

Audited Financial Statements and  
Other Financial Information

Town of Acton, Maine

June 30, 2018



*Proven Expertise and Integrity*

TOWN OF ACTON, MAINE

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JUNE 30, 2018

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## 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, 2018, 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.

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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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 10 and 51 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Acton, Maine's basic financial statements. 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 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, 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 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 November 1, 2018, 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  
November 1, 2018

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

**(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, 2018. 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 and pension information, and other supplementary information which includes combining and other schedules.

**Basic Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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



Both of the above mentioned financial statements have 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, education, social services, recreation 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 two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other

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

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

*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 Fiduciary 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 Schedule of Proportionate Share of the Net Pension Liability and a Schedule of Contributions.

### **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 school department.

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities decreased by \$39,309 from \$7,109,961 to \$7,070,652.

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 - decreased to a balance of \$2,169,071 at the end of this year.

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

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
<b>Assets:</b>		
Current Assets	\$ 4,357,258	\$ 4,690,672
Capital Assets	3,724,808	3,847,225
Total Assets	<u>8,082,066</u>	<u>8,537,897</u>
<b>Deferred Outflows of Resources:</b>		
Deferred Outflows Related to Pensions	278,887	101,203
Total Deferred Outflows of Resources	<u>278,887</u>	<u>101,203</u>
<b>Liabilities:</b>		
Current Liabilities	566,388	927,680
Long-term Debt Outstanding	594,763	536,337
Total Liabilities	<u>1,161,151</u>	<u>1,464,017</u>
<b>Deferred Inflows of Resources:</b>		
Prepaid Taxes	29,203	15,964
Deferred Inflows Related to Pensions	99,947	49,158
Total Deferred Inflows of Resources	<u>129,150</u>	<u>65,122</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	3,281,397	3,307,070
Restricted: General Fund	1,497,480	1,455,382
Permanent Funds	122,704	120,263
Unrestricted	2,169,071	2,227,246
Total Net Position	<u>\$ 7,070,652</u>	<u>\$ 7,109,961</u>

### Revenues and Expenses

Revenues for the Town's governmental activities increased by 5.47%, while total expenses increased by 11.18%. The increase in revenues was primarily due to property taxes, while the increase in expenditures was primarily due to education and public works.

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

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 251,734	\$ 326,240
Operating grants and contributions	881,358	810,181
<i>General Revenues:</i>		
Property taxes	6,714,013	6,339,990
Excise taxes	585,077	552,978
Grants and contributions not restricted to specific programs	200,110	171,599
Investment income	25,740	42,817
Other income	273,969	225,006
Total revenues	<u>8,932,001</u>	<u>8,468,811</u>
<b>Expenses</b>		
General government	673,903	611,822
Public safety	784,436	714,930
Public works	1,166,535	902,092
Social services	73,756	66,875
Recreation	12,452	11,345
General assistance	736	340
Education	5,514,125	5,158,202
County tax	301,357	293,073
Interest on debt service	11,978	12,688
Other expenses	89,789	67,632
Unallocated depreciation (Note 4)	15,472	13,472
State of Maine on-behalf payments	326,771	216,441
Total expenses	<u>8,971,310</u>	<u>8,068,912</u>
Change in Net Position	(39,309)	399,899
Net Position - July 1	<u>7,109,961</u>	<u>6,710,062</u>
Net Position - June 30	<u><u>\$ 7,070,652</u></u>	<u><u>\$ 7,109,961</u></u>

### **Financial Analysis of the Town's Fund Statements**

*Governmental funds:* The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. 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,**

	<u>2018</u>	<u>2017</u>
General Fund:		
Nonspendable	\$ 3,179	\$ 3,060
Restricted	1,497,480	1,455,382
Committed	212,496	282,671
Assigned	68,327	80,327
Unassigned	1,674,532	1,652,370
Total General Fund	<u>\$ 3,456,014</u>	<u>\$ 3,473,810</u>
 Nonmajor Funds:		
Special Revenue Funds:		
Unassigned	\$ (4,500)	\$ -
Permanent Funds:		
Restricted	122,704	120,263
Total Nonmajor Funds	<u>\$ 118,204</u>	<u>\$ 120,263</u>

The general fund total fund balance decreased by \$17,796 over the prior fiscal year, primarily due to actual expenditures that exceeded their revenues. The nonmajor fund balances decreased by \$2,059 over the prior fiscal year, primarily due to school special revenue fund expenditures that exceeded their revenues.

**Budgetary Highlights**

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

The general fund actual revenues exceeded the budget by \$336,251. All revenue categories exceeded budgeted amounts with the exception of property taxes, education subsidy and tree growth.

The general fund actual expenditures were under budget by \$446,596. All expenditures categories were under budget with the exception of public works.

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2018, the net book value of capital assets recorded by the Town decreased by \$122,417 from the prior year. This decrease is the result of capital additions of \$190,130 less current year depreciation of \$312,547.

