Plan – The State of Maine participates in the State Employee and Teacher Plan as a non-employer contributing entity in that the state pays the unfunded liability associated with the teachers. The School, as employer, pays the normal cost contributions as determined by the actuary.

Discount Rate – The discount rate used to measure the total pension liability was 7.25% for the PLD Plan and 7.125% for the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of the Town and School's proportionate share of the Net Pension Liabilities to Changes in the Discount Rate (PLD plans only) – The following presents the Town and School's proportionate share of the net pension liability calculated using the discount rate of 7.25% of the PLD plan as well as what the Town and School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%):

Consolidated PLD Plan	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
School's proportionate share of the net pension liability	153,851	80,323	18,796
Town's proportionate share of the net pension liability	1,180,924	378,537	(292,159)

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Consolidated PLD Plan</u>	<u>SET Plan</u>
Inflation	3.5%	3.5%
Salary increases, per year	3.5% to 9.5%	3.5% to 13.5%
Investment return, per annum, compounded annually	7.25%	7.125%
Cost of living benefit increases, per annum	3.12%	2.55%

Mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experienced study for the period July 1, 2005 to June 30, 2010.

TOWN OF EAST MILLINOCKET, MAINE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – RETIREMENT PLANS (Continued)

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 and are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US equities	20%	2.5%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real Estate	10%	3.7%
Infrastructure	10%	4.0%
Hard Assets	5%	4.8%
Fixed income	25%	0.0%
Total	100%	

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan – None as of June 30, 2015.

B. Social Security:

Employees who are not eligible for the Teacher Plan or who do not elect coverage under the PLD plan are covered by Social Security.

NOTE 14 – NEW PRONOUNCEMENTS

For the fiscal year ended June 30, 2015 the Town has implemented the Government Accounting Standards Board (GASB) No. 68, *Accounting and Financial Reporting for Pensions*. This GASB Statement replaces the requirements of Statement No. 27, *Accounting for Pension by State and Local Government Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pension through pension plans administered as trust or similar arrangements that meet certain criteria. Statement 68 enhances accountability and transparency through revised and new note disclosures and required supplemental information. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

TOWN OF EAST MILLINOCKET, MAINE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 15 – PRIOR PERIOD ADJUSTMENT

Due to the implementation of GASB 68 and the recording of net pension liability in the first year of implementation, the Town and School had an adjustment of beginning net position of the following amounts: Town (\$615,840) and School (\$115,802). The purpose of the prior period adjustment is to restate net position by the net effect of the Net Pension Liability (NPL) and deferred outflows of resources that would have been implemented with the fiscal year ended June 30, 2014 reporting period.

TOWN OF EAST MILLINOCKET
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

Schedule 1

	Budgeted Amounts			Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Amendments	Final		
Revenue					
Property taxes	\$ 2,197,339	\$ -	\$ 2,197,339	\$ 2,754,076	\$ 556,737
Excise taxes	242,655	-	242,655	242,648	(7)
Intragovernment revenues					
State of Maine -					
Homestead reimbursement	75,170	-	75,170	75,170	-
BETE reimbursement	40,396	-	40,396	40,410	14
Veteran reimbursement	-	-	-	4,325	4,325
Educational subsidies	2,765,035	-	2,765,035	2,458,146	(306,889)
Revenue sharing	131,892	-	131,892	157,746	25,854
Tree Growth	-	-	-	9,188	9,188
Local road assistance	20,526	-	20,526	14,140	(6,386)
Public works reimbursements	10,000	-	10,000	-	(10,000)
Ambulance support	41,237	-	41,237	41,237	-
Fees for services	180,283	-	180,283	189,600	9,317
Interest on investments	-	-	-	984	984
Tax interest and lien costs	-	-	-	67,352	67,352
Miscellaneous	43,650	-	43,650	46,980	3,330
Total Revenues	5,748,183	-	5,748,183	6,102,002	353,819
Expenditures:					
General government	423,304	-	423,304	453,817	(30,513)
Roads	273,181	-	273,181	236,274	36,907
Health, Social Service and Recreation	292,440	-	292,440	260,677	31,763
Public Safety	570,978	-	570,978	594,851	(23,873)
Library	-	-	-	(752)	752
Capital Projects	4,500	-	4,500	4,356	144
Special Projects	-	-	-	155,744	(155,744)
Education	3,882,821	-	3,882,821	3,614,340	268,481
Cemeteries	14,200	-	14,200	13,098	1,102
Debt service	54,770	-	54,770	54,770	-
County taxes	124,402	-	124,402	124,401	1
Total Expenditures	5,640,596	-	5,640,596	5,511,576	129,020
Excess of Revenues over (under) Expenditures	107,587	\$ -	107,587	590,426	482,839
Appropriated from Prior Years Funds	\$ 2,500				
Overlay - Schedule 3	110,087				
Other Financing Sources (Uses)					
Transfers in (out)			-	(26,170)	(26,170)
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses -Schedule 3			\$ 107,587	564,256	\$ 456,669
Fund Balance - Beginning of Period				2,129,261	
Prior Period adjustments - Note					
Implementation of GASB # 68 - Record net pension liability, changes in deferred inflows and outflows (net)				(731,642)	
Fund Balance - End of Period - Exhibit C				\$ 1,961,875	

