

Town of Dover-Foxcroft, Maine

**ANNUAL FINANCIAL STATEMENTS**  
**(with required and other supplementary information)**

For the Year Ended June 30, 2018

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## **Independent Auditor's Report**

Board of Selectmen  
Town of Dover-Foxcroft, Maine

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Dover-Foxcroft, Maine, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Dover-Foxcroft, Maine as of June 30, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information on pages 6 through 14 and pages 53 through 60 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 Dover-Foxcroft, Maine's basic financial statements. The other supplementary information on Schedules 1 through 5 is presented for additional analysis and is not a required part of the financial statements.

The other supplementary information on Schedules 1 through 5 is the responsibility of management and was derived from and relates 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, Schedules 1 through 5 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 March 28, 2019, on our consideration of the Town of Dover-Foxcroft, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Town of Dover-Foxcroft, Maine's 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 Dover-Foxcroft, Maine's internal control over financial reporting and compliance.

*Brantley Whibodan & Associates*

March 28, 2019

## Town of Dover-Foxcroft, Maine

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**

The Management Discussion and Analysis ("MD&A") is a report of the Town of Dover-Foxcroft's fiscal activity for the year ending June 30, 2018. The report is presented in a manner that fairly represents the Town's present financial position in respect to all funds and accounts. Included is all the information to accurately understand the Town's financial position, and the data is correct to the best of our knowledge and belief.

The report includes funds and accounts that the Town of Dover-Foxcroft is required, either by legal or fiduciary duty, to maintain in the operation of all services. The use of the additional financial statements is encouraged to better understand the report.

The financial information of the Town includes all town departments. All town departments include municipal departments consisting of Public Works, Protection, Administration, and others. The combination of these gives the true financial status of the Town of Dover-Foxcroft.

#### **Biographical Information**

The Town of Dover-Foxcroft has a population of 4,213. It is a service center community and Shiretown of Piscataquis County. Dover-Foxcroft is located 27 miles from the Town of Newport on US Route 7 and 37 miles from the City of Bangor on US Route 15. Residents are able to access labor markets in these areas in addition to the local labor market.

The major employers for the Town of Dover-Foxcroft are: Pleasant River Lumber Company, Mayo Regional Hospital, Hibbard Nursing Home, Main Street West Assisted Living, Charlotte White Center, Central Maine Power, MSAD #68, Foxcroft Academy, Town, County and State Government, and various retail and service businesses.

The Town of Dover-Foxcroft through Pine Crest Development Corporation manages Pine Crest Business Park. Pine Crest Business Park currently has 3 tenants and the park has available space to locate new businesses. Pine Crest Development Corporation is an economic development organization for all of Dover-Foxcroft outside of the business park.

Dover-Foxcroft has a diversity of residents in terms of year-round, seasonal, retiree and a school age population. Dover-Foxcroft serves approximately 950 of its nearly 1,900-year-round housing units with municipal water and sewer service. The sewer service is provided by the town sewer department and users are assessed by cubic ft. of water usage. The water service is provided by the Dover-Foxcroft Water District and the water users are charged on a similar basis.

Dover-Foxcroft's goal is to encourage population growth in the community, specifically, working age families. The strategy for accomplishing this goal is to provide quality municipal and local schools within a tax structure that is affordable for residents and business. By doing this the Town hopes to leverage its strengths in terms of centralized location, recreational opportunities, vibrant downtown district, and historic assets, to attract new residents and business.

## **Biographical Information (Continued)**

The Town ultimately hopes to create conditions for expanded employment opportunities, continued quality K-12 education and post-secondary education, and for the availability of necessary healthcare related services in the area. The community recognizes the need to maintain a growing and diversified valuation base and expand current employment opportunities in the manufacturing, retail, healthcare, and service sectors. This growth is necessary to offset growth in the properties held in tax-exempt status currently accounting for over 20% of our total municipal valuation.

## **FINANCIAL INFORMATION**

The Town Administration is responsible for the accounting structure of the community. This structure includes the establishment of financial controls that protect the Town from loss and misuse. All accounting information is maintained and reported using generally accepted accounting principles (GAAP). Further, the administration performs constant review of all services to promote and assure optimum utilization of resources to provide the services requested by the community. All services are reviewed using a cost benefit analysis that considers the need and demand for the service provided balanced against the cost to the community as a whole.

The following is a summary of the financial highlights of the Town for the fiscal year:

- The balance of the Town's cash assets as of June 30, 2018 was \$2,957,591.
- The Town's governmental activities net position increased by a total of \$916,729.
- The Town's general fund's fund balance decreased by \$47,764, from \$2,617,891 at June 30, 2017 to \$2,570,127 at June 30, 2018.

## **OVERVIEW OF FINANCIAL STATEMENTS**

The discussion and analysis is an introduction to the Town's basic financial statements. The basic financial statements are prepared and are part of the Town's annual audit. The MD&A serves as a subjective explanation by the Town of the data contained in the audit. The three areas that the financial statements are broken into include: 1. Government-wide statements, 2. fund financial statements, and 3. Notes to the financial statements. Subjective analyses of the statements and other supplementary information are also made to better explain the statements.

### **Government-Wide Financial Statements**

The government-wide statements are a total overview of the Town's financial status. They include all assets, liabilities, and activities in a manner similar to private sector accounting. The purpose is to show Town finances in a format that is familiar to the common person.

The statement of net position is used to express the financial data required for the government-wide financials. This shows the total assets which now include land, buildings, inventory, and other capital assets. These are then reduced by the liabilities which now include total bonds and leases due over their entire lives. The result is the net position of the Town.

Government-wide statements distinguish business-type activities and component units from governmental activities. Business-type activities are those that are funded in part through user fees or user-based revenue, whereas governmental activities are those that are primarily funded through taxes and governmental fees. The business-type activity in Dover-Foxcroft is the sewer department. The Town discretely presents the Thompson Free Library as a component unit.

## **Fund Financial Statements**

The Town segregates its activities into several funds. Each fund is determined to separate information in order to accurately report specific account activities. The determination of various funds is based upon accounting standards and legal requirements. The funds for the Town are the general fund (primary fund), the permanent fund, the special revenue fund, the Sewer proprietary fund, and private purpose trust funds. Separate statements are presented for governmental, proprietary, and fiduciary activities. The governmental and proprietary statements present each major fund as a separate column on the fund financial statements. The fiduciary statements aggregate and present each fund type as a separate column on the fund financial statements.

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 Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

### *General Fund*

The general fund covers essentially the same data as included in the government-wide statements. The difference is that fund financials focus on yearly inflows and outflows to determine a specific year's accessible resources. Capital assets and depreciation are not included because they do not exemplify a specific year's transactions.

A budgetary comparison exhibit is provided to show budgeted amounts as compared to the actual activity. This information is useful to determine future budgets and community planning.

### *Special Revenue Funds*

This fund is comprised of special revenue funds and includes federal and state grant activity.

### *Permanent Fund – Non-major fund*

This fund accounts for assets held by the Town pursuant to a trust agreement. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

### *Sewer Proprietary Fund*

This fund accounts for the activities of the Town's sewer department.

### *Private Purpose Trust Funds*

These funds account for assets held by the Town pursuant to a fiduciary agreement, for the benefit of individuals and entities outside the government.

## **Notes to Financial Statements**

The notes to the financial statements are included in the audit to give specific comment to certain areas. These are a crucial part of the audit and are closely monitored by Town administration. The reason they are monitored is that they provide additional insight into activities of the Town. These can show areas of strength and weakness for continued success and improvement. The notes to the financial statements are included on pages 26-52.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning financial performance (budget and actual with variances) which can be found on page 53.