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

	<u>2018</u>	<u>2017</u>
Land	\$ 290,365	\$ 290,365
Land improvements	292,326	167,256
Buildings and improvements	2,094,105	2,227,013
Machinery and equipment	132,572	164,533
Vehicles	622,550	694,963
Furniture and fixtures	6,699	8,932
Infrastructure	286,191	294,163
Total	<u>\$ 3,724,808</u>	<u>\$ 3,847,225</u>

### Debt

At June 30, 2018, the Town had \$436,350 in notes outstanding versus \$526,033 as of June 30, 2017. The Town's other obligations include a capital lease payable, accrued compensated absences and net pension liability. 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 two 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, 2018

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,783,286
Investments	70,617
Accounts receivable (net of allowance for uncollectibles):	
Taxes	284,931
Liens	98,950
Other	116,295
Inventory	3,179
Total current assets	<u>4,357,258</u>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	290,365
Infrastructure, buildings and vehicles, net of accumulated depreciation	3,434,443
Total noncurrent assets	<u>3,724,808</u>
TOTAL ASSETS	<u>8,082,066</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	278,887
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>278,887</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 8,360,953</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 131,747
Accrued expenses	253,952
Current portion of long-term obligations	180,689
Total current liabilities	<u>566,388</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes payable	373,860
Net pension liability	220,903
Total noncurrent liabilities	<u>594,763</u>
TOTAL LIABILITIES	<u>1,161,151</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	29,203
Deferred inflows related to pensions	99,947
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>129,150</u>
NET POSITION	
Net investment in capital assets	3,281,397
Restricted: General fund	1,497,480
Permanent funds	122,704
Unrestricted	2,169,071
TOTAL NET POSITION	<u>7,070,652</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 8,360,953</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 673,903	\$ 127,904	\$ -	\$ -	\$ (545,999)
Public safety	784,436	96,087	-	-	(688,349)
Public works	1,166,535	-	50,736	-	(1,115,799)
Social services	73,756	-	-	-	(73,756)
Recreation	12,452	-	-	-	(12,452)
General assistance	736	-	17,751	-	17,015
Education	5,514,125	27,743	486,100	-	(5,000,282)
County tax	301,357	-	-	-	(301,357)
Interest on debt service	11,978	-	-	-	(11,978)
Other expenses	89,789	-	-	-	(89,789)
Unallocated depreciation (Note 4)*	15,472	-	-	-	(15,472)
State of Maine on-behalf payments	326,771	-	326,771	-	-
Total governmental activities	<u>\$ 8,971,310</u>	<u>\$ 251,734</u>	<u>\$ 881,358</u>	<u>\$ -</u>	<u>(7,838,218)</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, 2018

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(7,838,218)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	6,714,013
Excise taxes	585,077
Grants and contributions not restricted to specific programs	200,110
Investment income	25,740
Other income	273,969
Total general revenues	<u>7,798,909</u>
Change in net position	(39,309)
Net position - July 1	<u>7,109,961</u>
Net position - June 30	<u><u>\$ 7,070,652</u></u>

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

## TOWN OF ACTON, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,731,199	\$ 52,087	\$ 3,783,286
Investments	-	70,617	70,617
Accounts receivable (net of allowance for uncollectibles):			
Taxes	284,931	-	284,931
Liens	98,950	-	98,950
Other	116,295	-	116,295
Inventory	3,179	-	3,179
Due from other funds	4,500	-	4,500
<b>TOTAL ASSETS</b>	<b><u>\$ 4,239,054</u></b>	<b><u>\$ 122,704</u></b>	<b><u>\$ 4,361,758</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$ 131,747	\$ -	\$ 131,747
Accrued expenses	253,952	-	253,952
Accrued compensated absences	111,138	-	111,138
Due to other funds	-	4,500	4,500
<b>TOTAL LIABILITIES</b>	<b><u>496,837</u></b>	<b><u>4,500</u></b>	<b><u>501,337</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	29,203	-	29,203
Deferred tax revenue	257,000	-	257,000
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>286,203</u></b>	<b><u>-</u></b>	<b><u>286,203</u></b>
<b>FUND BALANCES</b>			
Nonspendable - inventory	3,179	-	3,179
Restricted	1,497,480	122,704	1,620,184
Committed	212,496	-	212,496
Assigned	68,327	-	68,327
Unassigned	1,674,532	(4,500)	1,670,032
<b>TOTAL FUND BALANCES</b>	<b><u>3,456,014</u></b>	<b><u>118,204</u></b>	<b><u>3,574,218</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 4,239,054</u></b>	<b><u>\$ 122,704</u></b>	<b><u>\$ 4,361,758</u></b>

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, 2018

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 3,574,218
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	3,724,808
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	257,000
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	278,887
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Notes payable	(436,350)
Capital lease payable	(7,061)
Net pension liability	(220,903)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(99,947)</u>
Net position of governmental activities	<u><u>\$ 7,070,652</u></u>

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

## TOWN OF ACTON, MAINE

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

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 6,707,013	\$ -	\$ 6,707,013
Excise taxes	585,077	-	585,077
Intergovernmental revenues:			
State revenue sharing	80,474	-	80,474
Education subsidy	288,999	-	288,999
Homestead exemption	95,164	-	95,164
Local road assistance	50,736	-	50,736
Other education revenue	293	-	293
Other	42,223	196,808	239,031
State of Maine on-behalf payments	172,224	-	172,224
Charges for services	251,734	-	251,734
Investment income, net of unrealized gains/(losses)	21,299	4,441	25,740
Other revenue	273,969	-	273,969
<b>TOTAL REVENUES</b>	<b>8,569,205</b>	<b>201,249</b>	<b>8,770,454</b>
<b>EXPENDITURES</b>			
Current:			
General government	673,903	-	673,903
Public safety	680,029	-	680,029
Public works	1,146,846	-	1,146,846
Social services	73,756	-	73,756
Recreation	7,962	-	7,962
General assistance	736	-	736
Education	5,174,802	201,308	5,376,110
County tax	301,357	-	301,357
Other	253,725	2,000	255,725
State of Maine on-behalf payments	172,224	-	172,224
Debt service:			
Principal	89,683	-	89,683
Interest	11,978	-	11,978
<b>TOTAL EXPENDITURES</b>	<b>8,587,001</b>	<b>203,308</b>	<b>8,790,309</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(17,796)</b>	<b>(2,059)</b>	<b>(19,855)</b>
<b>FUND BALANCES - JULY 1</b>	<b>3,473,810</b>	<b>120,263</b>	<b>3,594,073</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 3,456,014</b>	<b>\$ 118,204</b>	<b>\$ 3,574,218</b>