The accompanying notes are an integral part of these financial statements.

TOWN OF EAST MILLINOCKET
SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2015

	BALANCE 7/1/2014	APPRO- PRIATIONS	OTHER CREDIT	TOTAL AVAILABLE	EXPENDITURES	BALANCES 6/30/2015	
						COMMITTED	UNASSIGNED
General Government:							
Selectmen's Office	\$ -	\$ 187,016	\$ -	187,016	\$ 182,973	\$ 811	\$ 3,232
Insurance & Benefits	-	226,350	-	226,350	255,756	-	(29,406)
Assessing/Code Enforcement	-	4,500	-	4,500	9,850	-	(5,350)
Planning & Appeals Board	-	5,238	-	5,238	5,238	-	-
Other	-	200	-	200	-	-	200
Total	-	423,304	-	423,304	453,817	811	(31,324)
Roads:							
Public Works	-	252,655	-	252,655	229,715	-	22,940
Hot Top	28,589	20,526	-	49,115	6,559	36,169	6,387
Total	28,589	273,181	-	301,770	236,274	36,169	29,327
Health, Social Service and Recreation Expenses:							
Solid Waste	-	142,533	-	142,533	116,015	-	26,518
Town Celebration	4,426	6,000	-	10,426	9,652	2,132	(1,358)
General Assistance	-	6,000	3,205	9,205	9,205	-	-
Recreation	-	128,907	-	128,907	123,128	948	4,831
Industrial Park	-	9,000	-	9,000	5,882	-	3,118
Total	4,426	292,440	3,205	300,071	263,882	3,080	33,109
Public Safety:							
Fire	-	58,460	257	58,717	60,658	-	(1,941)
Police	-	316,718	-	316,718	321,400	-	(4,682)
Police Criminal Forfeiture	1,247	-	-	1,247	368	-	879
Protective Services	-	195,800	-	195,800	212,682	-	(16,882)
Total	1,247	570,978	257	572,482	595,108	-	(22,626)

The accompanying notes are an integral part of these financial statements.

TOWN OF EAST MILLINOCKET
SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2015