**GOVERNMENT-WIDE ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$20,480,533 as of June 30, 2018.

**Net Position for the Period Ending June 30, 2018 and 2017**

The current year's government-wide financial statements are compared with prior year as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$4,104,852	\$4,117,849	\$ 679,913	\$ 779,088	\$ 4,784,765	\$ 4,896,937
Capital assets, net	<u>5,738,073</u>	<u>4,709,453</u>	<u>14,575,445</u>	<u>14,912,671</u>	<u>20,313,518</u>	<u>19,622,124</u>
Total Assets	<u>9,842,925</u>	<u>8,827,302</u>	<u>15,255,358</u>	<u>15,691,759</u>	<u>25,098,283</u>	<u>24,519,061</u>
Deferred outflows of resources	<u>364,584</u>	<u>468,377</u>	-	-	<u>341,677</u>	<u>468,377</u>
Current liabilities	140,914	190,202	25,556	21,165	166,470	211,367
Noncurrent liabilities	<u>1,315,077</u>	<u>1,229,277</u>	<u>3,197,275</u>	<u>3,526,010</u>	<u>4,512,352</u>	<u>4,755,287</u>
Total Liabilities	<u>1,455,991</u>	<u>1,419,479</u>	<u>3,222,831</u>	<u>3,547,175</u>	<u>4,678,822</u>	<u>4,966,654</u>
Deferred inflows of resources	<u>303,512</u>	<u>167,460</u>	-	-	<u>303,512</u>	<u>167,460</u>
Net Position						
Net investment in capital assets	5,114,066	4,122,465	11,378,170	11,386,661	16,492,236	15,509,126
Restricted, nonexpendable	411,596	409,346	-	-	411,596	409,346
Restricted, expendable	597,213	549,839	-	-	597,213	549,839
Unrestricted	<u>2,325,131</u>	<u>2,627,090</u>	<u>654,357</u>	<u>757,923</u>	<u>2,979,488</u>	<u>3,385,013</u>
Total Net Position	<u>\$ 8,448,006</u>	<u>\$ 7,708,740</u>	<u>\$ 12,032,527</u>	<u>\$ 12,144,584</u>	<u>\$ 20,480,533</u>	<u>\$ 19,853,324</u>

	<u>Component Unit</u>	
	2018	2017
Current and other assets	\$ 872,390	\$ 784,687
Capital assets	<u>722,975</u>	<u>731,709</u>
Total assets	<u>1,595,365</u>	<u>1,516,396</u>
Deferred outflows of resources	<u>34,390</u>	<u>49,641</u>
Current and other liabilities	\$ 4,367	\$ 3,661
Noncurrent liabilities	<u>54,918</u>	<u>70,895</u>
Total liabilities	<u>59,285</u>	<u>74,556</u>
Deferred outflows of resources	<u>23,119</u>	<u>15,529</u>
Net position		
Investment in capital assets	722,975	731,709
Restricted, non-expendable	381,133	379,978
Restricted, expendable	<u>443,243</u>	<u>364,265</u>
Total Net Position	<u>\$ 1,547,351</u>	<u>\$ 1,475,952</u>

The following are significant current year transactions that have had an impact on the Statement of Net Position:

As a result of applying GASB 34, the Town recorded depreciation expense of \$321,607 in its governmental activities and added fixed assets of \$1,350,227 for the year ended June 30, 2018.

The following table presents a summary of revenues and expenses for the fiscal year ended June 30, 2018 and 2017.

	Governmental Activities		Business-type Activities		Component Unit	
	2018	2017	2018	2017	2018	2017
<b>REVENUES</b>						
<i>Program Revenues:</i>						
Charges for services and other	\$ 324,941	\$ 298,900	\$ 687,798	\$ 712,316	\$ 6,962	\$ 7,178
Operating grants and contributions	407,834	399,886	-	-	288,964	196,137
Capital grants and contributions	-	120,482	-	-	-	-
<i>General Revenues:</i>						
Property Taxes	6,243,148	6,133,771	-	-	-	-
Excise and miscellaneous taxes	809,847	792,021	-	-	-	-
Grants and contributions not restricted to specific purpose	505,020	426,753	-	-	-	-
Unrestricted investment income	71,835	82,799	10,764	11,045	18,924	25,564
Interest and lien costs	45,098	52,328	-	-	-	-
Miscellaneous	54,278	44,999	-	-	-	-
Total Revenues	<u>\$8,462,001</u>	<u>\$8,351,939</u>	<u>\$ 698,562</u>	<u>\$ 723,361</u>	<u>\$ 314,850</u>	<u>\$ 243,378</u>
<b>EXPENSES</b>						
General government	\$1,324,305	\$1,238,587	\$ -	\$ -	\$ -	\$ -
Protection	909,042	859,915	-	-	-	-
Public works	1,070,236	969,551	-	-	-	-
Solid waste	541,077	511,840	-	-	-	-
Health and human services	33,283	37,133	-	-	-	-
Culture and recreation	116,386	110,219	-	-	243,451	248,509
Cemetery	105,161	105,176	-	-	-	-
Contingency	19,241	22,942	-	-	-	-
Library	164,515	159,750	-	-	-	-
Tax incremental financing	127,759	145,050	-	-	-	-
County tax	428,079	432,501	-	-	-	-
Education	2,780,636	2,720,387	-	-	-	-
Special grants and contributions	34,159	329,874	-	-	-	-
Cemetery and other trusts	9,996	6,456	-	-	-	-
Interest on long-term debt	21,623	27,301	55,156	63,556	-	-
Capital outlay	128,035	13,717	-	-	-	-
Other sewer fund expenses	-	-	755,463	719,958	-	-
Total expenses	<u>\$7,813,533</u>	<u>\$7,690,399</u>	<u>\$ 810,619</u>	<u>\$ 783,514</u>	<u>\$ 243,451</u>	<u>\$ 248,509</u>
Excess (deficiency) before contributions to permanent fund principal, special items, and transfers	658,827	661,540	(112,057)	(60,153)	71,399	(19,630)
Contributions to permanent funds	2,250	5,250	-	-	-	-
Special item – sale of assets	31,111	(15,657)	-	-	-	-
Special item – proceeds from donated assets	<u>224,541</u>	<u>765,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	916,729	1,416,508	(112,057)	(60,153)	71,399	(19,630)
Net position, beginning of year	7,708,740	6,292,232	12,144,584	12,204,737	1,475,952	1,495,582
Restatement for OPEB reporting	(177,463)	-	-	-	-	-
Net position, beg. of year, restated	<u>7,531,277</u>	<u>6,292,232</u>	<u>12,144,584</u>	<u>12,204,737</u>	<u>1,475,952</u>	<u>1,495,582</u>
Net position, end of year	<u>\$ 8,448,006</u>	<u>\$ 7,708,740</u>	<u>\$ 12,032,527</u>	<u>\$ 12,144,584</u>	<u>\$ 1,547,351</u>	<u>\$ 1,475,952</u>

The narrative that follows considers the operations of governmental and business-type activities separately.

### **Governmental Activities**

For the year ended June 30, 2018, the Town's net position for governmental activities increased by \$916,729.

Expenses of governmental activities include depreciation expense of \$321,607. Depreciation expense has been allocated and is included in various function/program expenses of the Town. General revenues consist of all revenues that are not considered to be program revenues or charges for services. General revenues for the year ended June 30, 2018 totaled \$7,729,226. Of this amount, \$7,052,995 was from local property and excise taxes.

