

Audited Financial Statements and
Other Financial Information

Town of Acton, Maine

June 30, 2019



Proven Expertise & Integrity

TOWN OF ACTON, MAINE

CONTENTS

JUNE 30, 2019

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	12
STATEMENT B - STATEMENT OF ACTIVITIES	13 - 14
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	15
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	16
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	17
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18
STATEMENT G - STATEMENT OF NET POSITION - FIDUCIARY FUNDS	19
STATEMENT H - STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	20
NOTES TO FINANCIAL STATEMENTS	21 - 63
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	64
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	65

SCHEDULE 1A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - EDUCATION FUND	66
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	67
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSIONS	68
SCHEDULE 4 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT PLAN	69
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - MEABT PLAN	70
SCHEDULE 6 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - SET PLAN	71
SCHEDULE 7 - SCHEDULE OF CONTRIBUTIONS - OPEB	72
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	73
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	74
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	75
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	76 - 77
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	78
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	79
SPECIAL REVENUE FUNDS DESCRIPTION	80
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	81
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	82

PERMANENT FUNDS DESCRIPTION	83
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	84
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	85
GENERAL CAPITAL ASSETS DESCRIPTION	86
SCHEDULE I - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	87
SCHEDULE J - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	88

FEDERAL COMPLIANCE

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	89 - 90
---	---------

STATE COMPLIANCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	91
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	92
INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS	93
RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM	94



Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Acton
Acton, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Acton, Maine as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Acton, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Acton, Maine as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 4 through 11 and 65 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Acton, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 20-A MRSA §6051, Sub-chapter 1(K) of the Maine Revised Statutes as amended, and is also not a required part of the basic financial statements

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2019, on our consideration of the Town of Acton, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Acton, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
December 6, 2019

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

(UNAUDITED)

The following management's discussion and analysis of the Town of Acton, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the above-mentioned financial statements have one column for the Town's activities. The type of activity presented for the Town of Acton is:

- *Governmental activities* - the activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, social services, recreation, general assistance, education and other expenses.

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 Acton, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Acton can be divided into two categories: governmental funds and fiduciary funds.

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

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

The Town of Acton presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund and the

education fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Town of Acton. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Changes in Net Position - Fiduciary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Education Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pensions, a Schedule of Changes in Net OPEB Liability - MEABT Plan, a Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT Plan, a Schedule of Proportionate Share of the Net OPEB Liability - SET Plan and a Schedule of Contributions - OPEB.

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities increased by \$496,168 from \$6,755,774 to \$7,251,942.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a balance of \$2,115,942 at the end of this year.

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

	Governmental Activities	
	2019	2018 (Restated)
Assets:		
Current Assets	\$ 4,862,246	\$ 4,357,258
Noncurrent Assets	3,743,002	3,724,808
Total Assets	<u>8,605,248</u>	<u>8,082,066</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	164,040	278,887
Total Deferred Outflows of Resources	<u>164,040</u>	<u>278,887</u>
Liabilities:		
Current Liabilities	648,410	564,138
Noncurrent Liabilities	785,043	911,891
Total Liabilities	<u>1,433,453</u>	<u>1,476,029</u>
Deferred Inflows of Resources:		
Prepaid Taxes	21,374	29,203
Deferred Inflows Related to Pensions	46,598	99,947
Deferred Inflows Related to OPEB	15,921	-
Total Deferred Inflows of Resources	<u>83,893</u>	<u>129,150</u>
Net Position:		
Net Investment in Capital Assets	3,362,295	3,281,397
Restricted: General Fund	88,058	88,350
Education Fund	1,621,429	1,409,130
Permanent Funds	114,778	122,704
Unrestricted	2,065,382	1,854,193
Total Net Position	<u>\$ 7,251,942</u>	<u>\$ 6,755,774</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 5.56%, while total expenses decreased by 0.44%. The increase in revenues was primarily due to all revenue categories with the exception of other income, while the decrease in expenditures was primarily due to public works.

Table 2
Town of Acton, Maine
Changes in Net Position
For the Years Ended June 30,

	Governmental Activities	
	2019	2018
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 290,398	\$ 251,734
Operating grants and contributions	955,054	881,358
<i>General Revenues:</i>		
Property taxes	6,864,029	6,714,013
Excise taxes	639,451	585,077
Grants and contributions not restricted to specific programs	472,300	200,110
Investment income	50,582	25,740
Other income	156,397	273,969
Total revenues	9,428,211	8,932,001
Expenses		
General government	787,698	673,903
Public safety	745,312	784,436
Public works	934,005	1,166,535
Social services	74,988	73,756
Recreation	20,712	12,452
General assistance	326	736
Education	5,635,828	5,514,125
County tax	303,225	301,357
Interest on debt service	9,723	11,978
Other expenses	23,352	89,789
State of Maine on-behalf payments	364,862	326,771
Unallocated depreciation (Note 4)	32,012	15,472
Total expenses	8,932,043	8,971,310
Change in Net Position	496,168	(39,309)
Net Position - July 1, Restated	6,755,774	6,795,083
Net Position - June 30	\$ 7,251,942	\$ 6,755,774

Financial Analysis of the Town's Fund Statements

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

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

	2019	2018 (Restated)
Major Funds:		
General Fund:		
Nonspendable	\$ 3,063	\$ -
Restricted	88,058	88,350
Committed	311,449	212,496
Assigned	60,089	68,327
Unassigned	1,718,959	1,674,532
Education Fund:		
Nonspendable	28,774	3,179
Restricted	1,621,429	1,409,130
Total Major Funds	\$ 3,831,821	\$ 3,456,014
Nonmajor Funds:		
Special Revenue Funds:		
Unassigned	\$ (454)	\$ (2,250)
Permanent Funds:		
Restricted	114,778	122,704
Total Nonmajor Funds	\$ 114,324	\$ 120,454

The general fund total fund balance increased by \$137,913 over the prior fiscal year, primarily due to actual revenues that exceeded expenditures and transfers to other funds. The education fund total fund balance increased by \$237,894 over the prior fiscal year, primarily due to transfers from the general fund. The nonmajor fund balances decreased by \$6,130 over the prior fiscal year, primarily due to a net loss on investment income.

Budgetary Highlights

The significant difference between the original and final budget for the general fund was the use of committed and unassigned fund balances as well as applied revenues.

The general fund actual revenues exceeded the budget by \$392,689. All revenue categories exceeded budgeted amounts with the exception of property taxes.

The general fund actual expenditures were under budget by \$207,591. All expenditures categories were within or under budgeted amounts with the exception of transfers to other funds.

There was no difference between the original and final budget for the education fund.

The education fund actual revenues exceeded the budget by \$52,240. All revenue categories exceeded budgeted amounts with the exception of charges for services.

The education fund actual expenditures were under budget by \$335,654. All expenditures categories were within or under budgeted amounts.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2019, the net book value of capital assets recorded by the Town decreased by \$18,194 from the prior year. This decrease is the result of capital additions of \$325,485 less current year depreciation of \$307,291.

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

	<u>2019</u>	<u>2018</u>
Land	\$ 290,365	\$ 290,365
Land improvements	341,197	292,326
Buildings and improvements	1,960,593	2,094,105
Machinery and equipment	161,380	132,572
Vehicles	605,656	622,550
Furniture and fixtures	4,465	6,699
Infrastructure	379,346	286,191
Total	<u>\$ 3,743,002</u>	<u>\$ 3,724,808</u>

Debt

At June 30, 2019, the Town had \$380,707 in notes from direct borrowings payable versus \$443,411 as of June 30, 2018. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

The Town has maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately three months, while also maintaining reserve accounts for future operational, capital and program needs.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Treasurer's Office at 35 H Road, Acton, Maine 04001.