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, 2018

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (19,855)</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	190,130
Depreciation expense	<u>(312,547)</u>
	<u>(122,417)</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>7,000</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	
	<u>177,684</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	
	<u>96,744</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	
	<u>(50,789)</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	<u>(127,676)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ (39,309)</u></u>

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

## TOWN OF ACTON, MAINE

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2018

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 12,251
<b>TOTAL ASSETS</b>	<u>\$ 12,251</u>
 <b>LIABILITIES</b>	
Deposits held for others	\$ 12,251
<b>TOTAL LIABILITIES</b>	<u>\$ 12,251</u>

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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 and education.

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

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

**Implementation of New Accounting Standards**

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

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

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

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

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

**Government-Wide and Fund Financial Statements**

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. 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



TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

1. Governmental Funds:

The focus of the governmental 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:

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

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

Nonmajor Funds

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, 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). 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.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

**Budget**

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

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 general fund.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues per budgetary basis	\$ 8,396,981
Add: On-behalf payments	172,224
Total GAAP basis	<u>\$ 8,569,205</u>
Expenditures per budgetary basis	\$ 8,414,777
Add: On-behalf basis	172,224
Total GAAP basis	<u>\$ 8,587,001</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.
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.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 \$116,295 for the year ended June 30, 2018. The allowance for uncollectible amounts is estimated to be \$152,684 as of June 30, 2018.

**Inventories**

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.

**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.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Estimated useful lives are as follows:

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

**Long-term Obligations**

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

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

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

**Compensated Absences**

The Town's policies regarding vacation and sick time 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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2018, the Town's liability for compensated absences is \$111,138.

**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.

**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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

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



TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and the governmental funds balance sheet. Deferred inflows related to pensions qualify for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as 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 22, 2017 on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. Taxes were due on in two installments on October 17, 2017 and April 17, 2018. Interest on unpaid taxes commenced on October 18, 2017 and April 18, 2018, at 7% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$18,036 for the year ended June 30, 2018.

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

**Program Revenues**

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

**Encumbrance Accounting**

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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, 2018, the Town's cash balance amounting to \$3,795,537 was comprised of bank deposits of \$3,806,516. 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	\$ 25,189
Savings accounts	21,111
Money market accounts	42,525
ICS accounts	3,717,691
	<u>\$ 3,806,516</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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 \$70,617, is not exposed to custodial credit risk because those securities are registered in the Town's name and are held by the Town.

At June 30, 2018, 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	\$ 70,617	\$ 70,617	\$ -	\$ -
	<u>\$ 70,617</u>	<u>\$ 70,617</u>	<u>\$ -</u>	<u>\$ -</u>

**Fair Value Hierarchy**

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

	June 30, 2018 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Common stock - domestic	\$ 70,617	\$ 70,617	\$ -	\$ -
Total equity securities	<u>70,617</u>	<u>70,617</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>70,617</u>	<u>\$ 70,617</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments measured at fair value	<u>\$ 70,617</u>			

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 2 or Level 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2018 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

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, 2018 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
General fund	\$ 4,500	\$ -
Nonmajor special revenue funds	-	4,500
	<u>\$ 4,500</u>	<u>\$ 4,500</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS

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

	Balance 7/1/17	Additions	Disposals	Balance 6/30/18
<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	394,033	138,538	-	532,571
Buildings and improvements	5,950,782	20,928	-	5,971,710
Machinery and equipment	1,121,085	15,266	-	1,136,351
Vehicles	1,092,819	15,398	-	1,108,217
Furniture and fixtures	109,669	-	-	109,669
Infrastructure	319,675	-	-	319,675
	<u>8,988,063</u>	<u>190,130</u>	<u>-</u>	<u>9,178,193</u>
Less: accumulated depreciation	<u>(5,431,203)</u>	<u>(312,547)</u>	<u>-</u>	<u>(5,743,750)</u>
	<u>3,556,860</u>	<u>(122,417)</u>	<u>-</u>	<u>3,434,443</u>
Net capital assets	<u>\$ 3,847,225</u>	<u>\$ (122,417)</u>	<u>\$ -</u>	<u>\$ 3,724,808</u>
<u>Current year depreciation:</u>				
Public safety				\$ 104,407
Public works				16,090
Education				168,489
Transfer station				3,599
Recreation				4,490
Town-wide				15,472
Total depreciation expenses				<u>\$ 312,547</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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, 7/1/17	Additions	Reductions	Balance, 6/30/18	Current Portion
Notes payable	\$ 526,033	\$ -	\$ (89,683)	\$ 436,350	\$ 62,490
Capital lease payable	14,122	-	(7,061)	7,061	7,061
Accrued compensated absences	109,229	1,909	-	111,138	111,138
Net pension liability	93,227	266,855	(139,179)	220,903	-
Totals	<u>\$ 742,611</u>	<u>\$ 268,764</u>	<u>\$ (235,923)</u>	<u>\$ 775,452</u>	<u>\$ 180,689</u>