### **Business-type Activities**

As previously mentioned, the Town's business-type activities consist of its sewer fund.

During the year ended June 30, 2018, the Town's net position from business-type activities decreased by \$112,057.

### **Financial Analysis of the Town's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements.

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. As the Town completed the year, its governmental funds reported a combined fund balance of \$3,544,485, \$5,338 lower than the previous year. An analysis of transactions affecting the change in the combined fund balance of the Town's governmental funds is as follows:

Revenues include property taxes totaling \$6,231,884. Excise taxes and other taxes accounted for \$809,847 in total revenue.

Total governmental fund expenditures for the year were \$8,616,795 and are broken down as follows:

General government	\$ 1,264,529
Protection	845,220
Public works	885,853
Solid waste	513,873
Welfare	33,283
Culture and recreation	103,515
Cemetery	96,487
Contingency and abatements	19,241
Library	164,515
Tax incremental financing	127,759
County tax	428,079
Education	2,780,636
Grant program expenses	50,574
Trust fund fees and expenses	9,996
Principal	102,981
Interest and other charges	21,623
Capital outlay	<u>1,168,631</u>
Total Governmental Funds Expenditures	<u>\$ 8,616,795</u>

The Town paid \$1,168,631 in governmental capital outlays appropriations during the year. A portion of this was capitalized and is reflected in the \$1,350,227 total added to capital assets as of June 30, 2018.

### Capital Asset and Debt Administration

#### Capital Assets

	<u>Balance 6/30/17</u>	<u>Additions/ Completions</u>	<u>Retirement/ Restatement</u>	<u>Balance 6/30/18</u>
<b>Governmental Activities</b>				
Land	\$ 394,830	\$ -	\$ -	\$ 394,830
Construction in Progress	-	-	-	-
Infrastructure- roads	875,577	488,643	-	1,364,220
Buildings and Improvements	2,755,801	316,489	-	3,072,290
Equipment, furniture and fixtures	1,506,081	302,377	(109,300)	1,699,158
Vehicles	<u>2,067,973</u>	<u>242,718</u>	<u>(129,175)</u>	<u>2,181,516</u>
Total capital assets	7,600,262	1,350,227	(238,475)	8,712,014
Less accumulated depreciation	<u>(2,890,809)</u>	<u>(321,607)</u>	<u>238,475</u>	<u>(2,973,941)</u>
Total capital assets, net	<u>\$ 4,709,453</u>	<u>\$ 1,028,620</u>	<u>\$ -</u>	<u>\$ 5,738,073</u>
<b>Business-Type Activities</b>				
Land	\$ 124,171	\$ -	\$ -	\$ 124,171
Construction in progress	-	-	-	-
Buildings and Improvements	4,008,951	-	-	4,008,951
Equipment, furniture and vehicles	1,312,310	-	-	1,312,310
Infrastructure	<u>15,378,631</u>	-	-	<u>15,378,631</u>
Total capital assets	20,824,063	-	-	20,824,063
Less accumulated Depreciation	<u>(5,911,392)</u>	<u>(337,226)</u>	<u>-</u>	<u>(6,248,618)</u>
Total capital assets, net	<u>\$14,912,671</u>	<u>\$ (337,226)</u>	<u>\$ -</u>	<u>\$14,575,445</u>

Additional information on the Town's capital assets can be found in Note 3.

## Debt Administration

The Town's debt consists of several bonds, notes and capital leases. A summary of the Town's debt activity for the year ended June 30, 2018 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Ending Balance</u>	<u>Total Interest Paid</u>
<b>Governmental Activities</b>					
Bonds and notes payable	\$ 392,500	\$ -	\$ (46,250)	\$ 346,250	\$ 14,794
Capital lease obligations	<u>194,488</u>	<u>140,000</u>	<u>(56,731)</u>	<u>277,757</u>	<u>6,829</u>
Total governmental activities	<u>586,988</u>	<u>140,000</u>	<u>(102,981)</u>	<u>624,007</u>	<u>21,623</u>
<b>Business-Type Activities</b>					
Bonds and notes payable	<u>3,526,010</u>	<u>-</u>	<u>(328,735)</u>	<u>3,197,273</u>	<u>\$ 55,156</u>
Total	<u>\$4,112,998</u>	<u>\$140,000</u>	<u>\$(431,716)</u>	<u>\$3,821,280</u>	<u>\$ 78,642</u>

Additional information on the Town's long-term debt can be found in the Note 4 to the basic financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION

### General Fund Budgetary Highlights

The following is a discussion of the general fund budgetary highlights during the fiscal year ended June 30, 2018.

During the year, actual revenues exceeded budgeted revenues by \$209,435. Most of this variance resulted from under budgeted excise tax revenues, sales of salt and sand, contributions, and interest and investment earnings.

Budgeted expenditures were higher than actual expenditures by \$1,261,887 with the utilization of designated carry-forward balances.

The major budget variances for the year ended June 30, 2018 were as follows:

1. Excise and other miscellaneous tax revenues \$57,952 over budget due to increases in excise tax collections.
2. Charges for services revenues \$36,969 over budget, interest and investment income \$48,635 over budget, and contributions revenue \$12,921 over budget due to additional unbudgeted amounts.
3. Capital outlay expenditures \$1,075,686 lower than budget due to fewer capital projects being completed than anticipated, and general government expenditures under budget by \$99,327, mostly due to savings in personnel costs, health insurance, and heating fuel costs.

## **Town of Dover-Foxcroft/Pleasant River Lumber Tax Increment Financing Agreement**

The Town of Dover-Foxcroft and Pleasant River Lumber Company entered into a Tax Increment Financing Agreement for the tax year beginning July 1, 2001 and extending for a 20-year period ending June 30, 2021.

The purpose of the agreement is to provide an incentive for the investment of \$7,050,000 into a mill modernization project. The TIF agreement provides for Pleasant River Lumber Company to receive a tax credit for newly created taxable value as a result of this project. While the Company will continue to pay taxes in full for value existing prior to the agreement, the Company will receive a reimbursement by the Town for a percentage of the taxes paid on the valuation created by the project. The valuation subject to the TIF must occur within parcels specifically defined in the agreement and the reimbursement schedule is as follows:

1<sup>st</sup> through 10<sup>th</sup> year – 20% retained by town, 80% reimbursed to Pleasant River Lumber.

11 <sup>th</sup>	22% - 78%
12 <sup>th</sup>	24% - 76%
13 <sup>th</sup>	27% - 73%
14 <sup>th</sup>	31% - 69%
15 <sup>th</sup>	36% - 64%
16 <sup>th</sup>	46% - 54%
17 <sup>th</sup>	61% - 39%
18 <sup>th</sup>	67% - 33%
19 <sup>th</sup>	83% - 17%
20 <sup>th</sup>	89% - 11%

after 20<sup>th</sup> year, town share of revenue 100%

### **REQUEST FOR INFORMATION**

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the Town's finances. If you have questions about this report or need any additional information, contact the Town Manager, at 48 Morton Ave Suite A, Dover-Foxcroft, Maine 04426 or call (207) 564-3318.