TOWN OF ACTON, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,122,241
Investments	64,149
Accounts receivable (net of allowance for uncollectibles):	
Taxes	423,553
Liens	94,645
Other	66,359
Due from other governments	59,462
Inventory	5,120
Prepaid items	23,654
Tax acquired property	3,063
Total current assets	<u>4,862,246</u>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	290,365
Infrastructure, buildings and vehicles, net of accumulated depreciation	<u>3,452,637</u>
Total noncurrent assets	<u>3,743,002</u>
TOTAL ASSETS	<u>8,605,248</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	164,040
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>164,040</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 8,769,288</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 155,020
Accrued payroll and expenses	250,586
Escrow	3,000
Current portion of long-term obligations	239,804
Total current liabilities	<u>648,410</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes from direct borrowings payable	315,024
Net pension liability	155,083
Net OPEB liability	<u>314,936</u>
Total noncurrent liabilities	<u>785,043</u>
TOTAL LIABILITIES	<u>1,433,453</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	21,374
Deferred inflows related to pensions	46,598
Deferred inflows related to OPEB	15,921
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>83,893</u>
NET POSITION	
Net investment in capital assets	3,362,295
Restricted:	
General fund	88,058
Education fund	1,621,429
Permanent funds	114,778
Unrestricted	<u>2,065,382</u>
TOTAL NET POSITION	<u>7,251,942</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 8,769,288</u>

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

TOWN OF ACTON, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 787,698	\$ 144,426	\$ -	\$ -	\$ (643,272)
Public safety	745,312	113,898	-	-	(631,414)
Public works	934,005	-	50,444	-	(883,561)
Social services	74,988	-	-	-	(74,988)
Recreation	20,712	-	-	-	(20,712)
General assistance	326	-	-	-	(326)
Education	5,635,828	32,074	539,748	-	(5,064,006)
County tax	303,225	-	-	-	(303,225)
Interest on debt service	9,723	-	-	-	(9,723)
Other expenses	23,352	-	-	-	(23,352)
State of Maine on-behalf payments	364,862	-	364,862	-	-
Unallocated depreciation (Note 4)*	32,012	-	-	-	(32,012)
Total governmental activities	<u>\$ 8,932,043</u>	<u>\$ 290,398</u>	<u>\$ 955,054</u>	<u>\$ -</u>	<u>(7,686,591)</u>

* This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)
TOWN OF ACTON, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(7,686,591)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	6,864,029
Excise taxes	639,451
Grants and contributions not restricted to specific programs	472,300
Investment income	50,582
Other income	<u>156,397</u>
Total general revenues	<u>8,182,759</u>
Change in net position	496,168
Net position - July 1, Restated	<u>6,755,774</u>
Net position - June 30	<u><u>\$ 7,251,942</u></u>

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

TOWN OF ACTON, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Education Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,873,525	\$ 195,087	\$ 53,629	\$ 4,122,241
Investments	-	-	64,149	64,149
Accounts receivable (net of allowance for uncollectibles):				
Taxes	423,553	-	-	423,553
Liens	94,645	-	-	94,645
Other	66,359	-	-	66,359
Due from other governments	39,727	19,735	-	59,462
Inventory	-	5,120	-	5,120
Prepaid items	-	23,654	-	23,654
Tax acquired property	3,063	-	-	3,063
Due from other funds	-	1,915,462	-	1,915,462
TOTAL ASSETS	\$ 4,500,872	\$ 2,159,058	\$ 117,778	\$ 6,777,708
LIABILITIES				
Accounts payable	\$ 70,818	\$ 84,202	\$ -	\$ 155,020
Accrued payroll and expenses	54	250,532	-	250,586
Escrow	-	-	3,000	3,000
Accrued compensated absences	-	174,121	-	174,121
Due to other funds	1,915,008	-	454	1,915,462
TOTAL LIABILITIES	1,985,880	508,855	3,454	2,498,189
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	21,374	-	-	21,374
Deferred tax revenue	312,000	-	-	312,000
TOTAL DEFERRED INFLOWS OF RESOURCES	333,374	-	-	333,374
FUND BALANCES				
Nonspendable	3,063	28,774	-	31,837
Restricted	88,058	1,621,429	114,778	1,824,265
Committed	311,449	-	-	311,449
Assigned	60,089	-	-	60,089
Unassigned	1,718,959	-	(454)	1,718,505
TOTAL FUND BALANCES	2,181,618	1,650,203	114,324	3,946,145
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,500,872	\$ 2,159,058	\$ 117,778	\$ 6,777,708

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

TOWN OF ACTON, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

	Total Governmental Funds
	Funds
Total Fund Balances	\$ 3,946,145
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	3,743,002
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	312,000
Deferred outflows of resources related are not financial resources and therefore are not reported in the funds:	
Pensions	164,040
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Notes from direct borrowings payable	(380,707)
Net pension liability	(155,083)
Net OPEB liability	(314,936)
Deferred inflows of resources related are not financial resources and therefore are not reported in the funds:	
Pensions	(46,598)
OPEB	(15,921)
	\$ 7,251,942
Net position of governmental activities	

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

STATEMENT E

TOWN OF ACTON, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Education Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property taxes	\$ 6,809,029	\$ -	\$ -	\$ 6,809,029
Excise taxes	639,451	-	-	639,451
Intergovernmental revenues:				
State revenue sharing	80,426	-	-	80,426
Education subsidy	-	539,748	-	539,748
Homestead exemption	127,745	-	-	127,745
Local road assistance	50,444	-	-	50,444
Other	35,346	-	228,783	264,129
State of Maine on-behalf payments	-	204,463	-	204,463
Charges for services	258,324	32,074	-	290,398
Investment income, net of unrealized gains/(losses)	51,304	3,204	(3,926)	50,582
Other revenue	142,287	14,110	-	156,397
TOTAL REVENUES	8,194,356	793,599	224,857	9,212,812
EXPENDITURES				
Current:				
General government	787,698	-	-	787,698
Public safety	641,829	-	-	641,829
Public works	915,802	-	-	915,802
Social services	74,988	-	-	74,988
Recreation	16,222	-	-	16,222
General assistance	326	-	-	326
Education	-	5,263,463	226,987	5,490,450
County tax	303,225	-	-	303,225
Other	331,452	-	4,000	335,452
State of Maine on-behalf payments	-	204,463	-	204,463
Debt service:				
Principal	62,957	-	-	62,957
Interest	9,723	-	-	9,723
TOTAL EXPENDITURES	3,144,222	5,467,926	230,987	8,843,135
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	5,050,134	(4,674,327)	(6,130)	369,677
OTHER FINANCING SOURCES (USES)				
Transfers in	-	4,912,221	-	4,912,221
Transfers (out)	(4,912,221)	-	-	(4,912,221)
TOTAL OTHER FINANCING SOURCES (USES)	(4,912,221)	4,912,221	-	-
NET CHANGE IN FUND BALANCES	137,913	237,894	(6,130)	369,677
FUND BALANCES - JULY 1, RESTATED	2,043,705	1,412,309	120,454	3,576,468
FUND BALANCES - JUNE 30	\$ 2,181,618	\$ 1,650,203	\$ 114,324	\$ 3,946,145

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

TOWN OF ACTON, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 369,677</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	325,485
Depreciation expense	<u>(307,291)</u>
	<u>18,194</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>55,000</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pensions	(114,847)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	
	<u>62,704</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pensions	53,349
OPEB	<u>(15,921)</u>
	<u>37,428</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Net pension liability	65,820
Net OPEB liability	<u>2,192</u>
	<u>68,012</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 496,168</u></u>

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

TOWN OF ACTON, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2019

	<u>Agency Funds</u>	<u>Private-Purpose Trust Funds Scholarship Funds</u>
ASSETS		
Cash and cash equivalents	\$ 13,332	\$ 22,691
Investments	-	2,731
TOTAL ASSETS	<u>\$ 13,332</u>	<u>\$ 25,422</u>
LIABILITIES		
Deposits held for others	\$ 13,332	\$ -
TOTAL LIABILITIES	<u>\$ 13,332</u>	<u>\$ -</u>
NET POSITION		
Reserved for scholarships		<u>25,422</u>
TOTAL NET POSITION		<u>25,422</u>
TOTAL LIABILITIES AND NET POSITION		<u>\$ 25,422</u>

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

TOWN OF ACTON, MAINE

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2019

	Private-Purpose Trust Funds <u>Scholarship Funds</u>
ADDITIONS	
Interest income	\$ 7
TOTAL ADDITIONS	<u>7</u>
DEDUCTIONS	
Scholarship awards	<u>297</u>
TOTAL DEDUCTIONS	<u>297</u>
CHANGE IN NET POSITION	(290)
NET POSITION - JULY 1	<u>25,712</u>
NET POSITION - JUNE 30	<u><u>\$ 25,422</u></u>

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Acton was incorporated under the laws of the State of Maine. The Town operates under the selectmen form of government and provides the following services: general government, public safety, public works, social services, recreation, general assistance and education.