The following is a summary of the outstanding notes 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 rate of 2.55% per annum.	\$ 375,340
\$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 rate of 1.94% per annum.	<u>61,010</u>
Total notes payable	<u>\$ 436,350</u>

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

	Principal	Interest	Total
2019	\$ 62,490	\$ 10,189	\$ 72,679
2020	64,027	8,652	72,679
2021	65,603	7,077	72,680
2022	67,158	5,462	72,620
2023	52,856	3,950	56,806
2024-2028	124,216	3,776	127,992
	<u>\$ 436,350</u>	<u>\$ 39,106</u>	<u>\$ 475,456</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the capital lease outstanding as of June 30, 2018:

\$21,184, 2016 capital lease payable to John Deere Financial for a tractor due in monthly installments of \$588 through June of 2019. No interest is charged on this lease.

The following is a summary of outstanding capital lease requirements for the following fiscal years ending June 30:

2019	\$ 7,061
2020	-
2021	-
2022	-
2023	-
Total minimum lease payment	<u>7,061</u>
Less amount representing interest	-
Present value of future minimum lease payments	<u><u>\$ 7,061</u></u>

All notes payable and the capital lease 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 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County debt. As of June 30, 2018, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of York	\$ 3,900,000	1.79%	<u><u>\$ 69,892</u></u>

NOTE 7 - NONSPENDABLE FUND BALANCE

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

General fund:	
School lunch inventory	<u><u>\$ 3,179</u></u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 8 - RESTRICTED FUND BALANCES

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

General fund:	
Education	\$ 988,679
Education - capital	41,072
Education - fuel reserve	10,000
Education - tuition and assistive technology	150,000
Education - professional	10,000
Education - technology	10,000
Education - health	15,000
Education - capital improvement	4,379
Education - matching grant	10,000
Education - FY 19 budget	170,000
LRAP	50,736
FEMA reserve	37,614
Nonmajor permanent funds (Schedule H)	122,704
	<u>\$ 1,620,184</u>

NOTE 9 - COMMITTED FUND BALANCES

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

General fund:	
Mary Grant	\$ 2,805
Neighbors helping neighbors	3,463
Fuel assistance donations	147
Fire department thermal imaging donations	4,000
Fire department donations	4,573
Fire department grants	300
Fire department capital	115,228
Ambulance reserve	2,009
Conservation committee	1,195
Cemeteries	3,807
District one road repair and maintenance	12,272
District one road resurfacing	5,601
District two road repair and maintenance	33,465
District two road resurfacing	1,919
Dams	21,712
	<u>\$ 212,496</u>



TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 10 - ASSIGNED FUND BALANCES

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

General fund:		
Recreation	\$	39,902
Capital improvements		<u>28,425</u>
	\$	<u><u>68,327</u></u>

NOTE 11 - OVERSPENT APPROPRIATIONS

The Town had the following overspent appropriations at June 30, 2018:

Article 34	\$	8,486
Article 35		1,373
Article 36		<u>43,940</u>
	\$	<u><u>53,799</u></u>

NOTE 12 - DEFICIT FUND BALANCES

The Town had the following deficit fund balances at June 30, 2018:

Small Rural School	\$	<u><u>4,500</u></u>
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NOTE 13 - 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
2019	\$ 46,000
2020	46,000
2021	23,000

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 13 - COMMITMENTS

For the twelve months ended June 30, 2018, the total contract cost was \$42,621. All future contract amounts are subject to annual appropriation by the Town of Acton.

NOTE 14 - 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, 2018. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 15 - 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](http://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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 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. During the year ended June 30, 2018 the retirement system consisted of 300 participating employers.

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

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's 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, 2018 was \$18,872.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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](http://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 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. During the year ended June 30, 2018, the retirement system consisted of 236 participating employers.

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.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.45%.

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. 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 \$1,858,677 for the year ended June 30, 2018. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 10.02% 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 \$172,224 for the year ended June 30, 2018. 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 \$76,205 for 2018. In addition, the Town is 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 \$7,905 the year ended June 30, 2018.

**Pension Liabilities**

*PLD Consolidated Plan*

At June 30, 2018, the Town reported a liability of \$130,889 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2017, the Town's proportion was 0.031967%, which was an increase of 0.031967% from its proportion measured as of June 30, 2016.

*SET Plan*

At June 30, 2018, 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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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	\$	90,014
State's proportionate share of the net pension liability associated with the Town		<u>2,047,685</u>
Total	\$	<u>2,137,699</u>

The net pension liability was measured as of June 30, 2017, 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, 2017, the Town's proportion was 0.006197%, which was an increase of 0.00092% from its proportion measured as of June 30, 2016.