**Town of Dover-Foxcroft, Maine**  
**Statement of Net Position**  
**June 30, 2018**

	Primary Government			Component Unit- Thompson Free Library
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,304,782	\$ 452,809	\$ 2,757,591	\$ 486,710
Investments	556,129	-	556,129	384,730
Beneficial interest in assets held by others	723,327	-	723,327	-
Taxes receivable, net	430,771	-	430,771	-
Other receivables	22,000	155,774	177,774	950
Notes receivable	20,000	-	20,000	-
Internal balances	(71,139)	71,139	-	-
Due from other governmental agencies	118,982	191	119,173	-
Capital assets not being depreciated	394,830	124,171	519,001	-
Capital assets being depreciated, net of accumulated depreciation	5,343,243	14,451,274	19,794,517	722,975
<b>Total assets</b>	<b>9,842,925</b>	<b>15,255,358</b>	<b>25,098,283</b>	<b>1,595,365</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	341,677	-	341,677	34,390
Deferred outflows related to OPEB	22,907	-	22,907	-
<b>Total deferred outflows of resources</b>	<b>364,584</b>	<b>-</b>	<b>364,584</b>	<b>34,390</b>
<b>LIABILITIES</b>				
Accounts payable, deposits payable, and accrued expenses	105,218	7,080	112,298	4,367
Due to other governments	29,304	-	29,304	-
Unearned revenues	6,392	-	6,392	-
Accrued interest payable	-	18,476	18,476	-
Long-term liabilities				
Due within one year				
Bonds and notes payable	46,250	254,197	300,447	-
Capital lease payable	77,277	-	77,277	-
Due in more than one year				
Bonds and notes payable	300,000	2,943,078	3,243,078	-
Capital leases payable	200,480	-	200,480	-
Net OPEB liability	174,921	-	174,921	-
Net pension liability	516,149	-	516,149	54,918
<b>Total liabilities</b>	<b>1,455,991</b>	<b>3,222,831</b>	<b>4,678,822</b>	<b>59,285</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	217,266	-	217,266	23,119
Deferred inflows related to OPEB	38,720	-	38,720	-
Prepaid taxes	47,526	-	47,526	-
<b>Total deferred inflows of resources</b>	<b>303,512</b>	<b>-</b>	<b>303,512</b>	<b>23,119</b>
<b>NET POSITION</b>				
Net investment in capital assets	5,114,066	11,378,170	16,492,236	722,975
Restricted, non-expendable for				
Permanent fund principal	411,596	-	411,596	-
Library endowments principal	-	-	-	381,133
Restricted, expendable for				
Permanent fund income	102,059	-	102,059	-
Tax incremental financing project	34,451	-	34,451	-
Special revenue grants and contributions	460,703	-	460,703	-
Library endowments income	-	-	-	443,243
Unrestricted	2,325,131	654,357	2,979,488	-
<b>Total net position</b>	<b>\$ 8,448,006</b>	<b>\$ 12,032,527</b>	<b>\$ 20,480,533</b>	<b>\$ 1,547,351</b>

**Town of Dover-Foxcroft, Maine**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Expenses	Program Revenues			Primary Government		Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental activities							
General government	\$ 1,324,305	\$ 118,643	\$ 76,539	\$ -	\$ (1,129,123)	\$ -	\$ (1,129,123)
Protection							
Police and lights	480,173	12,238	-	-	(467,935)	-	(467,935)
Hydrant rental	214,430	-	-	-	(214,430)	-	(214,430)
Fire department	214,439	19,828	-	-	(194,611)	-	(194,611)
Public works	1,070,236	28,272	127,964	-	(914,000)	-	(914,000)
Solid Waste	541,077	138,297	65,342	-	(337,438)	-	(337,438)
Welfare	33,283	-	11,710	-	(21,573)	-	(21,573)
Culture and recreation	116,386	4,213	19,712	-	(92,461)	-	(92,461)
Cemetery	105,161	3,450	-	-	(101,711)	-	(101,711)
Contingency	19,241	-	-	-	(19,241)	-	(19,241)
Library	164,515	-	-	-	(164,515)	-	(164,515)
Tax increment financing	127,759	-	-	-	(127,759)	-	(127,759)
County tax	428,079	-	-	-	(428,079)	-	(428,079)
Education	2,780,636	-	-	-	(2,780,636)	-	(2,780,636)
Special revenue grants and contributions	34,159	-	36,924	-	2,765	-	2,765
Cemetery and other trusts	9,996	-	69,643	-	59,647	-	59,647
Interest and other charges	21,623	-	-	-	(21,623)	-	(21,623)
Capital outlay	128,035	-	-	10,359	(117,676)	-	(117,676)
Total governmental activities	<u>7,813,533</u>	<u>324,941</u>	<u>407,834</u>	<u>10,359</u>	<u>(7,070,399)</u>	<u>-</u>	<u>(7,070,399)</u>
Business-type activities							
Sewer fund	810,619	687,798	-	-	-	(122,821)	(122,821)
Total primary government	<u>\$ 8,624,152</u>	<u>\$ 1,012,739</u>	<u>\$ 407,834</u>	<u>\$ 10,359</u>	<u>(7,070,399)</u>	<u>(122,821)</u>	<u>(7,193,220)</u>
<b>Component unit</b>							
Thompson Free Library	<u>\$ 243,451</u>	<u>\$ 6,962</u>	<u>\$ 288,964</u>	<u>\$ -</u>			<u>\$ 52,475</u>
<b>General revenues</b>							
Taxes							
Property taxes, levied for general purposes					6,243,148	-	6,243,148
Excise taxes					809,847	-	809,847
Interest and lien costs					45,098	-	45,098
Grants and contributions not restricted to specific programs					505,020	-	505,020
Interest and investment earnings					71,835	10,764	82,599
Miscellaneous					54,278	-	54,278
Contributions to permanent fund principal					2,250	-	2,250
Special item - gain on sale of capital assets					31,111	-	31,111
Special item - proceeds from donated assets					224,541	-	224,541
Total general revenues, contributions to permanent fund principal, and special item					<u>7,987,128</u>	<u>10,764</u>	<u>7,997,892</u>
Change in net position					<u>916,729</u>	<u>(112,057)</u>	<u>804,672</u>
<b>NET POSITION - BEGINNING</b>					<u>7,708,740</u>	<u>12,144,584</u>	<u>19,853,324</u>
Restatement for OPEB reporting					<u>(177,463)</u>	<u>-</u>	<u>(177,463)</u>
<b>NET POSITION - BEGINNING, RESTATED</b>					<u>7,531,277</u>	<u>12,144,584</u>	<u>19,675,861</u>
<b>NET POSITION - ENDING</b>					<u>\$ 8,448,006</u>	<u>\$ 12,032,527</u>	<u>\$ 20,480,533</u>
							<u>\$ 1,547,351</u>