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

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

Implementation of New Accounting Standards

During the year ended June 30, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations." This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

government is required to disclose that fact and the reasons therefore. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

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

Government-Wide and Fund Financial Statements

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

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

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

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds

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

Nonmajor Funds

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- d. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (agency and private-purpose). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The Town has no component units that are fiduciary in nature.

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

Basis of Accounting

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

1. Accrual

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

Budget

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

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments made by the State of Maine to the Maine State Public Employees Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the education fund.

Revenues per budgetary basis	\$ 5,501,357
Add: On-behalf payments	204,463
Total GAAP basis	<u>\$ 5,705,820</u>
Expenditures per budgetary basis	\$ 5,263,463
Add: On-behalf basis	204,463
Total GAAP basis	<u>\$ 5,467,926</u>

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

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deposits and Investments

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

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

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

The Town of Acton has a formal investment policy and also follows the State of Maine Statutes.

Receivables

Receivables include amounts due from governmental agencies and ambulance receivables. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$125,821 for the year ended June 30, 2019. The allowance for uncollectible amounts is estimated to be \$128,814 as of June 30, 2019.

Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption and are valued at cost which approximate market, using the first-in, first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). The general fund inventory consists of school lunch supplies and food on hand at the end of the year.

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

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

Transactions Between Funds

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$3,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

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

Estimated useful lives are as follows:

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

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

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

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

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 Participating Local District (PLD) Consolidated Plan and State Employee and Teacher (SET) Plan and additions to/deductions from the PLD Consolidated and SET Plans' fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated and SET Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Position

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

Fund Balances

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

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

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

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

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

is reported in both the statements of net position and the governmental funds balance sheet. Deferred inflows related to pensions and deferred inflows related to OPEB qualify for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as inflows of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 14, 2018 on the assessed value listed as of April 1, 2018, for all real and personal property located in the Town. Taxes were due on in two installments on October 16, 2018 and April 16, 2019. Interest on unpaid taxes commenced on October 17, 2018 and April 17, 2019, at 8% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$37,972 for the year ended June 30, 2019.

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

Program Revenues

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

Encumbrance Accounting

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2019, the Town's cash balance amounting to \$4,135,573 was comprised of bank deposits of \$4,591,590. All of these bank deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 25,092
Savings accounts	21,134
Money market accounts	44,047
ICS accounts	4,501,317
	<u>\$ 4,591,590</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. The Town's investment in common stock for \$64,149, is not exposed to custodial credit risk because those securities are registered in the Town's name and are held by the Town. The Town's investment of \$2,731 in certificates of deposit was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk

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

Investment Type	Fair Value	N/A	Less than 1 Year	1 - 5 Years
Equity securities:				
Common stock	\$ 64,149	\$ 64,149	\$ -	\$ -
Certificates of deposit	2,731	-	2,731	-
	\$ 66,880	\$ 64,149	\$ 2,731	\$ -

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2019:

	June 30, 2019 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Common stock - domestic	\$ 64,149	\$ 64,149	\$ -	\$ -
Total equity securities	64,149	64,149	-	-
Total investments by fair value level	64,149	\$ 64,149	\$ -	\$ -
Total investments measured at fair value	\$ 64,149			

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 2 or Level 3 investments. Certificates of deposit held with local financial institutions for \$2,731 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various insured certificates of deposit.

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2019 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
General fund	\$ -	\$ 1,915,008
Education fund	1,915,462	-
Nonmajor special revenue funds	-	454
	<u>\$ 1,915,462</u>	<u>\$ 1,915,462</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS

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

	Balance 7/1/18	Additions	Disposals	Balance 6/30/19
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 290,365	\$ -	\$ -	\$ 290,365
	<u>290,365</u>	<u>-</u>	<u>-</u>	<u>290,365</u>
Depreciated assets:				
Land improvements	532,571	76,188	-	608,759
Buildings and improvements	5,971,710	13,385	-	5,985,095
Machinery and equipment	1,136,351	64,785	-	1,201,136
Vehicles	1,108,217	70,000	-	1,178,217
Furniture and fixtures	109,669	-	-	109,669
Infrastructure	319,675	101,127	-	420,802
	9,178,193	325,485	-	9,503,678
Less: accumulated depreciation	<u>(5,743,750)</u>	<u>(307,291)</u>	<u>-</u>	<u>(6,051,041)</u>
	<u>3,434,443</u>	<u>18,194</u>	<u>-</u>	<u>3,452,637</u>
Net capital assets	<u>\$ 3,724,808</u>	<u>\$ 18,194</u>	<u>\$ -</u>	<u>\$ 3,743,002</u>
<u>Current year depreciation:</u>				
Public safety				\$ 103,483
Public works				16,090
Education				149,103
Transfer station				2,113
Recreation				4,490
Town-wide				32,012
Total depreciation expenses				<u>\$ 307,291</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - LONG-TERM DEBT

The General Fund of the Town is used to pay for all long-term debt. A summary of long-term debt is as follows:

	Balance, 7/1/18	Additions	Reductions	Balance, 6/30/19	Current Portion
Notes from direct borrowings payable	\$ 443,411	\$ -	\$ (62,704)	\$ 380,707	\$ 65,683

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

\$500,000, 2015 Commercial Note due in monthly installments of level principal and interest payments in the amount of \$4,734 through September of 2025. Interest is charged at a fixed rate of 2.55% per annum.	\$ 327,601
\$75,527, 2016 Commercial Note due in monthly installments of level principal and interest payments in the amount of \$1,333 through June of 2022. Interest is charged at a fixed rate of 1.94% per annum.	47,448
\$8,280, 2017 Capital Lease payable to Budget Technology for copiers due in monthly installments of \$138 through January of 2023. Interest is charged at a fixed rate of 1.94% per annum.	<u>5,658</u>
Total notes from direct borrowings payable	<u>\$ 380,707</u>

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

	Principal	Interest	Total
2020	\$ 65,683	\$ 8,765	\$ 74,448
2021	67,259	7,190	74,449
2022	68,814	5,575	74,389
2023	53,546	3,997	57,543
2024	54,239	2,567	56,806
2025-2029	71,166	1,209	72,375
	<u>\$ 380,707</u>	<u>\$ 29,303</u>	<u>\$ 410,010</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2019 is as follows:

	Balance, 7/1/18 (Restated)	Additions	Reductions	Balance, 6/30/19	Current Portion
Accrued compensated absences	\$ 111,138	\$ 62,983	\$ -	\$ 174,121	\$ 174,121
Net pension liability	220,903	141,250	(207,070)	155,083	-
Net OPEB liability	317,128	16,382	(18,574)	314,936	-
Totals	<u>\$ 649,169</u>	<u>\$ 220,615</u>	<u>\$ (225,644)</u>	<u>\$ 644,140</u>	<u>\$ 174,121</u>

Please see Notes 7, 14 and 17 for detailed information on each of the other long-term obligations.

NOTE 7 - COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do not permit employees to accumulate earned but unused vacation and sick leave. However, the school department allows certain teachers to accumulated unused sick time. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2019, the Town's liability for compensated absences is \$174,121.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - NONSPENDABLE FUND BALANCE

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

General fund:	
Tax acquired property	3,063
Education fund:	
School lunch inventory	5,120
Prepaid items	23,654
	<u>31,837</u>
	<u>\$ 31,837</u>

NOTE 9 - RESTRICTED FUND BALANCES

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

General fund:	
LRAP	\$ 50,444
FEMA reserve	37,614
Education fund:	
Education	1,059,214
Capital	41,072
Fuel reserve	10,000
Tuition and assistive technology	150,000
Professional	10,000
Technology	10,000
Health	15,000
Capital improvement	19,379
Matching grant	10,000
FY 2020 budget	296,764
Nonmajor permanent funds (Schedule H)	114,778
	<u>1,824,265</u>
	<u>\$ 1,824,265</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10 - COMMITTED FUND BALANCES

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

General fund:	
Mary Grant	\$ 2,759
Private road association	41,000
Neighbors helping neighbors	3,906
Fuel assistance donations	162
Forestry reserve	480
Fire department thermal imaging donations	4,000
Fire department donations	3,116
Fire department grants	300
Fire department capital	50,228
Ambulance reserve	2,461
Gym donations	65
Conservation committee	1,445
Cemeteries	5,311
District one road repair and maintenance	632
District one road resurfacing	3,474
District two road repair and maintenance	35,173
District two road resurfacing	132,465
Dams	24,472
	<u>\$ 311,449</u>

NOTE 11 - ASSIGNED FUND BALANCES

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

General fund:	
Recreation	\$ 26,514
Capital improvements	33,575
	<u>\$ 60,089</u>

NOTE 12 - DEFICIT FUND BALANCES

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

Title IIA	<u>\$ 454</u>
-----------	---------------

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - OVERSPENT APPROPRIATIONS

The Town had the following overspent appropriations at June 30, 2019:

Article 36	\$	3,048
Article 39		42,345
	\$	<u>45,393</u>

On November 26, 2018 and June 18, 2019 these overspent appropriations were addressed during Town Meetings.