	BALANCE 7/1/2014	APPRO- PRIATIONS	OTHER CREDIT	TOTAL AVAILABLE	EXPENDITURES	BALANCES 6/30/2015	
						COMMITTED	UNASSIGNED
Library	1,439	-	948	2,387	196	2,134	57
Capital Projects:							
Economic Development	6,318	-	-	6,318	635	5,683	-
Admin Copier	-	2,000	-	2,000	1,496	-	504
911 Radio Conversion	-	2,500	-	2,500	2,225	275	-
Public Safety Building Repairs	620	-	-	620	-	620	-
Total	6,938	4,500	-	11,438	4,356	6,578	504
Special Projects:							
Animal Control	-	-	134	134	-	-	134
DARE	1,092	-	-	1,092	-	1,092	-
Legal Abatements	43,632	-	-	43,632	151,906	-	(108,274)
Flags	356	-	42	398	42	356	-
Town Building	9,258	-	-	9,258	3,972	5,286	-
Total	54,338	-	176	54,514	155,920	6,734	(108,140)
Education:							
Opal Myrick	-	-	-	-	-	-	-
Education	476,507	3,882,821	-	4,359,328	3,614,340	323,033	421,955
Total	476,507	3,882,821	-	4,359,328	3,614,340	323,033	421,955
Debt Service:							
School Construction Debt Service	-	54,770	-	54,770	54,770	-	-
Total	-	54,770	-	54,770	54,770	-	-
Cemetery	-	14,200	-	14,200	13,098	-	1,102
County Tax	-	124,402	-	124,402	124,401	-	1
DEPARTMENTAL TOTALS	\$ 573,484	\$ 5,640,596	\$ 4,586	\$ 6,218,666	\$ 5,516,162	\$ 378,539	\$ 323,965

The accompanying notes are an integral part of these financial statements.

TOWN OF EAST MILLINOCKET
SCHEDULE OF VALUATION AND ASSESSMENT
FOR THE YEAR ENDED JUNE 30, 2015

Schedule 3

Valuation & Assessment

<u>Valuation</u>	\$ 76,991,516
Tax Rate per thousand	<u>0.02854</u>
Property Tax Levy	2,197,338
Tax Commitment	<u>2,197,338</u>
Add: Supplemental Taxes	<u>-</u>
Total Taxes Committed to Tax Collector	2,197,338
Less: Abatements	2,763
Property Tax Revenue - Actual - Exhibit B	2,194,575
Add: Deferred Property Taxes - Prior Year	789,020
Less: Deferred Property Tax Revenue - End of Year	<u>229,519</u>
Property Tax Revenue Recognized - Exhibit D	<u><u>\$ 2,754,076</u></u>

Requirements

County Tax	\$ 124,402	
Education	3,882,821	
Town Appropriations	1,633,372	\$ 5,640,595

Available

Tax Commitment	2,197,338	
Homestead Reimbursement	75,170	
BETE Reimbursement	40,396	
State of Revenue Sharing	131,892	
Other Revenue	<u>\$ 3,305,886</u>	
		<u>5,750,682</u>
Overlay - Schedule 1		<u><u>\$ 110,087</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF EAST MILLINOCKET
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - PRIVATE PURPOSE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Beginning Balance 7/1/14	Donations	Net Investment Earnings	Total Available	Athletics/ Scholarships	Ending Balance 6/30/15
Mathew Dickinson	\$ 7,282	\$ -	\$ 15	\$ 7,297	\$ -	\$ 7,297
Brandon Pelkey	112	2,000	-	2,112	250	1,862
Lawrence Waltz Memorial	1,277	3,100	-	4,377	200	4,177
Edna Dunn Cousins	8,609	-	17	8,626	500	8,126
Leon Cousins	6,916	-	13	6,929	800	6,129
Dawn Rossignol	4,108	-	3	4,111	500	3,611
Heal Scholarship	2,871	200	3	3,074	400	2,674
Heal/Dentremont	8,607	-	26	8,633	300	8,333
E. Dean Parker	8,879	-	44	8,923	-	8,923
Thomas Cahill	4,274	-	4	4,278	200	4,078
East Millinocket Alumni Association	12,809	-	55	12,864	-	12,864
Rhonda Thompson	5,052	-	11	5,063	-	5,063
Edward & Eva Maddeb Scholarship	1,237	300	-	1,537	310	1,227
Total Private Purpose Funds- Exhibit H	\$ 72,033	\$ 5,600	\$ 191	\$ 77,824	\$ 3,460	\$ 74,364

The accompanying notes are an integral part of these financial statements

TOWN OF EAST MILLINOCKET
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENDING BALANCE - STUDENT ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