**Town of Dover-Foxcroft, Maine**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	General Fund	Special Revenue Fund	Nonmajor Governmental Fund - Permanent Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,304,782	\$ -	\$ -	\$ 2,304,782
Investments	389,646	166,483	-	556,129
Beneficial interest in assets held by others	-	209,672	513,655	723,327
Taxes receivable, net	430,771	-	-	430,771
Due from other funds	-	69,559	-	69,559
Receivable from other governments	117,564	1,418	-	118,982
Other receivables	22,000	-	-	22,000
Notes receivable	-	20,000	-	20,000
	<u>\$ 3,264,763</u>	<u>\$ 467,132</u>	<u>\$ 513,655</u>	<u>\$ 4,245,550</u>
Total assets				
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 88,531	\$ 37	\$ -	\$ 88,568
Due to other funds	68,519	-	-	68,519
Payable to other governments	29,304	-	-	29,304
Unearned revenues	-	6,392	-	6,392
Other accrued expenses	8,345	-	-	8,345
Security deposits payable	8,305	-	-	8,305
Interfund advances payable	90,000	-	-	90,000
	<u>293,004</u>	<u>6,429</u>	<u>-</u>	<u>299,433</u>
Total liabilities				
Deferred inflows of resources				
Prepaid taxes	47,526	-	-	47,526
Unavailable property taxes	354,106	-	-	354,106
	<u>401,632</u>	<u>-</u>	<u>-</u>	<u>401,632</u>
Total deferred inflows of resources				
Fund balances				
Nonspendable for trust fund principal	-	-	411,596	411,596
Nonspendable for notes and other receivables	22,000	20,000	-	42,000
Restricted for				
Trust fund purposes	-	376,155	102,059	478,214
Tax incremental financing projects	34,451	-	-	34,451
Special revenue grants and contributions	-	64,548	-	64,548
Committed for debt service	49,587	-	-	49,587
Assigned for capital projects and other purposes	1,220,170	-	-	1,220,170
Unassigned	1,243,919	-	-	1,243,919
	<u>2,570,127</u>	<u>460,703</u>	<u>513,655</u>	<u>3,544,485</u>
Total fund balances				
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,264,763</u>	<u>\$ 467,132</u>	<u>\$ 513,655</u>	<u>\$ 4,245,550</u>

**Town of Dover-Foxcroft, Maine**  
**Reconciliation of the Governmental Fund's Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2018**

Total fund balance, governmental funds	\$ 3,544,485
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	5,738,073
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.	
Deferred inflows related to property taxes	354,106
Certain deferred outflows of resources, deferred inflows of resources, and internal balances related to pensions are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	
Internal balances related to pensions	17,821
Deferred outflows related to pensions	341,677
Deferred inflows related to pensions	(217,266)
Deferred outflows related to OPEB	22,907
Deferred inflows related to OPEB	(38,720)
Some liabilities, (such as Notes Payable, Capital Leases Payable, Bonds Payable, Net OPEB Liability, and Net Pension Liability), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	<u>(1,315,077)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 8,448,006</u></u>

**Town of Dover-Foxcroft, Maine**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	General Fund	Special Revenue Fund	Nonmajor Governmental Fund - Permanent Fund	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 6,231,884	\$ -	\$ -	\$ 6,231,884
Excise and miscellaneous taxes	809,847	-	-	809,847
Interest and lien costs	45,098	-	-	45,098
Licenses, permits and fees	44,337	-	-	44,337
Intergovernmental	682,971	46,578	-	729,549
Charges for services	336,401	-	-	336,401
Recycling credits	65,342	-	-	65,342
Contributions	12,921	1,162	2,250	16,333
Investment and interest earnings	71,835	9,072	3,854	84,761
Unrealized, realized gains on investments	-	16,266	39,289	55,555
Payment in lieu of taxes	32,100	-	-	32,100
Miscellaneous	11,434	705	-	12,139
Total revenues	<u>8,344,170</u>	<u>73,783</u>	<u>45,393</u>	<u>8,463,346</u>
<b>EXPENDITURES</b>				
Current				
General government	1,264,529	-	-	1,264,529
Protection				
Police and lights	469,732	-	-	469,732
Hydrant rental	214,430	-	-	214,430
Fire department	161,058	-	-	161,058
Public works	885,853	-	-	885,853
Solid waste	513,873	-	-	513,873
Welfare	33,283	-	-	33,283
Culture and recreation	103,515	-	-	103,515
Cemetery	96,487	-	-	96,487
Contingency and abatements	19,241	-	-	19,241
Library	164,515	-	-	164,515
Tax increment financing	127,759	-	-	127,759
County tax	428,079	-	-	428,079
Education	2,780,636	-	-	2,780,636
Grant program expenses	-	50,574	-	50,574
Trust fund fees and donations	-	2,846	7,150	9,996
Debt service				
Principal	102,981	-	-	102,981
Interest and other charges	21,623	-	-	21,623
Capital outlay	1,168,631	-	-	1,168,631
Total expenditures	<u>8,556,225</u>	<u>53,420</u>	<u>7,150</u>	<u>8,616,795</u>
Excess (deficiency) of revenues over expenditures	<u>(212,055)</u>	<u>20,363</u>	<u>38,243</u>	<u>(153,449)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Lease proceeds	140,000	-	-	140,000
Transfers in	16,180	-	-	16,180
Transfers out	-	-	(16,180)	(16,180)
Total other financing sources and uses	<u>156,180</u>	<u>-</u>	<u>(16,180)</u>	<u>140,000</u>
<b>SPECIAL ITEMS</b>				
Proceeds from sale of capital assets	8,111	-	-	8,111
Net change in fund balances	(47,764)	20,363	22,063	(5,338)
<b>FUND BALANCES - BEGINNING</b>	<u>2,617,891</u>	<u>440,340</u>	<u>491,592</u>	<u>3,549,823</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 2,570,127</u>	<u>\$ 460,703</u>	<u>\$ 513,655</u>	<u>\$ 3,544,485</u>

See accompanying notes to the basic financial statements.

**Town of Dover-Foxcroft, 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: \$ (5,338)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlays	1,350,227
Depreciation expense	(321,607)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. More specifically, this amount represents the change in deferred property taxes. 11,264

Some deferred outflows of resources, deferred inflows of resources, and internal balances related to pensions reported in the statement of activities do not require the use of current financial resources and these are not reported in governmental funds:

Internal balances related to pensions	18,409
Deferred outflows related to pensions	71,115
Deferred outflows related to OPEB	924

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond and lease principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds.

Debt issued	(140,000)
Principal repaid	102,981

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Net pension expense	(157,052)
Net OPEB expense	(14,194)

Change in net position of governmental activities	\$ 916,729
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**Town of Dover-Foxcroft, Maine**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2018**

	<b>Enterprise Fund</b>
	<b>Sewer Fund</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 452,809
Accounts receivable, net	155,774
Interfund advances receivable - current	18,000
Receivables from other governments	191
Total current assets	626,774
Non-current assets	
Interfund advances receivable	72,000
Land and improvements	124,171
Infrastructure	15,378,631
Buildings	4,008,951
Equipment, vehicles and furniture	1,312,310
Less accumulated depreciation	(6,248,618)
Total non-current assets	14,647,445
Total assets	15,274,219
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	7,080
Accrued interest payable	18,476
Due to other funds	1,040
Due to governmental activities	17,821
Bonds and notes payable	254,197
Total current liabilities	298,614
Noncurrent liabilities	
Bonds and notes payable	2,943,078
Total liabilities	3,241,692
<b>NET POSITION</b>	
Net investment in capital assets	11,378,170
Unrestricted	654,357
Total net position	\$ 12,032,527

**Town of Dover-Foxcroft, Maine**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2018**

	<b>Enterprise Fund</b>
	<b>Sewer Fund</b>
<b>REVENUES</b>	
Charges for services	\$ 678,668
Interest and lien charges	9,130
Total operating revenues	687,798
<b>OPERATING EXPENSES</b>	
Administration	284,814
Sanitary sewer maintenance	13,425
Pump station maintenance	4,344
Plant maintenance and equipment	85,507
Depreciation	337,225
Total operating expenses	725,315
Operating income	(37,517)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest and investment revenue	10,764
Interest expense	(63,979)
Capital outlay	(11,714)
Pension expense	(18,471)
Change in pension related deferred outflows	8,860
Total net non-operating revenues (expenses)	(74,540)
Change in net position	(112,057)
<b>TOTAL NET POSITION - BEGINNING</b>	12,144,584
<b>TOTAL NET POSITION - ENDING</b>	\$ 12,032,527