NOTE 14 - DEFINED BENEFIT PENSION PLANS

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60. 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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2018 there were 304 employers in the plan.

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

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's plan members are required to contribute 8.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.5% of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2019 was \$20,469.

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established 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 her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members. As of June 30, 2018 there were 236 employers, including the State of Maine, participating in the plan.

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

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. The Town's teachers are required to contribute 7.65% of their compensation to the retirement system. The Town's payroll for teachers covered by this program was approximately \$1,845,336 for the year ended June 30, 2019. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 11.08% of the Town's contractually required contributions, which 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 (UAL). Contributions paid by the State were approximately \$204,463 for the year ended June 30, 2019. Title 5 of the Maine Revised Statutes Annotated also requires the Town to contribute at an actuarially determined normal cost rate of 3.97%, which totaled \$71,754 for 2019. In addition, the Town is

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 11.68% of compensation and totaled \$6,804 the year ended June 30, 2019

Pension Liabilities

PLD Consolidated Plan

At June 30, 2019, the Town reported a liability of \$92,725 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2018, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2018, the Town's proportion was 0.033881%, which was an increase of 0.00191% from its proportion measured as of June 30, 2017.

SET Plan

At June 30, 2019, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	62,358
State's proportionate share of the net pension liability associated with the Town		<u>2,045,938</u>
Total	\$	<u><u>2,108,296</u></u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating school units and the State actuarially determined. At June 30, 2018, the Town's proportion was 0.004621%, which was a decrease of 0.00158% from its proportion measured as of June 30, 2017.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2019, the Town recognized total pension expense of \$5,928 for the PLD plan and pension expense of \$152,232 and net revenue of \$162,482 for support provided by the State of Maine for the SET plan. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan		SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 290	\$ 1,019	\$ 1,905	\$ 8,107
Changes of assumptions	14,799	-	3,922	15,082
Net difference between projected and actual earnings on pension plan investments	-	22,390	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	46,460	-	4,441	-
Contributions subsequent to the measurement date	20,469	-	71,754	-
Total	<u>\$ 82,018</u>	<u>\$ 23,409</u>	<u>\$ 82,022</u>	<u>\$ 23,189</u>

\$20,469 for the PLD plan and \$71,754 for the SET plan were reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan	SET Plan
Plan year ended June 30:		
2019	\$ 56,041	\$ 1,893
2020	3,120	(6,865)
2021	(15,231)	(5,771)
2022	(5,787)	(2,178)
2023	-	-
Thereafter	-	-

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Methods and Assumptions

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

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

Amortization

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

The net pension liability of the State Employee and Teacher Retirement Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements. All other gains, losses, and changes are amortized over ten-year periods beginning on the date as of which they occur.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2018 are as follows:

Investment Rate of Return - For the PLD and State Employee and Teacher Plans, 6.75% per annum for the year ended June 30, 2018, in 2017, the rate was 6.875% for both plans, compounded annually.

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year; state employees, 2.75% to 8.75% per year; teachers, 2.75% to 14.50% per year.

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

Cost of Living Benefit Increases - for PLD Consolidated 1.91% and Teacher Plans, 2.20% per annum for the year ended June 30, 2018. In 2017, the rate was 2.20% for the PLD Plan.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2018 are summarized in the following table. Assets for each of the defined benefit plans are commingled for investment purposes.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Discount Rate

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

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ (24,878)	\$ 92,725	\$ 218,540
<u>SET Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 115,237	\$ 62,358	\$ 18,318

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2018 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2018 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2018, this was three years for the SET Plan and PLD Consolidated Plan; prior to 2017, this was four years for the PLD Consolidated Plan.

Differences between Expected and Actual Investment Earnings

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2018 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

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

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2018 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100

NOTE 15 - DEFERRED COMPENSATION PLAN

The School Department offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403. The plan, available to all school employees, permits them to defer a portion of their salary until future years. There is no employer match by the Town or the School Department. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - DEFERRED COMPENSATION PLAN (CONTINUED)

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

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

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. As of June 30, 2018, there were 220 employers, including the State of Maine, participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (800) 451-9800.

Benefits Provided

The Group Life Insurance Plan (the Plan) provides basic group life insurance benefits, during retirement, to retirees who participated in the Plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount, or \$2,500.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

Contributions

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For Department's teachers, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. The State participates in the SET Plan as a non-employer contributing entity in that the State pays the actuarially determined premium contributions associated with retired teachers. The State's contribution to the Plan for the year ended June 30, 2019 was approximately \$3,969.

OPEB Liabilities and OPEB Expense

At June 30, 2018, the District reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the District. The total portion of the net OPEB liability that was associated with the District were as follows:

Town's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Town		<u>43,495</u>
Total	\$	<u><u>43,495</u></u>

For the year ended June 30, 2019, the Town recognized net OPEB expense of \$4,198 and revenue of \$4,198 for support provided by the State of Maine.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN

MAINE EDUCATION ASSOCIATION BENEFITS TRUST

Plan Description

The State of Maine and School retirees contribute to the School's OPEB Plan with the Maine Education Association Benefits Trust (MEABT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the State, the School and/or the School retirees. MEABT is a fully funded, self-insured trust which provides benefits to education organizations and acts as the agent to the School concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MEABT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MEABT participants and are administered by a number of third-party administrators contracted by MEABT. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MEABT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting MEABT at (888) 622-4418.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The employee must have participated in a plan for the 12 months prior to retirement and have 10 years (under age 50) or 5 years (age 50 or above) of continuous active service and enrollment in the health plan to be eligible for this Plan. The retiree who terminates coverage may elect to re-enroll in coverage if they participated in the health plan for 12 months prior to terminating coverage, as long as re-enrollment occurs within 5 years from coverage termination and as long as the retiree is not past age 62. The retiree must have maintained continuous health insurance coverage during the break in coverage with MEABT to be eligible for re-enrollment and is only eligible for re-enrollment once.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

Active members	42
Retirees and spouses	12
Total	<u>54</u>

Cost Sharing Provisions/Contributions

Retirees are eligible for a State subsidy of 45% of the blended single premium for the retiree. The blended premium is determined by blending rates for active members and retired members, as determined by State law. The retiree contributes the remaining 55% of blended single premium and spouse must contribute 100% of the blended premium amount coverage elected.

Employee/Retiree Premium Amounts:

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

<u>Pre-Medicare</u>	<u>Employee</u>	<u>Employee/ Spouse</u>	<u>Employee/ Child(ren)</u>	<u>Family</u>
Choice Plus	\$815	\$1,837	\$1,442	\$2,235
Standard \$200 Ded	\$880	\$1,983	\$1,557	\$2,414
<u>Medicare</u>				
Medicare-Eligible Retirees	\$450	\$944	N/A	N/A

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

At June 30, 2019, the School reported a liability of \$314,936 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date. The School's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

For the year ended June 30, 2019, the School recognized OPEB expense of \$13,729. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MEABT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	15,921
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ 15,921</u>

\$0 were reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MEABT	
Plan year ended June 30:		
2019	\$	(2,653)
2020		(2,653)
2021		(2,653)
2022		(2,653)
2023		(2,653)
Thereafter		(2,653)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2018. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Index. The rate of 3.87% per annum for June 30, 2018 was based upon a measurement date of June 28, 2018. The sensitivity of total OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	2.87%	3.87%	4.87%
Total OPEB liability	\$ 385,288	\$ 314,936	\$ 260,322
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 385,288</u>	<u>\$ 314,936</u>	<u>\$ 260,322</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 257,191	\$ 314,936	\$ 389,963
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 257,191</u>	<u>\$ 314,936</u>	<u>\$ 389,963</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Actuarial Cost Method

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

Assumptions

Significant actuarial assumptions employed by the actuary for economic purposes are based on GASB 75 paragraph 36. Assumptions other than the discount rate are based on historical and future projections of long-term health care rates:

Discount Rate - 3.87% per annum.