Schedule 5

	Beginning Balance 7/1/2014	Cash Receipts	Cash Disbursements	Ending Balance 6/30/2015
Schenck High School Funds				
Class Funds				
2013	\$ -	\$ -	\$ -	\$ -
2014	225	-	225	-
2015	316	9,895	10,207	4
Opal Field Trips	-	1,339	253	1,086
Close Up Washington	6,720	-	-	6,720
Yearbook #1 - savings	1,283	-	-	1,283
Yearbook	4,207	5,559	5,243	4,523
Dramatic club	1,141	-	-	1,141
Student council	3,716	2,497	2,375	3,838
General	18,815	2,383	4,687	16,511
F.H.A.	100	953	910	143
National Honor Society	904	362	408	858
Biology account	95	-	-	95
Foreign language	738	1,423	1,421	740
Band	1	-	-	1
Scholarship	783	10,550	7,950	3,383
Playground Fund	2,369	-	-	2,369
Athletic - gate receipts	14,303	13,280	12,425	15,158
Softball	354	-	354	-
Cheering goal	22	-	22	-
Chorus	1,011	-	-	1,011
Ahtletics	26	15,818	8,990	6,854
English	-	3,000	448	2,552
Vending Machine	557	537	471	623
Winter carnival	1,479	1,265	1,535	1,209
Art Fund	24	75	-	99
Boys Basketball	77	-	77	-
B&G Officials	1,757	-	1,757	-
Girls Soccer	3,560	-	3,560	-
Boys Soccer	2,035	-	2,035	-
Life Touch	654	-	654	-
Grade Four	42	-	42	-
Dress Down	667	-	28	639
Box Tops for Education	2,687	2,595	1,263	4,019
Hannaford Helps	606	-	606	-
Opal Wellness	1,400	500	-	1,900
Student Incentives	36	-	36	-
	<u>\$ 72,710</u>	<u>\$ 72,031</u>	<u>\$ 67,982</u>	<u>\$ 76,759</u>

The accompanying notes are an integral part of these financial statements

TOWN OF EAST MILLINOCKET
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

ASSETS	Education Grants	Municipal Grants	School Lunch Program	Ministerial Fund	Scholarship Trust Funds	Totals
Investments	\$ -	\$ -	\$ -	\$ 234,489	\$ 12,257	\$ 246,746
Due from Other Funds	-	7,937	31,078	-	-	39,015
Due from Other Governmental Agencies	27,607	-	4,156	-	-	31,763
Inventories	-	-	12,030	-	-	12,030
Total Assets	<u>\$ 27,607</u>	<u>\$ 7,937</u>	<u>\$ 47,264</u>	<u>\$ 234,489</u>	<u>\$ 12,257</u>	<u>\$ 329,554</u>
LIABILITIES						
Due to Other Funds	\$ 12,716	\$ -	\$ -	\$ -	\$ -	\$ 12,716
FUND BALANCES						
Fund Balances						
Nonspendable	\$ -	\$ -	\$ 12,030	\$ -	\$ 10,000	\$ 22,030
Restricted	14,891	7,937	35,234	234,489	2,257	294,808
Total Liabilities and Fund Balances	<u>\$ 27,607</u>	<u>\$ 7,937</u>	<u>\$ 47,264</u>	<u>\$ 234,489</u>	<u>\$ 12,257</u>	<u>\$ 329,554</u>

The accompanying notes are an integral part of these financial statements

TOWN OF EAST MILLINOCKET
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

REVENUES	Education Grants	Municipal Grants	School Nutrition Program	Ministerial Fund	Scholarship Trust Funds	Totals
Intergovernmental	\$ 232,878	\$ -	\$ 77,310	\$ -	\$ -	\$ 310,188
Charges for Services	-	-	44,301	-	-	44,301
Investment earnings	-	-	-	7,916	-	7,916
Miscellaneous	1,833,171	15,769	-	-	-	1,848,940
Total Revenues	2,066,049	15,769	121,611	7,916	-	2,211,345
EXPENDITURES						
Scholarships	-	-	-	-	826	826
Culture and Recreation	-	10,554	-	-	-	10,554
Education	2,064,476	-	-	150,567	-	2,215,043
Food Service	-	-	117,549	-	-	117,549
Total Expenditures	2,064,476	10,554	117,549	150,567	826	2,343,972
Excess (deficiency) of Revenues over Expenditures	1,573	5,215	4,062	(142,651)	(826)	(132,627)
OTHER FINANCING SOURCES						
Transfers in (out)	-	-	5,000	-	-	5,000
Net Change in Fund Balances	1,573	5,215	9,062	(142,651)	(826)	(127,627)
FUND BALANCE - BEGINNING	13,318	2,722	38,202	377,140	13,083	444,465
FUND BALANCE - ENDING	\$ 14,891	\$ 7,937	\$ 47,264	\$ 234,489	\$ 12,257	\$ 316,838