**Town of Dover-Foxcroft, Maine**  
**Statement of Cash Flows - Proprietary Fund**  
**For the Year ended June 30, 2018**

	<b>Enterprise Fund Sewer Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from user charges	\$ 695,739
Interest and lien charges	9,130
Payments to suppliers for goods and services	(117,822)
Payments for administrative services	(284,814)
Net cash provided by operating activities	302,233
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital expenditures	(11,714)
Interest payments	(65,211)
Proceeds from loan repayments	(54,088)
Proceeds from grants	(28)
Bond and note payments	(328,735)
Net cash used by capital and related financing activities	(459,776)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	10,764
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(146,779)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	599,588
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ 452,809
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ (37,518)
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	337,226
(Increase) decrease in the following assets	
Accounts receivable	17,071
Increase (decrease) in the following liabilities	
Accounts payable	5,623
Due to other funds	(20,169)
Total adjustments to income	339,751
Net cash provided by operating activities	\$ 302,233

See accompanying notes to basic financial statements.

**Town of Dover-Foxcroft, Maine**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2018**

	<b>Private Purpose Trust Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 10,999
Investments	840,348
Beneficial interest in assets held by others	1,138,796
Total assets	1,990,143
<b>NET POSITION</b>	
Nonexpendable principal held in trust for benefits and other purposes	1,201,829
Expendable income held in trust for benefits and other purposes	788,314
Total net position	\$ 1,990,143

**Town of Dover-Foxcroft, Maine**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2018**

	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>	
Investment earnings	
Net increase in fair value of investments	\$ 115,125
Interest	45,063
Contributions	10,649
Total additions (reductions)	170,837
<b>DEDUCTIONS</b>	
Distributions and fees	142,531
Change in net position	28,306
<b>NET POSITION - BEGINNING</b>	1,961,837
<b>NET POSITION - ENDING</b>	\$ 1,990,143

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Dover-Foxcroft, Maine was incorporated in 1922 under the laws of the State of Maine. The Town operates under a Selectmen-manager form of government and provides the following services: general government services, public safety, public works, health and welfare, education, library and recreation.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board, when applicable. The more significant accounting policies of the Town are described below.

**A. FINANCIAL REPORTING ENTITY**

In evaluating the Town as a reporting entity, management has addressed all potential component units for which the Town may be financially accountable and, as such, should be included within the Town's financial statements. In accordance with GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Town is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits or to impose specific financial burdens on the Town. Additionally, the Town is required to consider other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading. Based on the application of these criteria, the Thompson Free Library has been included in this report as a discretely presented component unit.

**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS**

The government-wide financial statements report information of all the activities of the Town, except for fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities of the Town include the sewer fund.

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

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

The Town segregates transactions related to certain functions or activities in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental, proprietary, and fiduciary activities. The governmental and proprietary statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column, when applicable. The fiduciary statements aggregate and present each fund type as a separate column on the fund financial statements.

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (CONTINUED)**

**1. Governmental Funds**

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

The Town has presented the following major governmental funds:

*General Fund*

The general fund is the primary operating fund of the Town and is always classified as a major fund. This fund is used to account for all financial resources not accounted for in other funds.

*Special Revenue Fund*

The special revenue fund is used to account for the proceeds of specific revenue sources that are legally or contractually restricted to expenditures for specified purposes. This fund includes federal grants, state grants, and contributions for specific purposes.

**2. Proprietary Fund**

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting, in essentially the same manner as a private entity. The accounting objectives are determinations of net income, financial position and cash flow.

The Town has presented the following major proprietary fund:

*Enterprise Fund*

The enterprise fund is used to account for the operations of the waste water treatment plant. Activities of the fund include administration, operations and maintenance of the sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of long-term debt for the sewer fund. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel, contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (CONTINUED)**

**3. Fiduciary Funds (not included in government-wide statements)**

The Town has presented the following fiduciary fund:

*Private Purpose Trust Funds*

Private purpose funds are funds held by the Town in a trustee capacity and are accounted for in essentially the same manner as a private entity. Capital maintenance of private purpose funds is critical. The Town accounts for the activities of endowments whose purpose benefits individuals or entities outside the government using this fund type.

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and the fund financial statements for proprietary funds and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities, whether current or non-current, are included on the statement of net position and the operating statements present increases, revenues, and decreases, expenses, in net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures and compensated absence expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, intergovernmental revenues and charges for services. All other governmental fund revenues are recognized when received.

**E. BUDGETS AND BUDGETARY ACCOUNTING**

The Town utilizes a formal budgetary accounting system to control revenues accounted for in the general fund. This budget is established in accordance with the various laws which govern the Town’s operations.

Generally, appropriations for the general fund lapse at year end, except for balances approved to be carried forward by Town Selectmen.

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)**

Formal budgets are not adopted for the other funds. Grant procedures for many of the revenues included in the special revenue funds require submission of a budget. However, such budgets are not subject to formal adoption procedures and are normally prepared based upon the grant period which does not necessarily correspond with the Town's fiscal year.

**F. FINANCIAL STATEMENT AMOUNTS**

**1. Deposits and Investments**

For purposes of the statements of net position and cash flows, the Town considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Cash equivalents include certificates of deposits with a longer maturity. Additional information is presented in Note 2.

Investments are carried at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Additional information, including the composition of investments, is presented in Note 2.

**2. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds within governmental activities are eliminated in the government-wide financial statement of net position. Any residual balances between the governmental activities and fiduciary funds are reported in the statement of net position as "due to/from fiduciary funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

**3. Interfund Transfers**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of the governmental funds on the fund financial statements. For the purposes of the government-wide statement of activities, all interfund transfers between individual funds within governmental activities and individual funds within business-type activities have been eliminated.

**4. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method.

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)**

**4. Capital Assets (Continued)**

Estimated useful lives are as follows:

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

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

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**5. Long-term Debt**

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 the government-wide statements. The long-term debt consists of capital leases, notes payable, general obligation bonds, net OPEB liability, 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 fund is the same in the fund statements as it is in the government-wide statements.

Under the terms of the most recent personnel policy, a maximum of 30 sick days may be accrued and is payable upon retirement at rates varying from \$15 per day to \$20 per day for employees who retire from the Town with over 10 years of service. The Town has not recorded a liability because sick leave amounts are immaterial and because of the contingent nature of the potential payout. Vacation leave cannot be carried forward to a new year and is not paid to employees upon termination; therefore, there is no accrued vacation leave liability recorded in the financial statements.

**6. Pensions**

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

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)**

**7. Use of Estimates**

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

**8. Government-wide Net Position**

Net position represents the difference between assets and liabilities in the government-wide financial statements.

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 the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The remaining net position is reported as unrestricted. For expenditures that qualify for either classification, amounts will be first spent from restricted net position then from unrestricted net position.

**9. Governmental Fund Balances**

Fund balance represents the difference between assets and liabilities in the fund financial statements. Fund balance must be properly reported within one of the five fund balance categories listed below:

*Nonspendable* – such as fund balances associated with inventories or prepaid expenses. The Nonspendable fund balance may also include amounts that are required to be maintained intact, such as the corpus of an endowment fund.

*Restricted* fund balance category includes amounts that can be used only for the specific purposes stipulated by constitution, grantors or through enabling legislation.

*Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority, which is voter approval in the Selectmen form of government.

*Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Selectmen is authorized to assign funds for a particular purpose, under authority granted by voter approval.

*Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)**

**9. Governmental Fund Balances (Continued)**

The Town has not formally adopted a fund balance policy, but has implemented GASB 54 based on the definitions above. For expenditures that qualify for multiple categories, amounts will be first spent from restricted fund balance, followed by committed fund balance, then assigned fund balance, and finally unassigned fund balance, except that the Town maintains assigned funds in reserves for various purposes which may be spent after unassigned fund balance if approved by vote of the Board of Selectmen.

**10. Revenue Recognition - Property Taxes**

Property taxes were levied on assessed values of April 1, 2017, and were due in two installments of 50% on September 29, 2017 and 50% on February 23, 2018. Interest was charged at 7% per annum authorized by Maine Law on amounts not paid by the due date. Upon the expiration of eight months, and within one year from the date of the original commitment, a tax lien is recorded for all delinquent taxes on real estate.

For purposes of the fund financial statements, property taxes assessed and collected during the year ended June 30, 2018, and during the first sixty days of the next fiscal year are recognized as revenue in 2018. Receivables estimated to be collectible after the sixty-day period are recorded as deferred inflows of resources in the general fund.

Assessed value	
Real estate	\$286,269,500
Personal property	<u>12,611,100</u>
	\$298,880,600
Tax rate (per \$1,000)	<u>20.90</u>
Commitment	\$ 6,246,604
Add supplemental taxes	1,940
Less collections and abatements	<u>(6,027,265)</u>
Receivable at June 30, 2018	<u>\$ 221,279</u>
Collection rate	96.5%

**11. New Governmental Accounting Standards**

During the year ended June 30, 2018, the Unit implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB) and improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

During the year ended June 30, 2018, the Unit implemented GASB Statement No. 85, *Omnibus 2017*. This statement improves financial reporting by enhancing consistency in the application of accounting and financial reporting requirements related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Consistent reporting will improve the usefulness of information for users of state and local government financial statements.

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)**

**12. Recent Accounting Pronouncements**

In April 2018, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement improves financial reporting by improving the consistency of the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement is effective for periods beginning after June 15, 2018. The effect of this Statement on the Unit's financial statements is not known at this time.

**NOTE 2. DEPOSITS AND INVESTMENTS**

**Deposits**

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2018, the Town reported deposits of \$3,255,300 with bank balances of \$3,393,324. Of the Town's total bank balance of \$3,393,324, \$2,051,680 was exposed to custodial credit risk. The entire exposed amount was collateralized by underlying securities held by the related bank, which were not in the Town's name.

Deposits have been reported as follows:

Reported in governmental funds	\$2,304,782
Reported in proprietary funds	452,809
Reported in fiduciary funds	10,999
Reported in component unit	<u>486,710</u>
Total deposits	<u>\$3,255,300</u>

**Investments**

Statutes authorize the Town to invest in certificates of deposit, repurchase agreements, and other available bank investments. In addition, the Town can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. The fiduciary trust fund is also authorized to invest in various instruments in accordance with laws of the State of Maine.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

The Town's investments at June 30, 2018 are as follows:

Open end mutual funds	\$ 1,553,946
Brokered CDs	49,619
Corporate bonds	75,395
Exchange-traded and closed end mutual funds	<u>102,247</u>
Total investments	<u>\$ 1,781,207</u>

All of the Town's investments at June 30, 2018 are valued using quoted market prices (Level 1 inputs).

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of failure of the counterparty, the Town will not be able to recover the value of its investments. The Town has an investment policy for custodial credit risk. The Town's \$102,247 in closed end mutual funds, and \$75,395 in corporate bonds are exposed to custodial credit risk as the investments are not in the Town's or the Town's component unit's name, as applicable. They are registered in the name of the Bank's custodian.

*Interest Rate Risk:* To the extent possible, the Town will attempt to match investments with anticipated cash requirements with shorter term maturities. This does not apply to trust funds held by the Town.

	<u>Due in less than one year</u>	<u>Due in 1-5 years</u>	<u>Due in more than five years</u>
Brokered CDs	\$ -	\$ 49,619	\$ -
Fixed Rate Capital Securities	11,125	9,957	-
Corporate bonds	<u>25,127</u>	<u>29,186</u>	<u>-</u>
Total	<u>\$ 36,252</u>	<u>\$ 88,762</u>	<u>\$ -</u>

Investments have been reported as follows:

Reported in governmental funds	\$ 556,129
Reported in fiduciary funds	840,348
Reported in component unit	<u>384,730</u>
Total investments	<u>\$1,781,207</u>

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 3. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018, was as follows:

	<b>Balance 6/30/17</b>	<b>Additions/ Completions</b>	<b>Retirements/ Dispositions</b>	<b>Balance 6/30/18</b>
<b>Governmental Activities</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 394,830	\$ -	\$ -	\$ 394,830
<i>Capital assets being depreciated</i>				
Infrastructure	875,577	488,643	-	1,364,220
Buildings and improvements	2,356,351	316,489	-	2,672,840
Land improvements	399,450	-	-	399,450
Equipment and furniture	1,506,081	302,377	(109,300)	1,699,158
Vehicles	2,067,973	242,718	(129,175)	2,181,516
Total capital assets being depreciated	<u>7,205,432</u>	<u>1,350,227</u>	<u>(238,475)</u>	<u>8,317,184</u>
<i>Less accumulated depreciation for</i>				
Infrastructure	(184,561)	(59,305)	-	(243,866)
Buildings and improvements	(508,150)	(63,795)	-	(571,945)
Land improvements	(25,320)	(7,990)	-	(33,310)
Equipment and furniture	(947,068)	(100,392)	109,300	(938,160)
Vehicles	(1,225,710)	(90,125)	129,175	(1,186,660)
Total accumulated depreciation	<u>(2,890,809)</u>	<u>(321,607)</u>	<u>238,475</u>	<u>(2,973,941)</u>
Total capital assets, being depreciated net	<u>4,314,623</u>	<u>1,028,620</u>	<u>-</u>	<u>5,343,243</u>
Governmental activities capital assets, net	<u>\$ 4,709,453</u>	<u>\$ 1,028,620</u>	<u>\$ -</u>	<u>\$ 5,738,073</u>
<b>Business-type activities</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 124,171	\$ -	\$ -	\$ 124,171
<i>Capital assets being depreciated</i>				
Infrastructure	15,378,631	-	-	15,378,631
Buildings and improvements	4,008,951	-	-	4,008,951
Equipment, vehicles and furniture	1,312,310	-	-	1,312,310
Total capital assets being depreciated	<u>20,699,892</u>	<u>-</u>	<u>-</u>	<u>20,699,892</u>
<i>Less accumulated depreciation for</i>				
Infrastructure	(3,042,291)	(229,923)	-	(3,272,214)
Buildings and improvements	(1,658,053)	(82,025)	-	(1,740,078)
Equipment, vehicles and furniture	(1,211,048)	(25,278)	-	(1,236,326)
Total accumulated depreciation	<u>(5,911,392)</u>	<u>(337,226)</u>	<u>-</u>	<u>(6,248,618)</u>
Total capital assets, being depreciated net	<u>14,788,500</u>	<u>(337,226)</u>	<u>-</u>	<u>14,451,274</u>
Business-type activities capital assets, net	<u>\$14,912,671</u>	<u>\$ (337,226)</u>	<u>\$ -</u>	<u>\$14,575,445</u>