Trend Assumptions:

Pre-Medicare - Initial trend of 5.55% applied in FYE 2018 grading over 15 years to 3.73% per annum.

Medicare - Initial trend of 3.72% applied in FYE 2018 grading over 15 years to 2.81% per annum.

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

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine Public Employees Retirement System State Employee and Teacher Retirement Program at June 30, 2018 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of June 30, 2018, they are as follows:

Retirement Rates - Rates vary for plans based on age and service

Rates of Turnover - Rates vary for plans based on service

Disability Incidence - Rates vary for plans based on age

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Family Enrollment Composition - It is assumed that 80% is married with an eligible spouse.

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

Administrative expenses - Included in the per capita claims cost

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

Salaries - Were not available from the client and were assumed using the Teachers/Age Service Salary scatter from the State Retirement Agency. Based on the dates of hire assumed above and the participant's actual age, pay was assigned using the salary age service scatter.

Dates of Hire - Were not available from the client and were available from the State Retirement Agency. Dates of hire were assumed to be the midpoint of each service group. Those under 1 year of service, the date was assumed to be January 1, 2018 and all other groups were assumed to be hired on July 1 of each service midpoint.

Rate of Mortality:

Healthy Annuitants - Based on 99% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected using the RPEC _2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Healthy Employees - Based on 99% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Healthy Annuitant Mortality Tables after the end of the Total Employee Mortality Table, both projected using the RPEC _2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Disabled Annuitants - Based on 108% and 105% of the RP2014 Total Dataset Disabled Annuitant Mortality Table, respectively for males and females, projected from the 2006 base rates using the RPEC_2015 model with an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Retiree Continuation Percentage:

Retirees currently in the Group Companion Plan (Medicare participants) are assumed to remain in the Group Companion Plan.

Retirees who are currently age 64 or over age 65 and enrolled in a Pre-Medicare plan are assumed to never be eligible for Medicare and are assumed to remain enrolled in the Pre-Medicare plan.

Retirees who are currently under age 64 and enrolled in a Pre-Medicare plan are assumed to be eligible for Medicare and are assumed to remain in the Pre-Medicare plan until age 64 and enroll in the Group Companion plan at age 65.

Spouses who are currently in the Pre-Medicare plan will follow the same assumptions as the retired member; if the member is never eligible for Medicare the spouse is not either.

Significant actuarial assumptions employed by the actuary for claims and expense purposes are the based on the actual community rated premiums of the entire group. As of June 30, 2018, they are as follows:

Monthly Per Capital Claims and Expense Cost - Claims are based on community rated premiums through June 30, 2018 and projects through 2019 and associate enrollment in the various options offered. Annual administrative and claims adjudication expenses are assumed to be included in the annual premiums.

Medical Plan Election - Employees are assumed to continue in their current medical plan for their entire career. 50% of retirees are assumed to switch from the Choice Plan to the Standard plan.

Medicare Eligibility - Assumed to be age 65, with the exception of retirees over age 65 who are not in the Group Companion Plan, all retirees under age 64 and current actives with a date of hire before 3/31/1986.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Changes in Total OPEB Liability

Changes in total OPEB liability are recognized in OPEB expense for the year ended June 30, 2019 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. As of July 1, 2017, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the fiscal year ended June 30, 2019, there were no differences between expected and actual experience.

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense over the average expected remaining service life of all active and inactive Plan members. As of July 1, 2017, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for year ending June 30, 2018. For the fiscal year ended June 30, 2019, there were no changes in assumptions.

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town Treasurer's Office at 35 H Road, Acton, Maine 04001.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 18 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

NOTE 19 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County debt. As of June 30, 2019, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of York	\$ 2,900,000	1.79%	<u>\$ 51,971</u>

NOTE 20 - OPERATING LEASES

A summary of the outstanding operating leases payables are as follows:

The Town leases a copier from USBank, under a lease agreement dated August 5, 2014. The lease term is for 60 months ending in August 2019. Monthly payments are \$93.

The Town leases a copier from Xerox Financial Systems, under a lease agreement dated March 30, 2018. The lease term is for 60 months ending in March 2023. Monthly payments are \$79.

Future minimum lease payments at June 30, 2019, are as follows:

<u>Year Ending June 30:</u>	
2020	\$ 1,041
2021	948
2022	948
2023	711
Total lease payments	<u>\$ 3,648</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 21 - COMMITMENTS

The Town of Acton, Maine, has entered a contract for law enforcement services with the County of York, Maine. The contract term is for four years beginning January 1, 2017 and ending December 31, 2020. The Town of Shapleigh participates with the Town of Acton in the contract with a cost-sharing formula of 50% for each town. The annual contract cost is calculated on actual salary and fringe benefits and other related operating expenses less federal grant funding and is estimated as follows:

Fiscal Years Ending June 30,	Amount
2020	\$ 46,000
2021	23,000

For the twelve months ended June 30, 2019, the total contract cost was \$45,438. All future contract amounts are subject to annual appropriation by the Town of Acton.

NOTE 22 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Maine Municipal and the Maine School Management Associations.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2019. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 23 - CONTINGENCIES

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 23 - CONTINGENCIES (CONTINUED)

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

The Town's School Department receives education subsidy funding payments through the State of Maine. The State subsidy payment amount is adjusted quarterly for the Town's School Department share of MaineCare Seed, which is the required local share of MaineCare revenue that the State pays on behalf of the Town's School Department and then recovers through the ED 279. Adjustments made by the State in the fiscal year of 2020 could include expenditures from the fiscal year of 2019 that would normally be accrued. The actual amount cannot be determined at this time, however, it is the position of the Town's School Department that this practice is consistent with the formal recommendation of the Maine Department of Education to all Maine units concerning this matter.

NOTE 24 - RELATED PARTIES

During the year ended June 30, 2019, the Town of Acton had the following related party transactions and/or relationships to disclose:

The Animal Control Officer is the spouse of a Selectperson.

The Road Commissioners are paid an hourly wage and the Town rents equipment from their private business, for which the Town issues a 1099 to the business. The salaries and equipment rates are set by town meeting.

One of the Road Commissioners had a father, uncle and brother in law as employees and another Road Commissioner had a son as an employee.

The Chairperson of the Road Committee is the spouse of the Langley Shores Road Association Treasurer. The Road Committee approved an application for Langley Shores to receive \$3,000 from the Town for road improvements to a private road under the 3106 designation. The Chairperson recused themselves from this vote.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 25 - COMPARATIVE DATA/RECLASSIFICATIONS

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

NOTE 26 - RESTATEMENTS

The net position of the governmental activities has been restated at July 1, 2017 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by \$317,128. The resulting restatement decreased net position from \$7,070,652 to \$6,753,524.

In 2019, the Town determined that certain transactions in prior years had been recorded incorrectly or needed to be reclassified, therefore, a restatement to the 2018 government-wide and fund financial statements was required. The beginning net position and special revenue fund unassigned fund balance were restated by \$2,250 to correct an error in the small rural school fund. The beginning general fund and education fund nonspendable and restricted fund balances were each restated by a net \$1,412,309 to reclassify the education fund out of the general fund to its own fund, resulting in an overall net fund balance change of zero. The resulting restatements increased net position from \$6,753,524 to \$6,755,744, the general fund nonspendable fund balance from \$3,179 to \$0, the general fund restricted fund balance from \$1,497,480 to \$88,350, the education fund nonspendable fund balance from \$0 to \$3,179 and the education fund restricted fund balance from \$0 to \$1,409,130.