The accompanying notes are an integral part of these financial statements

TOWN OF EAST MILLINOCKET
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	NCLB Title IA Disadvantage	H.S. Diploma	Local Entitlement	REAP Grant	Title II-A Teacher Quality
	84,010		84,027	84,358A	84,367
<u>Revenues</u>					
Intragovernmental Revenues -					
Direct Federal Funding	\$ -	\$ -	\$ -	\$ -	-
Federal Funding Received Through					
State of Maine	133,793	-	49,841	-	15,347
State of Maine	-	2,066	-	31,831	-
Other	-	-	-	-	-
<u>Total Revenues</u>	133,793	2,066	49,841	31,831	15,347
<u>Expenditures</u>					
Salaries and Fringe Benefits	132,150	-	49,841	-	8,346
Purchased Services	-	-	-	-	-
Supplies & Other	1,643	1,083	-	31,831	7,001
Equipment and Property	-	-	-	-	-
<u>Total Expenditures</u>	133,793	1,083	49,841	31,831	15,347
Excess of Revenues Over (Under)					
<u>Expenditures</u>	-	983	-	-	-
<u>Other Financing Sources (Uses)</u>					
Operating Transfers In (Out)	-	-	-	-	-
Fund Balance, June 30, 2014	-	2,229	-	-	-
<u>Fund Balance, June 30, 2015</u>	\$ -	\$ 3,212	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

TOWN OF EAST MILLINOCKET
COMBINING STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	E-Rate Funds	School Roof	Tennis Grant	Adult Education	Galen Cole Foundation Grant	Total Education Grants
<u>Revenues</u>						
Intragovernmental Revenues -						
Direct Federal Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funding Received Through						
State of Maine	-	-	-	-	-	198,981
State of Maine	-	-	-	-	-	33,897
Other	2,356	1,825,815	-	-	5,000	1,833,171
<u>Total Revenues</u>	<u>2,356</u>	<u>1,825,815</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>2,066,049</u>
<u>Expenditures</u>						
Salaries and Fringe Benefits	-	-	-	-	-	190,337
Purchased Services	-	-	-	-	-	-
Supplies & Other	-	1,825,815	-	2,559	4,207	1,874,139
Equipment and Property	-	-	-	-	-	-
<u>Total Expenditures</u>	<u>-</u>	<u>1,825,815</u>	<u>-</u>	<u>2,559</u>	<u>4,207</u>	<u>2,064,476</u>
<u>Excess of Revenues Over (Under)</u>						
<u>Expenditures</u>	2,356	-	-	(2,559)	793	1,573
<u>Other Financing Sources (Uses)</u>						
Operating Transfers In (Out)	-	-	-	-	-	-
Fund Balance, June 30, 2014	5,167	-	393	5,529	-	13,318
<u>Fund Balance, June 30, 2015</u>	<u>\$ 7,523</u>	<u>\$ -</u>	<u>\$ 393</u>	<u>\$ 2,970</u>	<u>\$ 793</u>	<u>\$ 14,891</u>