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

For the year ended June 30, 2018, the Town recognized total pension expense of \$214,718 for the PLD plan and net pension expense of \$167,114 and revenue of \$154,547 for support provided by the State of Maine for the SET plan. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	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	\$ -	\$ 6,288	\$ 3,785	\$ -
Changes of assumptions	11,138	-	-	1,406
Net difference between projected and actual earnings on pension plan investments	45,108	48,708	25,113	26,438
Changes in proportion and differences between contributions and proportionate share of contributions	82,579	-	8,882	17,107
Contributions subsequent to the measurement date	18,872	-	83,410	-
Total	<u>\$ 157,697</u>	<u>\$ 54,996</u>	<u>\$ 121,190</u>	<u>\$ 44,951</u>

\$18,872 for the PLD plan and \$83,410 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan	SET Plan
Plan year ended June 30:		
2018	\$ 38,720	\$ (13,784)
2019	53,144	10,832
2020	878	602
2021	(8,913)	(4,821)
2022	-	-
Thereafter	-	-

**Actuarial Methods and Assumptions**

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2017 and 2016, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*Actuarial Cost Method*

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

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

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

*Asset Valuation Method*

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

*Amortization*

The net pension liability of the PLD Consolidated Plan is amortized on a closed basis over a period of twenty years.

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.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2017 and June 30, 2016 are as follows:

*Investment Rate of Return* - For both the PLD and State Employee and Teacher Plans, 6.875% per annum for the year ended June 30, 2017 and 7.125% per annum for the year ended June 30, 2016, compounded annually.



TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*Salary Increases, Merit and Inflation* - Members of the consolidated plan for PLDs, 2.75%-9% per year and 2.75%-14.5% for SET for the year ended June 30, 2017, and 3.5%-9.5% per year and 3.5%-13.5% respectively for the year ended June 30, 2016.

*Mortality Rates* - For active member and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used for FY2016. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used. RP2000 Combined Mortality projected forward to 2015 using Scale AA; for active members and non-disabled retirees, ages are set back 2 years; for disabled recipients the Revenue Ruling 96-7 Disabled Mortality Table for Males & Females is used.

*Cost of Living Benefit Increases* - For participating local districts and state employees and teachers, 2.2% per annum for the year ended June 30, 2017 and 2.55% per annum for the year ended June 30, 2016.

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 15 - 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 6.875% for each of the Plans in 2017. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 262,603	\$ 130,889	\$ 31,728
<u>SET Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 157,947	\$ 90,014	\$ 33,925

**Changes in Net Pension Liability**

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2017 with the following exceptions.

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2017, this was 4 years for the PLD Consolidated Plan and 3 years for the SET Plan.

*Differences between Projected and Actual Investment Earnings*

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

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2017 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 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' 2017 Comprehensive Annual Financial Report available online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

NOTE 16 - 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 School Department. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 16 - DEFERRED COMPENSATION PLAN (CONTINUED)

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

NOTE 17 - 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 18 - 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.

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

NOTE 19 - COMPARATIVE DATA/RECLASSIFICATIONS

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

## Required Supplementary Information

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

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

## TOWN OF ACTON, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,473,810	\$ 3,473,810	\$ 3,473,810	\$ -
Resources (Inflows):				
Property taxes	6,711,679	6,711,679	6,707,013	(4,666)
Excise taxes	412,500	412,500	585,077	172,577
Intergovernmental	197,029	559,085	557,889	(1,196)
Charges for services	94,900	120,551	251,734	131,183
Investment income	8,000	8,000	21,299	13,299
Other revenue	99,000	248,915	273,969	25,054
Amounts Available for Appropriation	10,996,918	11,534,540	11,870,791	336,251
Charges to Appropriations (Outflows):				
General government	732,540	732,540	673,903	58,637
Public safety	684,032	684,032	680,029	4,003
Public works	983,908	1,131,880	1,146,846	(14,966)
Social services	73,881	73,881	73,756	125
Recreation	16,763	16,763	7,962	8,801
General assistance	4,000	4,000	736	3,264
County tax	301,357	301,357	301,357	-
Education	4,877,881	5,459,962	5,174,802	285,160
Debt service:				
Principal	89,683	89,683	89,683	-
Interest	14,740	14,740	11,978	2,762
Other	194,996	352,535	253,725	98,810
Total Charges to Appropriations	7,973,781	8,861,373	8,414,777	446,596
Budgetary Fund Balance, June 30	\$ 3,023,137	\$ 2,673,167	\$ 3,456,014	\$ 782,847
Utilization of restricted fund balance	\$ -	\$ 250,000	\$ -	\$ (250,000)
Utilization of assigned fund balance	19,153	173,626	-	(173,626)
Utilization of unassigned fund balance	280,847	377,017	-	(377,017)
	\$ 300,000	\$ 800,643	\$ -	\$ (800,643)

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>				
Proportion of the net pension liability	0.03%			
Proportionate share of the net pension liability	\$ 130,889			
Covered-employee payroll	\$ 249,774			
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	52.40%			
Plan fiduciary net position as a percentage of the total pension liability	86.43%			
 <u>SET Plan:</u>				
Town's proportion of the net pension liability	0.01%	0.01%	0.01%	0.01%
Town's proportionate share of the net pension liability	\$ 90,014	\$ 93,227	\$ 121,335	\$ 93,060
State's proportionate share of the net pension liability associated with the Town	<u>2,047,685</u>	<u>\$ 2,122,536</u>	<u>\$ 2,144,365</u>	<u>\$ 1,436,353</u>
Total	<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	\$ 1,782,507	\$ 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	5.05%	6.18%	6.33%	5.80%
Plan fiduciary net position as a percentage of the total pension liability	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  
LAST 10 FISCAL YEARS\*

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

## 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
- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - School Department
- 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, 2018