Required Supplementary Information

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

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

TOWN OF ACTON, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 2,043,705	\$ 2,043,705	\$ 2,043,705	\$ -
Resources (Inflows):				
Property taxes	6,855,718	6,855,718	6,809,029	(46,689)
Excise taxes	472,000	472,000	639,451	167,451
Intergovernmental	223,299	223,299	293,961	70,662
Charges for services	145,650	145,650	258,324	112,674
Investment income	11,000	11,000	51,304	40,304
Other revenue	94,000	94,000	142,287	48,287
Amounts Available for Appropriation	<u>9,845,372</u>	<u>9,845,372</u>	<u>10,238,061</u>	<u>392,689</u>
Charges to Appropriations (Outflows):				
General government	820,933	820,933	787,698	33,235
Public safety	658,827	658,827	641,829	16,998
Public works	965,628	965,628	915,802	49,826
Social services	74,988	74,988	74,988	-
Recreation	16,363	16,363	16,222	141
General assistance	4,000	4,000	326	3,674
County tax	303,225	303,225	303,225	-
Education	4,912,220	-	-	-
Debt service:				
Principal	62,957	62,957	62,957	-
Interest	9,723	9,723	9,723	-
Other	351,958	435,170	331,452	103,718
Transfers to other funds	-	4,912,220	4,912,221	(1)
Total Charges to Appropriations	<u>8,180,822</u>	<u>8,264,034</u>	<u>8,056,443</u>	<u>207,591</u>
Budgetary Fund Balance, June 30	<u>\$ 1,664,550</u>	<u>\$ 1,581,338</u>	<u>\$ 2,181,618</u>	<u>\$ 600,280</u>
Utilization of restricted fund balance	\$ 50,736	\$ 50,736	\$ -	\$ (50,736)
Utilization of committed fund balance	-	71,892	-	(71,892)
Utilization of assigned fund balance	13,419	13,419	-	(13,419)
Utilization of unassigned fund balance	315,000	326,320	-	(326,320)
	<u>\$ 379,155</u>	<u>\$ 462,367</u>	<u>\$ -</u>	<u>\$ (462,367)</u>

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

TOWN OF ACTON, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - EDUCATION FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 1,412,309	\$ 1,412,309	\$ 1,412,309	\$ -
Resources (Inflows):				
Local Assessments	4,912,220	-	-	-
Intergovernmental Revenues:				
State Subsidy	456,897	456,897	474,440	17,543
Federal Subsidy	40,000	40,000	65,308	25,308
Charges for Services	40,000	40,000	32,074	(7,926)
Interest Income	-	-	3,204	3,204
Other	-	-	14,110	14,110
Transfers From Other Funds	-	4,912,220	4,912,221	1
Amounts Available for Appropriation	<u>6,861,426</u>	<u>6,861,426</u>	<u>6,913,666</u>	<u>52,240</u>
Charges to Appropriations (Outflows):				
Regular Instruction	2,743,538	2,743,538	2,601,363	142,175
Special Education	1,035,551	1,035,551	935,101	100,450
Other Instruction	50,400	50,400	40,204	10,196
Student and Staff Support	527,042	527,042	497,570	29,472
System Administration	213,828	213,828	202,614	11,214
School Administration	128,073	128,073	128,019	54
Transportation	297,000	297,000	281,853	15,147
Facilities Maintenance	460,224	460,224	448,803	11,421
All Other Expenditures	143,461	143,461	127,936	15,525
Total Charges to Appropriations	<u>5,599,117</u>	<u>5,599,117</u>	<u>5,263,463</u>	<u>335,654</u>
Budgetary Fund Balance, June 30	<u>\$ 1,262,309</u>	<u>\$ 1,262,309</u>	<u>\$ 1,650,203</u>	<u>\$ (387,894)</u>
Utilization of Assigned Fund Balance	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>

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

TOWN OF ACTON, MAINE

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>					
Proportion of the net pension liability	0.034%	0.032%	0.00%	0.00%	0.00%
Proportionate share of the net pension liability	\$ 92,725	\$ 130,889	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 276,812	\$ 249,774	\$ -	\$ -	\$ -
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	33.50%	52.40%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	91.14%	86.43%	86.40%	81.61%	88.30%
 <u>SET Plan:</u>					
Town's proportion of the net pension liability	0.005%	0.006%	0.005%	0.009%	0.009%
Town's proportionate share of the net pension liability	\$ 62,358	\$ 90,014	\$ 93,227	\$ 121,335	\$ 93,060
State's proportionate share of the net pension liability associated with the Town	<u>2,045,938</u>	<u>2,047,685</u>	<u>\$ 2,122,536</u>	<u>\$ 2,144,365</u>	<u>\$ 1,436,353</u>
Total	<u>\$ 2,108,296</u>	<u>\$ 2,137,699</u>	<u>\$ 2,215,763</u>	<u>\$ 2,265,700</u>	<u>\$ 1,529,413</u>
Town's covered-employee payroll	\$ 1,858,677	\$ 1,782,507	\$ 1,508,269	\$ 1,918,273	\$ 1,605,351
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	3.35%	5.05%	6.18%	6.33%	5.80%
Plan fiduciary net position as a percentage of the total pension liability	85.17%	80.78%	80.80%	81.20%	83.91%

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

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

TOWN OF ACTON, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>					
Contractually required contribution	\$ 20,469	\$ 18,872	\$ 16,385	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>(20,469)</u>	<u>(18,872)</u>	<u>(16,385)</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered-employee payroll	\$ 247,830	\$ 276,812	\$ 249,774	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	8.26%	6.82%	6.56%	0.00%	0.00%
<u>SET Plan:</u>					
Contractually required contribution	\$ 71,754	\$ 83,410	\$ 67,798	\$ 58,500	\$ 64,869
Contributions in relation to the contractually required contribution	<u>(71,754)</u>	<u>(83,410)</u>	<u>(67,798)</u>	<u>(58,500)</u>	<u>(64,869)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Town's covered-employee payroll	\$ 1,845,336	\$ 1,858,677	\$ 1,782,507	\$ 1,508,269	\$ 1,918,273
Contributions as a percentage of covered-employee payroll	3.89%	4.49%	3.80%	3.88%	3.38%

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

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

TOWN OF ACTON, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT PLAN
FOR THE YEAR ENDED JUNE 30, 2019

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at 7/1/17 (Reporting July 1, 2018)	\$ 317,128	\$ -	\$ 317,128
Changes for the year:			
Service cost	4,855	-	4,855
Interest	11,527	-	11,527
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(18,574)	-	(18,574)
Contributions - employer	-	-	-
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expense	-	-	-
Net changes	<u>(2,192)</u>	<u>-</u>	<u>(2,192)</u>
Balances at 6/30/18 (Reporting June 30, 2019)	<u>\$ 314,936</u>	<u>\$ -</u>	<u>\$ 314,936</u>

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

TOWN OF ACTON, MAINE

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

	2019
<u>Total OPEB liability</u>	
Service cost (BOY)	4,855
Interest (includes interest on service cost)	11,527
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(18,574)
Benefit payments, including refunds of member contributions	-
Net change in total OPEB liability	\$ (2,192)
Total OPEB liability - beginning	\$ 317,128
Total OPEB liability - ending	\$ 314,936
<u>Plan fiduciary net position</u>	
Contributions - employer	-
Contributions - member	-
Net investment income	-
Benefit payments, including refunds of member contributions	-
Administrative expense	-
Net change in fiduciary net position	-
Plan fiduciary net position - beginning	\$ -
Plan fiduciary net position - ending	\$ -
Net OPEB liability - ending	\$ 314,936
Plan fiduciary net position as a percentage of the total OPEB liability	-
Covered payroll	\$ 1,924,471
Net OPEB liability as a percentage of covered payroll	16.4%

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

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

TOWN OF ACTON, MAINE

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

	<u>2019</u>	<u>2018</u>
<u>SET Life Insurance:</u>		
Proportion of the net OPEB liability	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	43,495	37,423
Total	<u>\$ 43,495</u>	<u>\$ 37,423</u>
Covered-employee payroll	\$ 1,858,677	\$ 1,782,507
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	48.04%	47.29%

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

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

TOWN OF ACTON, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>
<u>MEABT:</u>		
Employer contributions	\$ -	\$ -
Benefit payments	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,924,471	\$ -
Contributions as a percentage of covered payroll	0.00%	0.00%
	<u>2019</u>	<u>2018</u>
<u>SET Life Insurance:</u>		
Contractually required contribution	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,845,336	\$ 1,858,677
Contributions as a percentage of covered- employee payroll	0.00%	0.00%

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

TOWN OF ACTON, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Changes of Assumptions

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

The discount rate for the OPEB SET Plan was reduced from 6.875% to 6.75%.