The accompanying notes are an integral part of these financial statements

TOWN OF EAST MILLINOCKET
COMBINING STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Wellness Grant	Stephen King Grants	Rudman Grant	Total Town Grants	School Nutrition Program	Total Grants
<u>Revenues</u>						
Intragovernmental Revenues -						
Direct Federal Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funding Received Through						
State of Maine	-	-	-	-	-	198,981
State of Maine	-	-	-	-	77,310	111,207
Other	19	15,000	750	15,769	44,301	1,893,241
<u>Total Revenues</u>	<u>19</u>	<u>15,000</u>	<u>750</u>	<u>15,769</u>	<u>121,611</u>	<u>2,203,429</u>
<u>Expenditures</u>						
Salaries and Fringe Benefits	-	-	-	-	63,006	253,343
Purchased Services	-	-	-	-	949	949
Supplies & Other	19	10,174	361	10,554	53,594	1,938,287
Equipment and Property	-	-	-	-	-	-
<u>Total Expenditures</u>	<u>19</u>	<u>10,174</u>	<u>361</u>	<u>10,554</u>	<u>117,549</u>	<u>2,192,579</u>
<u>Excess of Revenues Over (Under)</u>						
<u>Expenditures</u>	-	4,826	389	5,215	4,062	10,850
<u>Other Financing Sources (Uses)</u>						
Operating Transfers In (Out)	-	-	-	-	5,000	5,000
Fund Balance, June 30, 2014	89	2,633	-	2,722	38,202	54,242
<u>Fund Balance, June 30, 2015</u>	<u>89</u>	<u>7,459</u>	<u>389</u>	<u>7,937</u>	<u>47,264</u>	<u>70,092</u>

The accompanying notes are an integral part of these financial statements

TOWN OF EAST MILLINOCKET
GENERAL FUND - SCHOOL DEPARTMENT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Amendments	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Receipts</u>					
Intergovernmental Revenues -					
Municipal Assessment	\$ 1,117,786	\$ -	\$ 1,117,786	\$ 1,117,786	\$ -
State Operating Aid	1,241,242	-	1,241,242	1,232,768	(8,474)
Tuition Reimbursements	1,063,079	-	1,063,079	1,042,494	(20,585)
Ministerial Reimbursement	-	-	-	120,567	120,567
Other	47,000	-	47,000	62,317	15,317
<u>Total Receipts</u>	<u>3,469,107</u>	<u>-</u>	<u>3,469,107</u>	<u>3,575,932</u>	<u>106,825</u>
<u>Disbursements</u>					
Instructional -					
Regular Programs - Elementary	587,766	-	587,766	549,519	38,247
Regular Programs - Secondary	670,819	-	670,819	611,938	58,881
Tuition - Secondary	648,249	-	648,249	648,249	-
Special Programs	578,304	-	578,304	543,011	35,293
Administration -					
School Board	12,577	-	12,577	13,249	(672)
Superintendent's Office	166,551	-	166,551	166,144	407
Principal's Office	195,541	-	195,541	200,947	(5,406)
Transportation	31,658	-	31,658	31,658	-
Plant Operation and Maintenance	462,732	-	462,732	396,707	66,025
Vocational Education	103,617	-	103,617	103,617	-
Student and Staff Support	262,108	-	262,109	196,449	65,660
Student Activities	94,185	-	94,185	83,953	10,232
Debt Service	63,714	-	63,714	63,163	551
<u>Total Disbursements</u>	<u>3,877,821</u>	<u>-</u>	<u>3,877,822</u>	<u>3,608,604</u>	<u>269,218</u>
Excess of Receipts Over (Under) Disbursements	(408,714)	-	(408,715)	(32,672)	376,043
<u>Other Financing Sources (Uses)</u>					
Operating transfers in (out)	(5,000)		(5,000)	(5,000)	-
	<u>\$ (413,714)</u>	<u>\$ -</u>	<u>\$ (413,715)</u>	<u>(37,672)</u>	<u>\$ 376,043</u>
Fund Balance, July 1, 2014				476,507	
Prior Period Adjustment - Note 15				(115,802)	
<u>Fund Balance, June 30, 2015 - Exhibit A</u>				<u>\$ 323,033</u>	