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 6,711,679	\$ 6,711,679	\$ 6,707,013	\$ (4,666)
Motor vehicle excise	400,000	400,000	569,533	169,533
Boat excise	12,500	12,500	15,544	3,044
Intergovernmental revenues:				
State revenue sharing	79,209	79,209	80,474	1,265
Education subsidy	-	311,022	288,999	(22,023)
Homestead exemption	95,164	95,164	95,164	-
Local road assistance	-	50,048	50,736	688
School - Mainecare	-	-	293	293
Tree growth	20,000	20,000	18,545	(1,455)
FEMA/MEMA	-	-	17,751	17,751
Veterans' reimbursement	2,000	2,000	3,140	1,140
Other federal/state/local funds	656	1,642	2,787	1,145
Charges for services:				
Town clerk fees	11,000	11,000	11,394	394
Building permits	40,000	40,000	96,361	56,361
Plumbing permits	6,000	6,000	11,158	5,158
Animal control fees	1,000	1,000	2,636	1,636
Rescue services	32,000	32,000	93,451	61,451
School lunch revenue	-	21,000	27,743	6,743
Other	4,900	9,551	8,991	(560)
Investment income, net of unrealized gains/(losses)	8,000	8,000	21,299	13,299
Other revenues:				
Recycling income	26,000	26,000	27,027	1,027
Transfer station	-	-	275	275
Cable access	40,000	40,000	40,483	483
Interest and fees on taxes	33,000	33,000	35,149	2,149
Proceeds from sale of assets	-	-	4,277	4,277
Misc. other	-	149,915	166,758	16,843
Amounts Available for Appropriation	<u>\$ 7,523,108</u>	<u>\$ 8,060,730</u>	<u>\$ 8,396,981</u>	<u>\$ 336,251</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, 2018

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
<b>GENERAL GOVERNMENT</b>					
Governing body	\$ 29,389	\$ -	\$ 29,389	\$ 29,389	\$ -
Town gym expenses	4,550	-	4,550	3,076	1,474
General office assistant	46,011	-	46,011	45,042	969
Warrant and finance	266	-	266	-	266
Municipal management	326,179	-	326,179	296,197	29,982
Elections	6,883	-	6,883	4,091	2,792
Registrar of voters	4,570	-	4,570	4,569	1
Planning/economic development	-	-	-	87	(87)
Finance/treasury	50,173	-	50,173	50,170	3
Town clerk/tax collector	86,720	-	86,720	84,508	2,212
Assesment and revaluations	41,400	-	41,400	32,400	9,000
CEO and building inspector	136,399	-	136,399	124,374	12,025
<b>Total</b>	<b>732,540</b>	<b>-</b>	<b>732,540</b>	<b>673,903</b>	<b>58,637</b>
<b>PUBLIC SAFETY</b>					
Fire/rescue services	593,427	-	593,427	593,414	13
Deputy services	46,600	-	46,600	42,621	3,979
Communications	31,066	-	31,066	30,971	95
Animal control	9,946	-	9,946	9,985	(39)
EMA	1,293	-	1,293	1,292	1
Street lights	1,700	-	1,700	1,746	(46)
<b>Total</b>	<b>684,032</b>	<b>-</b>	<b>684,032</b>	<b>680,029</b>	<b>4,003</b>
<b>PUBLIC WORKS</b>					
Transfer station	284,248	-	284,248	245,415	38,833
District 1	276,100	49,897	325,997	334,483	(8,486)
District 2	276,100	98,075	374,175	375,548	(1,373)
Sand/salt stockpile	132,422	-	132,422	177,380	(44,958)
Public works buildings/equipment	15,038	-	15,038	14,020	1,018
<b>Total</b>	<b>983,908</b>	<b>147,972</b>	<b>1,131,880</b>	<b>1,146,846</b>	<b>(14,966)</b>
<b>RECREATION</b>	<b>16,763</b>	<b>-</b>	<b>16,763</b>	<b>7,962</b>	<b>8,801</b>
<b>GENERAL ASSISTANCE</b>	<b>4,000</b>	<b>-</b>	<b>4,000</b>	<b>736</b>	<b>3,264</b>
<b>COUNTY TAX</b>	<b>301,357</b>	<b>-</b>	<b>301,357</b>	<b>301,357</b>	<b>-</b>

TOWN OF ACTON, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
<b>EDUCATION</b>					
General education	4,877,881	582,081	5,459,962	5,174,802	285,160
<b>SOCIAL SERVICES</b>					
Donations	73,881	-	73,881	73,756	125
<b>DEBT SERVICE</b>					
Principal	89,683	-	89,683	89,683	-
Interest	14,740	-	14,740	11,978	2,762
Total	104,423	-	104,423	101,661	2,762
<b>OTHER</b>					
Health officer	108	-	108	108	-
Mary Grant	-	2,990	2,990	185	2,805
Neighbors helping neighbors	-	8,138	8,138	4,674	3,464
Cemeteries	2,750	-	2,750	2,240	510
Cable access	34,407	-	34,407	34,302	105
Town forestry/logging	538	-	538	538	-
Conservation	250	-	250	-	250
Fire department turn-out gear	31,779	-	31,779	31,515	264
Goat Hill project	-	138,538	138,538	138,538	-
Dams	18,128	-	18,128	11,015	7,113
Overlay	18,036	(59)	17,977	-	17,977
Fuel assistance donations	-	2,042	2,042	1,895	147
Fire department donations	-	4,724	4,724	151	4,573
Town buildings	12,000	-	12,000	12,000	-
Deputy patrol vehicle	17,000	-	17,000	15,398	1,602
Fire department capital improvements	15,000	-	15,000	-	15,000
Gym donations	-	180	180	180	-
Emergency and capital improvements	45,000	-	45,000	-	45,000
Snowmobile club	-	986	986	986	-
Total	194,996	157,539	352,535	253,725	98,810
<b>TOTAL DEPARTMENTAL OPERATIONS</b>	<b>\$ 7,973,781</b>	<b>\$ 887,592</b>	<b>\$ 8,861,373</b>	<b>\$ 8,414,777</b>	<b>\$ 446,596</b>