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

Other Supplementary Information

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

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

TOWN OF ACTON, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 6,855,718	\$ 6,855,718	\$ 6,809,029	\$ (46,689)
Motor vehicle excise	460,000	460,000	623,815	163,815
Boat excise	12,000	12,000	15,636	3,636
Intergovernmental revenues:				
State revenue sharing	76,459	76,459	80,426	3,967
Homestead exemption	127,745	127,745	127,745	-
Local road assistance	-	-	50,444	50,444
Tree growth	18,000	18,000	24,454	6,454
Veterans' reimbursement	-	-	3,446	3,446
Other federal/state/local funds	1,095	1,095	7,446	6,351
Charges for services:				
Town clerk fees	12,850	12,850	12,881	31
Building permits	60,000	60,000	114,267	54,267
Plumbing permits	8,000	8,000	12,951	4,951
Animal control fees	1,200	1,200	2,300	1,100
Marriage licenses	300	300	468	168
Rescue services	55,000	55,000	111,598	56,598
Other	8,300	8,300	3,859	(4,441)
Investment income, net of unrealized gains/(losses)	11,000	11,000	51,304	40,304
Other revenues:				
Recycling income	25,000	25,000	26,213	1,213
Transfer station	-	-	425	425
Cable access	35,000	35,000	41,857	6,857
Interest and fees on taxes	34,000	34,000	34,646	646
Misc. other	-	-	39,146	39,146
Amounts Available for Appropriation	<u>\$ 7,801,667</u>	<u>\$ 7,801,667</u>	<u>\$ 8,194,356</u>	<u>\$ 392,689</u>

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

TOWN OF ACTON, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
GENERAL GOVERNMENT					
Governing body	\$ 29,389	\$ -	\$ 29,389	\$ 29,254	\$ 135
Town gym expenses	4,550	-	4,550	4,560	(10)
General office assistant	50,033	-	50,033	50,043	(10)
Warrant and finance	266	-	266	60	206
Municipal management	408,246	-	408,246	386,372	21,874
Elections	6,883	-	6,883	5,783	1,100
Registrar of voters	4,570	-	4,570	4,569	1
Land use	138,403	-	138,403	137,468	935
Finance/treasury	50,473	-	50,473	50,296	177
Town clerk/tax collector	86,720	-	86,720	85,383	1,337
Assesment and revaluations	41,400	-	41,400	33,910	7,490
Total	<u>820,933</u>	<u>-</u>	<u>820,933</u>	<u>787,698</u>	<u>33,235</u>
PUBLIC SAFETY					
Fire/rescue services	613,619	-	613,619	593,573	20,046
Communications	31,683	-	31,683	31,305	378
Animal control	10,532	-	10,532	14,414	(3,882)
EMA	1,293	-	1,293	861	432
Street lights	1,700	-	1,700	1,676	24
Total	<u>658,827</u>	<u>-</u>	<u>658,827</u>	<u>641,829</u>	<u>16,998</u>
PUBLIC WORKS					
Transfer station	278,390	-	278,390	261,607	16,783
District 1	276,100	-	276,100	318,445	(42,345)
District 2	276,100	-	276,100	179,341	96,759
Sand/salt stockpile	120,000	-	120,000	145,246	(25,246)
Public works buildings/equipment	15,038	-	15,038	11,163	3,875
Total	<u>965,628</u>	<u>-</u>	<u>965,628</u>	<u>915,802</u>	<u>49,826</u>
RECREATION					
	<u>16,363</u>	<u>-</u>	<u>16,363</u>	<u>16,222</u>	<u>141</u>
GENERAL ASSISTANCE					
	<u>4,000</u>	<u>-</u>	<u>4,000</u>	<u>326</u>	<u>3,674</u>
COUNTY TAX					
	<u>303,225</u>	<u>-</u>	<u>303,225</u>	<u>303,225</u>	<u>-</u>

TOWN OF ACTON, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
EDUCATION					
General education	4,912,220	(4,912,220)	-	-	-
SOCIAL SERVICES					
Donations	74,988	-	74,988	74,988	-
DEBT SERVICE					
Principal	62,957	-	62,957	62,957	-
Interest	9,723	-	9,723	9,723	-
Total	72,680	-	72,680	72,680	-
OTHER					
Health officer	108	-	108	108	-
Mary Grant	-	246	246	246	-
Neighbors helping neighbors	-	13,695	13,695	13,695	-
Cemeteries	2,800	-	2,800	1,296	1,504
Cable access	34,544	-	34,544	34,338	206
Town forestry/logging	3,538	-	3,538	3,058	480
Conservation	250	-	250	-	250
Town hall repairs	8,800	-	8,800	8,750	50
Roads	90,000	-	90,000	54,692	35,308
Dams	16,025	-	16,025	8,308	7,717
Overlay	37,972	-	37,972	-	37,972
Fuel assistance donations	-	435	435	435	-
Capital reserve	5,000	-	5,000	-	5,000
Fire department donations	-	3,214	3,214	3,214	-
Town buildings	76,419	-	76,419	76,188	231
Fire department capital improvements	61,502	64,534	126,036	126,036	-
Gym donations	-	35	35	35	-
Emergency and capital improvements	15,000	-	15,000	-	15,000
Snowmobile club	-	1,053	1,053	1,053	-
Total	351,958	83,212	435,170	331,452	103,718
TRANSFERS TO OTHER FUNDS					
Education fund	-	4,912,220	4,912,220	4,912,221	(1)
Total	-	4,912,220	4,912,220	4,912,221	-
TOTAL DEPARTMENTAL OPERATIONS	\$ 8,180,822	\$ 83,212	\$ 8,264,034	\$ 8,056,443	\$ 207,592

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

TOWN OF ACTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 53,629	\$ 53,629
Investments	-	64,149	64,149
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 117,778</u>	<u>\$ 117,778</u>
LIABILITIES			
Escrow	\$ -	\$ 3,000	\$ 3,000
Due to other funds	454	-	454
TOTAL LIABILITIES	<u>454</u>	<u>3,000</u>	<u>3,454</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	-	114,778	114,778
Committed	-	-	-
Assigned	-	-	-
Unassigned	(454)	-	(454)
TOTAL FUND BALANCES (DEFICITS)	<u>(454)</u>	<u>114,778</u>	<u>114,324</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 117,778</u>	<u>\$ 117,778</u>

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

TOWN OF ACTON, MAINE

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

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenue	\$ 228,783	\$ -	\$ 228,783
Investment income, net of unrealized gains/(losses)	-	(3,926)	(3,926)
TOTAL REVENUES	<u>228,783</u>	<u>(3,926)</u>	<u>224,857</u>
EXPENDITURES			
Education	226,987	-	226,987
Other	-	4,000	4,000
TOTAL EXPENDITURES	<u>226,987</u>	<u>4,000</u>	<u>230,987</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	1,796	(7,926)	(6,130)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>(2,250)</u>	<u>122,704</u>	<u>120,454</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (454)</u>	<u>\$ 114,778</u>	<u>\$ 114,324</u>

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

Special Revenue Funds

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

TOWN OF ACTON, MAINE

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

	Local Entitlement	Local Entitlement Preschool	Title IA	Title IIA	Title IV	Small Rural School	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ 454	\$ -	\$ -	\$ 454
TOTAL LIABILITIES	-	-	-	454	-	-	454
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	(454)	-	-	(454)
TOTAL FUND BALANCES (DEFICITS)	-	-	-	(454)	-	-	(454)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)							
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