The accompanying notes are an integral part of these financial statements

TOWN OF EAST MILLINOCKET
SCHEDULE OF ACTIVITY IN RESERVE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

Schedule 10

	Fund Balance 7/1/14	Appropriation from General Fund	Receipts	Net Investment Earnings	Total Available	Transfers/ Expenditures	Fund Balance 6/30/15
Police Equipment	\$ 15,150	\$ -	\$ 2,000	\$ 67	\$ 17,217	\$ -	\$ 17,217
Snowmobile	72,229	-	-	203	72,432	-	72,432
Salt/Sand Storage	3,356	-	-	3	3,359	3,334	25
Ambulance Equipment	70,154	-	198,077	367	268,598	127,592	141,006
Tennis Equipment	5	-	-	-	5	-	5
Fire Equipment	100,616	-	9,929	437	110,982	-	110,982
Pool Equipment	3	-	-	-	3	-	3
Administrative Equipment	679	-	-	3	682	-	682
Public Works Equipment	2,578	-	6,821	11	9,410	-	9,410
School Building	8,650	-	983	34	9,667	1,746	7,921
Building Improvements	93	-	-	-	93	-	93
Medway Police	49,624	-	-	193	49,817	3,120	46,697
Recreation Contract	4,418	-	8,310	18	12,746	3,792	8,954
Retirement Sick Pay	65,108	-	-	265	65,373	-	65,373
Retirement Vacation Pay	62,183	-	-	253	62,436	-	62,436
School Roof	1,779,477	-	1,800,000	22,506	3,601,983	3,601,983	-
Total Reserve Funds - Exhibit D	\$ 2,234,323	\$ -	\$ 2,026,120	\$ 24,360	\$ 4,284,803	\$ 3,741,567	\$ 543,236

The accompanying notes are an integral part of these financial statements

TOWN OF EAST MILLINOCKET, MAINE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-through Grantor Program	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Education		
Rural Education Achievement Program	84.358A	\$ 31,831
Title II-A Teacher Quality	84.367	15,347
Local Entitlement	84.027	49,841
Title I-A Disadvantage	84.010	133,793
U.S Department of Agriculture		
National School Lunch Program	10.555	<u>77,310</u>
Total		<u>\$ 308,122</u>

TOWN OF EAST MILLINOCKET
STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL - AMBULANCE
FOR THE YEAR ENDED JUNE 30, 2015

Schedule 12

	Lincoln		East Millinocket		Combined		
	Budgeted Amounts	Actual Amounts	Budgeted Amounts	Actual Amounts	Budgeted Amounts	Actual Amounts	Variance with Budget
Revenues							
Charges for services-net of 3rd party disallowances	\$ 504,567	\$ 640,960	\$ 675,766	\$ 532,599	\$ 1,180,333	\$ 1,173,559	\$ (6,774)
Total Operating Revenues	\$ 504,567	\$ 640,960	\$ 675,766	\$ 532,599	\$ 1,180,333	\$ 1,173,559	\$ (6,774)
Operating Expenses							
Personnel Costs	\$ 361,768	\$ 425,860	\$ 438,584	\$ 440,567	\$ 800,352	\$ 866,427	\$ (66,075)
Employee Benefits	41,000	51,054	50,400	53,338	91,400	104,392	(12,992)
Utilities	2,000	821	18,395	15,720	20,395	16,541	3,854
Repairs and Maintenance	42,500	37,726	62,000	66,527	104,500	104,253	247
General Expenses	44,099	31,270	51,150	42,666	95,249	73,936	21,313
Insurance	13,200	23,159	14,000	26,954	27,200	50,113	(22,913)
Charge offs - uncollectable	-	65,450	-	53,550	-	119,000	(119,000)
Depreciation	-	35,183	-	55,238	-	90,421	(90,421)
Total Operating Expenses	\$ 504,567	\$ 670,523	\$ 634,529	\$ 754,560	\$ 1,139,096	\$ 1,425,083	\$ (285,987)
Operating Income (Loss)	-	(29,563)	41,237	(221,961)	41,237	(251,524)	(292,761)
Nonoperating Revenue (Expenses)							
Transfer to General Reserves	-	-	(41,237)	(190,577)	(41,237)	(190,577)	(190,577)
Transfer to Fire and Police Support	-	-	-	(41,237)	-	(41,237)	-
Fixed Asset Additions (net)	-	-	-	127,592	-	127,592	127,592
Change in Net Assets - Exhibit B	\$ -	\$ (29,563)	\$ -	\$ (326,183)	\$ -	\$ (355,746)	\$ (355,746)