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

## TOWN OF ACTON, MAINE

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Budgetary Fund Balance, July 1	\$ 1,388,531	\$ 1,388,531	\$ 1,388,531	\$ -
Resources (Inflows):				
Local appropriation	4,877,940	4,877,940	4,877,940	-
Intergovernmental revenues:				
Federal subsidy	55,000	55,000	69,348	14,348
State subsidy	256,022	256,022	219,651	(36,371)
Mainecare	-	-	293	293
Charges for services	21,000	21,000	27,743	6,743
Interest income	-	-	1,054	1,054
Other	-	-	2,551	2,551
Amounts Available for Appropriation	<u>6,598,493</u>	<u>6,598,493</u>	<u>6,587,111</u>	<u>(11,382)</u>
Charges to Appropriations (Outflows):				
Regular instruction (Article 2)	2,726,501	2,726,501	2,621,031	105,470
Special education (Article 3)	940,484	940,484	841,235	99,249
Other instruction (Article 5)	48,735	48,735	38,644	10,091
Student and staff support (Article 6)	536,529	536,529	509,022	27,507
System administration (Article 7)	199,675	199,675	195,435	4,240
School administration (Article 8)	122,095	122,095	116,547	5,548
Transportation (Article 9)	276,000	276,000	275,726	274
Facilities maintenance (Article 10)	481,115	472,187	452,124	20,063
All other expenditures (Article 12)	137,756	137,756	125,038	12,718
Total Charges to Appropriations	<u>5,468,890</u>	<u>5,459,962</u>	<u>5,174,802</u>	<u>285,160</u>
Budgetary Fund Balance, June 30	<u>\$ 1,129,603</u>	<u>\$ 1,138,531</u>	<u>1,412,309</u>	<u>\$ 273,778</u>
Utilization of restricted fund balance	<u>\$ 258,928</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ (250,000)</u>

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

## TOWN OF ACTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 52,087	\$ 52,087
Investments	-	70,617	70,617
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 122,704</u>	<u>\$ 122,704</u>
<b>LIABILITIES</b>			
Due to other funds	\$ 4,500	-	\$ 4,500
<b>TOTAL LIABILITIES</b>	<u>4,500</u>	<u>-</u>	<u>4,500</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	-	-	-
Restricted	-	122,704	122,704
Committed	-	-	-
Assigned	-	-	-
Unassigned	(4,500)	-	(4,500)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>(4,500)</u>	<u>122,704</u>	<u>118,204</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ -</u>	<u>\$ 122,704</u>	<u>\$ 122,704</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, 2018

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenue	\$ 196,808	\$ -	\$ 196,808
Investment income, net of unrealized gains/(losses)	-	4,441	4,441
TOTAL REVENUES	<u>196,808</u>	<u>4,441</u>	<u>201,249</u>
EXPENDITURES			
Education	201,308	-	201,308
Other	-	2,000	2,000
TOTAL EXPENDITURES	<u>201,308</u>	<u>2,000</u>	<u>203,308</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(4,500)	2,441	(2,059)
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>120,263</u>	<u>120,263</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (4,500)</u>	<u>\$ 122,704</u>	<u>\$ 118,204</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, 2018

	Local Entitlement	Local Entitlement Preschool	Title IA	Title IIA	Title IV	Small Rural School	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	4,500	4,500
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,500</u>	<u>4,500</u>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(4,500)	(4,500)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,500)</u>	<u>(4,500)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Local Entitlement	Local Entitlement Preschool	Title IA	Title IIA	Title IV	Small Rural School	Total
<b>REVENUES</b>							
Intergovernmental revenues	\$ 114,334	\$ 974	\$ 52,859	\$ 9,299	\$ 3,655	\$ 15,687	\$ 196,808
Other	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>114,334</u>	<u>974</u>	<u>52,859</u>	<u>9,299</u>	<u>3,655</u>	<u>15,687</u>	<u>196,808</u>
<b>EXPENDITURES</b>							
Education	114,334	974	52,859	9,299	3,655	20,187	201,308
<b>TOTAL EXPENDITURES</b>	<u>114,334</u>	<u>974</u>	<u>52,859</u>	<u>9,299</u>	<u>3,655</u>	<u>20,187</u>	<u>201,308</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,500)</u>	<u>(4,500)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES (DEFICITS)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,500)</u>	<u>(4,500)</u>
<b>FUND BALANCES (DEFICITS) - JULY 1</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS) - JUNE 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,500)</u>	<u>\$ (4,500)</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, 2018

	Cemetery Fund	Holdsworth Scholarship	Lawrence Family Trust	Dorothy Dunnells	Holdsworth Trust	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 10,240	\$ 32,285	\$ 2,277	\$ 7,285	\$ -	\$ 52,087
Investments	-	-	-	-	70,617	70,617
<b>TOTAL ASSETS</b>	<b>\$ 10,240</b>	<b>\$ 32,285</b>	<b>\$ 2,277</b>	<b>\$ 7,285</b>	<b>\$ 70,617</b>	<b>\$ 122,704</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	10,240	32,285	2,277	7,285	70,617	122,704
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>10,240</b>	<b>32,285</b>	<b>2,277</b>	<b>7,285</b>	<b>70,617</b>	<b>122,704</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 10,240</b>	<b>\$ 32,285</b>	<b>\$ 2,277</b>	<b>\$ 7,285</b>	<b>\$ 70,617</b>	<b>\$ 122,704</b>