TOWN OF ACTON, MAINE

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

	Local Entitlement	Local Entitlement Preschool	Title IA	Title IIA	Title IV	Small Rural School	Total
REVENUES							
Intergovernmental revenues	\$ 105,938	\$ 1,002	\$ 62,984	\$ 13,142	\$ 10,005	\$ 35,712	\$ 228,783
TOTAL REVENUES	<u>105,938</u>	<u>1,002</u>	<u>62,984</u>	<u>13,142</u>	<u>10,005</u>	<u>35,712</u>	<u>228,783</u>
EXPENDITURES							
Education	105,938	1,002	62,984	13,596	10,005	33,462	226,987
TOTAL EXPENDITURES	<u>105,938</u>	<u>1,002</u>	<u>62,984</u>	<u>13,596</u>	<u>10,005</u>	<u>33,462</u>	<u>226,987</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	(454)	-	2,250	1,796
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	-	-	-	-	-	(2,250)	(2,250)
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (454)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (454)</u>

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

Permanent Funds

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

TOWN OF ACTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2019

	Cemetery Fund	Holdsworth Scholarship	Lawrence Family Trust	Dorothy Dunnells	Holdsworth Trust	Lavesque Escrow	Total
ASSETS							
Cash and cash equivalents	\$ 10,256	\$ 30,791	\$ 2,280	\$ 7,302	\$ -	\$ 3,000	\$ 53,629
Investments	-	-	-	-	64,149	-	64,149
TOTAL ASSETS	\$ 10,256	\$ 30,791	\$ 2,280	\$ 7,302	\$ 64,149	\$ 3,000	\$ 117,778
LIABILITIES							
Escrow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ 3,000
TOTAL LIABILITIES	-	-	-	-	-	3,000	3,000
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	10,256	30,791	2,280	7,302	64,149	-	114,778
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	10,256	30,791	2,280	7,302	64,149	-	114,778
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,256	\$ 30,791	\$ 2,280	\$ 7,302	\$ 64,149	\$ 3,000	\$ 117,778

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

TOWN OF ACTON, MAINE

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

	Cemetery Fund	Holdsworth Scholarship	Lawrence Family Trust	Dorothy Dunnells	Holdsworth Trust	Lavesque Escrow	Total
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 16	\$ 2,506	\$ 3	\$ 17	\$ (6,468)	\$ -	\$ (3,926)
TOTAL REVENUES	<u>16</u>	<u>2,506</u>	<u>3</u>	<u>17</u>	<u>(6,468)</u>	<u>-</u>	<u>(3,926)</u>
EXPENDITURES							
Scholarship/other	-	4,000	-	-	-	-	4,000
TOTAL EXPENDITURES	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
NET CHANGE IN FUND BALANCES	16	(1,494)	3	17	(6,468)	-	(7,926)
FUND BALANCES - JULY 1	<u>10,240</u>	<u>32,285</u>	<u>2,277</u>	<u>7,285</u>	<u>70,617</u>	<u>-</u>	<u>122,704</u>
FUND BALANCES - JUNE 30	<u>\$ 10,256</u>	<u>\$ 30,791</u>	<u>\$ 2,280</u>	<u>\$ 7,302</u>	<u>\$ 64,149</u>	<u>\$ -</u>	<u>\$ 114,778</u>

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

General Capital Assets

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

TOWN OF ACTON, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2019

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Public safety	\$ 37,500	\$ 624,365	\$ 1,420,785	\$ -	\$ 2,082,650
Public works	-	535,000	22,800	405,637	963,437
Education	-	4,608,561	930,849	7,490	5,546,900
Transfer station	-	187,315	49,905	-	237,220
Recreation	29,000	141,488	-	-	170,488
Town-wide	223,865	497,125	64,683	7,675	793,348
Total General Capital Assets	290,365	6,593,854	2,489,022	420,802	9,794,043
Less: Accumulated Depreciation	-	(4,292,064)	(1,717,521)	(41,456)	(6,051,041)
Net General Capital Assets	\$ 290,365	\$ 2,301,790	\$ 771,501	\$ 379,346	\$ 3,743,002

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

TOWN OF ACTON, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2019

	General Capital Assets 7/1/18	Additions	Deletions	General Capital Assets 6/30/19
Public safety	\$ 1,956,615	\$ 126,035	\$ -	\$ 2,082,650
Public works	862,310	101,127	-	963,437
Education	5,533,515	13,385	-	5,546,900
Transfer station	174,420	62,800	-	237,220
Recreation	157,100	13,388	-	170,488
Town-wide	784,598	8,750	-	793,348
Total General Capital Assets	<u>9,468,558</u>	<u>325,485</u>	-	<u>9,794,043</u>
Less: Accumulated Depreciation	<u>(5,743,750)</u>	<u>(307,291)</u>	-	<u>(6,051,041)</u>
Net General Capital Assets	<u>\$ 3,724,808</u>	<u>\$ 18,194</u>	<u>\$ -</u>	<u>\$ 3,743,002</u>

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



Proven Expertise & Integrity

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

Board of Selectmen
Town of Acton
Acton, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Acton, Maine as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Acton, Maine's basic financial statements, and have issued our report thereon dated December 6, 2019.

Internal Control Over Financial Reporting

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

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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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

Compliance and Other Matters

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

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
December 6, 2019

TOWN OF ACTON, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed-through State of Maine - Department of Education and Cultural Services:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	013-06A-3014-05	\$ -	\$ 20,896
National School Lunch Program	10.555	013-06A-3125-95	-	44,412
Subtotal Child Nutrition Cluster			<u>-</u>	<u>65,308</u>
Food Distribution Cluster:				
Commodity Supplemental Food Program	10.565	N/A	-	6,732
Subtotal Food Distribution Cluster			<u>-</u>	<u>6,732</u>
Total U.S. Department of Agriculture			<u>-</u>	<u>72,040</u>
U.S. Department of Education				
Passed-through State of Maine - Department of Education and Cultural Services:				
Title I Grants to Local Educational Agencies	84.010	013-06A-3107-13	-	62,984
Special Education Cluster (IDEA):				
Special Education-Grants to States	84.027	013-06A-3046-12	-	105,938
Subtotal Special Education Cluster (IDEA)			<u>-</u>	<u>105,938</u>
Rural Education	84.358	013-06A-3005-03	-	35,712
Improving Teacher Quality State Grants	84.367	013-06A-3042-11	-	13,598
School Improvement Grants	84.377A	013-06A-6247-23	-	1,002
Total U.S. Department of Education			<u>-</u>	<u>219,234</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ -</u>	<u>\$ 291,274</u>

DISCLOSURES:

This Town is not required to have a federal 2 C.F.R. Part 200 Uniform Guidance Audit.

TOWN OF ACTON, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Acton, Maine under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Acton, Maine, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Acton, Maine.

2. Summary of Significant Accounting Policies

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

3. Food Donation Program

The Town of Acton, Maine reports commodities consumed on the Schedule at the fair value [or entitlement value]. The Government allocated donated food commodities to the respective program(s) that benefitted from the use of those donated food commodities.



Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

Board of Selectmen
Town of Acton
Acton, Maine

We have audited the financial statements of the Town of Acton, Maine for the year ended June 30, 2019 and have issued our report thereon dated December 6, 2019. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place, and have reviewed the annual financial report that was submitted to the Maine Department of Education for accuracy. In addition, we have reviewed the Town of Acton, Maine's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, the Town of Acton, Maine complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Acton, Maine was in noncompliance with, or in violation of, those provisions.

Management has determined that no adjustments were necessary to the fiscal books of the Town of Acton, Maine and have attached the following schedule as it relates to the reconciliation of audit adjustments to the updated annual financial data submitted to the Maine Education Financial System maintained at the Maine Department of Education.

This report is intended solely for the information of the Board of Selectmen, School Board, management and the Maine Department of Education. This report is not intended to be and should not be used by anyone other than the specified parties.

RHR Smith & Company

Buxton, Maine
December 6, 2019

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

ACTON SCHOOL DEPARTMENT

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED
TO THE MAINE EDUCATION FINANCIAL SYSTEM
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Funds (3000)	Total
June 30, 2019 Balance Per MEFS	\$ 1,657,913	\$ -	\$ -	\$ 1,657,913
Expenditure Adjustments:				
Computer software	(7,707)	-	-	(7,707)
Other Adjustments:				
Rounding	(3)	-	-	(3)
Due to other funds	-	(454)	-	(454)
Audited GAAP Basis Fund Balance June 30, 2019	<u>\$ 1,650,203</u>	<u>\$ (454)</u>	<u>\$ -</u>	<u>\$ 1,649,749</u>