The accompanying notes are an integral part of these financial statements

Foster & Company, LLP

Certified Public Accountants

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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

To the Board of Selectmen
Town of East Millinocket, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of East Millinocket, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Town of East Millinocket's basic financial statements and have issued our report thereon dated February 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of East Millinocket'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 Town of East Millinocket's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of East Millinocket'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies.

FY11-1 Fund Balance Policy

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, requires disclosure of the description of the Town's minimum fund balance policy. The Town of East Millinocket has not formally adopted a fund balance policy.

In order for any Town to operate in an orderly fashion, there should be an appropriate level of unrestricted (committed, assigned or unassigned) fund balance maintained. The presence of a healthy unrestricted fund balance is needed to assure the financial stability of the Town and its tax structure. We suggest that the Town adopt a fund balance policy to identify the minimum amount of unrestricted fund balance to be maintained, the circumstances in which unrestricted fund balance can be "spent down" and the course of action to be taken to replenish deficits.

FY11-2 Property Tax Lien Income Recognition

The Town of East Millinocket maintains an accounting policy of recognizing income from interest on property taxes and lien costs when the taxpayer pays those costs. One inconsistency is that when a lien is placed on the account, the Town recognizes all interest accumulated to that date and the lien costs as revenue in its accounting records. This inconsistency is corrected for audited financial statements.

We recommend that the above policy of recognizing interest and lien costs as revenue before they are received be discontinued.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of East Millinocket'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.

Foster & Co. LLP

Certified Public Accountants
February 15, 2016

Foster & Company, LLP

Certified Public Accountants

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AUDITOR'S STATEMENTS OF ASSURANCE AND DETERMINATION

Board of Selectmen
Town of East Millinocket, Maine

We have examined the financial statements of the East Millinocket School Department as of and for the year ended June 30, 2015 and have issued our report thereon dated February 15, 2016. Management is responsible for the school department's compliance with laws and regulations. Title 20-A Sec. 6051 requires certain written assurances with respect to school audits. Our audit of compliance with the laws and regulations consisted of the following:

1. A determination of whether proper budgetary controls are in place.
2. A determination of whether the annual financial data submitted to the Department is correct.
3. A determination of whether the school department was in compliance with applicable provisions of the Essential Programs and Services Funding Act.
4. A determination of whether the school department has exceeded its authority to expend funds
5. A determination of whether the school department has complied with transfer limitations between budget cost centers pursuant to section 1485.
6. A determination of whether the school department has complied with the applicable provisions of the unexpended balance requirements established under section 15004.
7. As part of our examination of the School Department, we also reviewed the information submitted to the MEDMS (Maine Education Data Management System) on September 21 and January 19, 2016. We found the file submission detail to be correct and in agreement with the financial statements except as follows:

	General Fund (100)	Special Revenue (200)
June 30 Balance per MEDMS Financial System	\$ 375,031	\$ 64,379
Tennis Town Grant	393	-
P/Y accounts payable posted to Fund Balance	556	-
Client Food Service inventory adjustment	-	(5,650)
P/Y Inventory Adjustment	-	214
High School Diploma	-	3,212
Prior Period Adj - GASB #68 implementation	(115,802)	
Net pension expense - GASB #68	31,712	
Accrued summer salaries		
P/Y audit adjustments not posted	(642)	-
P/Y Net Summer Salaries not posted to Fund		
Balance	31,785	-
Audited GAAP Basis Fund Balance June 30	\$ 323,033	\$ 62,155

The results of our tests indicate that, for the items tested, the East Millinocket School Department complied with those provisions of Maine laws and regulation. Nothing came to our attention that caused us to believe that, for the items not tested, the school department was not in compliance.

Foster & Co. LLP

Certified Public Accountants
February 15, 2016