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, 2018

	Cemetery Fund	Holdsworth Scholarship	Lawrence Family Trust	Dorothy Dunnells	Holdsworth Trust	Total
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ 2	\$ 1,543	\$ -	\$ 5	\$ 2,891	\$ 4,441
TOTAL REVENUES	<u>2</u>	<u>1,543</u>	<u>-</u>	<u>5</u>	<u>2,891</u>	<u>4,441</u>
EXPENDITURES						
Scholarship/other	-	2,000	-	-	-	2,000
TOTAL EXPENDITURES	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
NET CHANGE IN FUND BALANCES	2	(457)	-	5	2,891	2,441
FUND BALANCES - JULY 1	<u>10,238</u>	<u>32,742</u>	<u>2,277</u>	<u>7,280</u>	<u>67,726</u>	<u>120,263</u>
FUND BALANCES - JUNE 30	<u>\$ 10,240</u>	<u>\$ 32,285</u>	<u>\$ 2,277</u>	<u>\$ 7,285</u>	<u>\$ 70,617</u>	<u>\$ 122,704</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, 2018

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Public safety	\$ 37,500	\$ 624,365	\$ 1,294,750	\$ -	\$ 1,956,615
Public works	-	535,000	22,800	304,510	862,310
Education	-	4,595,176	930,849	7,490	5,533,515
Transfer station	-	124,515	49,905	-	174,420
Recreation	29,000	128,100	-	-	157,100
Town-wide	223,865	497,125	55,933	7,675	784,598
Total General Capital Assets	290,365	6,504,281	2,354,237	319,675	9,468,558
Less: Accumulated Depreciation	-	(4,117,850)	(1,592,416)	(33,484)	(5,743,750)
Net General Capital Assets	\$ 290,365	\$ 2,386,431	\$ 761,821	\$ 286,191	\$ 3,724,808

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, 2018

	General Capital Assets 7/1/17	Additions	Deletions	General Capital Assets 6/30/18
Public safety	\$ 1,941,217	\$ 15,398	\$ -	\$ 1,956,615
Public works	862,310	-	-	862,310
Education	5,509,321	24,194	-	5,533,515
Transfer station	174,420	-	-	174,420
Recreation	157,100	-	-	157,100
Town-wide	634,060	150,538	-	784,598
Total General Capital Assets	<u>9,278,428</u>	<u>190,130</u>	<u>-</u>	<u>9,468,558</u>
Less: Accumulated Depreciation	<u>(5,431,203)</u>	<u>(312,547)</u>	<u>-</u>	<u>(5,743,750)</u>
Net General Capital Assets	<u>\$ 3,847,225</u>	<u>\$ (122,417)</u>	<u>\$ -</u>	<u>\$ 3,724,808</u>

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



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

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, 2018, 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 November 1, 2018.

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.

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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  
November 1, 2018

TOWN OF ACTON, MAINE

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

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed-through State of Maine - Department of Education and Cultural Services:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	013-06A-3014-05	\$ -	\$ 21,121
School Lunch Program	10.555	013-06A-3125-95	-	48,227
Subtotal Child Nutrition Cluster			-	69,348
Food Distribution Cluster:				
Food Distribution	10.565	N/A	-	5,530
Subtotal Food Distribution Cluster			-	5,530
Total U.S. Department of Agriculture			-	74,878
U.S. Department of Education				
Passed-through State of Maine - Department of Education and Cultural Services:				
Title IA - Educationally Deprived	84.010	013-06A-3107-13	-	52,859
Special Education Cluster (IDEA):				
Local Entitlement	84.027	013-06A-3046-12	-	114,334
Subtotal Special Education Cluster (IDEA)			-	114,334
Title VI Rural Low Income	84.358	013-06A-3005-03	-	20,187
Title IIA -Teaching Quality	84.367	013-06A-3042-11	-	9,299
Title IA - School Improvements	84.377A	013-06A-3106-13	-	974
Title IV - Student Supports & Academic Enrichment	84.424	013-06A-3345-13	-	3,655
Total U.S. Department of Education			-	201,308
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 276,186

TOWN OF ACTON, MAINE

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Acton, Maine under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of 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 Action, 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.



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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, 2018 and have issued our report thereon dated November 1, 2018. 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 MEDMS 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  
November 1, 2018

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ACTON SCHOOL DEPARTMENT

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED  
TO THE MEDMS FINANCIAL SYSTEM  
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Funds (3000)	Total
June 30, 2018 Balance Per MEDMS Financial System	\$ 1,410,767	\$ (2,250)	\$ -	\$ 1,408,517
<b>Revenue Adjustments:</b>				
Accounts receivable at year end	1,542	-	-	1,542
<b>Expenditure Adjustments:</b>				
Software maintenance	-	(2,250)	-	(2,250)
 Audited GAAP Basis Fund Balance June 30, 2018	 <u>\$ 1,412,309</u>	 <u>\$ (4,500)</u>	 <u>\$ -</u>	 <u>\$ 1,407,809</u>