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 3. CAPITAL ASSETS (CONTINUED)**

	<u>Balance 6/30/17</u>	<u>Additions/ Completions</u>	<u>Retirements/ Dispositions</u>	<u>Balance 6/30/18</u>
<b>Component Unit</b>				
<i>Capital assets being depreciated</i>				
Buildings and improvements	\$ 1,348,286	\$ 11,814	\$ -	\$ 1,360,100
<i>Less accumulated depreciation for</i>				
Buildings and improvements	<u>(616,577)</u>	<u>(20,548)</u>	<u>-</u>	<u>(637,125)</u>
Component unit capital assets, net	<u>\$ 731,709</u>	<u>\$ (8,734)</u>	<u>\$ -</u>	<u>\$ 722,975</u>

Depreciation expense for the year ended June 30, 2018, was charged as direct expense to programs as follows:

<i>Governmental activities</i>	
General government	\$ 41,053
Police	21,805
Fire	53,381
Public works	165,448
Solid waste	22,237
Recreation	12,871
Cemetery	<u>4,812</u>
Total depreciation expense – Governmental activities	<u>\$ 321,607</u>
<i>Business-type activities</i>	
Sewer fund	<u>\$ 337,225</u>
<i>Component Unit</i>	
Thompson Free Library	<u>\$ 20,548</u>

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 4. LONG-TERM LIABILITIES**

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

	<b>Balance June 30, 2017, Restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2018</b>	<b>Portion due within one year</b>
<b>Governmental Fund Liabilities</b>					
<b>General Obligation Bonds</b>					
<i>Maine Municipal Bond Bank</i>					
General obligation bond dated May 25, 2009 due 2026. Interest ranges 2.15%-5.35% with annual principal and semiannual interest payments	212,500	-	(21,250)	191,250	21,250
General obligation bond dated May 25, 2009, due 2027. Interest ranges 2.2%-5.30% with annual principal and semiannual interest payments	150,000	-	(15,000)	135,000	15,000
<i>Camden National Bank</i>					
3.80% general obligation bond dated May 14, 2011, due May 14, 2020 with annual principal and interest payments	<u>30,000</u>	<u>-</u>	<u>(10,000)</u>	<u>20,000</u>	<u>10,000</u>
Total general obligation bonds	392,500	-	(46,250)	346,250	46,250
<b>Capital Leases</b>	194,488	140,000	(56,731)	277,757	77,277
<b>Net OPEB Liability</b>	179,863	6,084	(11,026)	174,921	N/A
<b>Net Pension Liability</b>	<u>642,289</u>	<u>-</u>	<u>(126,140)</u>	<u>516,149</u>	<u>N/A</u>
Total governmental long-term liabilities	<u>1,409,140</u>	<u>146,084</u>	<u>(240,147)</u>	<u>1,315,077</u>	<u>123,527</u>

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 4. LONG-TERM LIABILITIES (CONTINUED)**

	<b>Balance June 30, 2017, Restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2018</b>	<b>Portion due within one year</b>
<b>Proprietary Fund Liabilities</b>					
<b>General Obligation Bonds</b>					
<i>Rural Development</i>					
2.50% general obligation sewer bonds dated February 16, 2011, due 2039	\$1,252,876	\$ -	\$ (43,413)	\$ 1,209,463	\$ 44,498
2.00% general obligation sewer bonds dated May 10, 2012, due 2040	257,863	-	(8,940)	248,923	9,119
<i>Maine Municipal Bond Bank</i>					
2.25% general obligation revolving loan dated November 13, 2003, due 2024	94,887	-	(12,920)	81,967	13,146
1.71% general obligation sewer bonds dated November 13, 2003, due 2019	255,693	-	(127,608)	128,085	128,085
1.00% general obligation sewer bonds dated September 14, 2012, due 2032	945,872	-	(58,762)	887,110	59,349
0.44% general obligation sewer bonds dated August 6, 2014, due 2034	<u>718,819</u>	<u>-</u>	<u>(77,092)</u>	<u>641,727</u>	<u>-</u>
Total proprietary general obligation bonds	<u>3,526,010</u>	<u>-</u>	<u>(328,735)</u>	<u>3,197,275</u>	<u>254,197</u>
Total governmental fund and proprietary fund long-term liabilities	<u>\$ 4,802,981</u>	<u>\$ 140,000</u>	<u>\$ (568,764)</u>	<u>\$ 4,374,217</u>	<u>\$ 416,355</u>
<b>Component Unit Liabilities</b>					
<b>Net Pension Liability</b>	<u>\$ 70,895</u>	<u>\$ -</u>	<u>\$ (15,977)</u>	<u>\$ 54,918</u>	<u>\$ N/A</u>

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
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**NOTE 4. LONG-TERM LIABILITIES (CONTINUED)**

**General obligation bonds payable**

Future maturities of general obligation and proprietary fund bonds payable are as follows:

Year ended June 30	General Obligations		Proprietary Obligations		Total
	Principal	Interest	Principal	Interest	
2019	\$ 46,250	\$ 14,405	\$ 254,197	\$ 47,839	\$ 362,691
2020	46,250	12,213	167,037	48,246	273,746
2021	36,250	10,026	169,380	45,896	261,552
2022	36,250	8,218	171,775	43,496	259,739
2023	36,250	6,406	174,222	41,043	257,921
2024-2028	145,000	9,460	848,156	169,081	1,171,697
2029-2033	-	-	827,053	108,043	935,096
2034-2038	-	-	485,324	46,057	531,381
2039-2040	-	-	100,131	2,643	102,774
	<u>\$ 346,250</u>	<u>\$ 60,728</u>	<u>\$ 3,197,275</u>	<u>\$ 552,344</u>	<u>\$ 4,156,597</u>

In accordance with Maine law, no municipality shall incur debt for specific purposes in excess of certain percentages of State valuation of such municipality. At June 30, 2018, the Town was in compliance with these limitations.

**Capital leases payable**

The Town is the lessee of a photocopier, two fire trucks, and a loader under capital leases expiring in 2020, 2021 and 2024. The liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair market value of the asset acquired.

As of June 30, 2018, the Town had recorded \$19,678 in equipment and \$553,220 in vehicles related to outstanding capital leases. Amortization of these assets is included with depreciation expense. Accumulated depreciation for these assets at June 30, 2018 is \$107,515.

Minimum future lease payments under capital leases as of June 30, 2018 are:

2019	\$ 85,764
2020	84,663
2021	55,247
2022	25,292
2023	25,291
2024	25,199
	<u>301,456</u>
Less amount representing interest	<u>(23,699)</u>
Present value of minimum lease payments	<u>\$ 277,757</u>

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 5. INTERFUND TRANSACTIONS**

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

Individual fund interfund receivable and payable balances at June 30, 2018, arising from these transactions and interfund transfers were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ -	\$ 158,519	\$ 16,180	\$ -
Special revenue fund	69,559	-	-	-
Nonmajor funds - Permanent fund	-	-	-	16,180
Sewer proprietary fund	<u>90,000</u>	<u>1,040</u>	<u>-</u>	<u>-</u>
	<u>\$ 159,559</u>	<u>\$ 159,559</u>	<u>\$ 16,180</u>	<u>\$ 16,180</u>

Transfers are used to move revenues from the fund that budget requires to collect them to the fund that budget requires to expend them and use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorization. The \$16,180 is a transfer from permanent fund endowments to the general fund for use in cemetery operations.

There is \$90,000 due to the sewer proprietary fund from the general fund for the remainder of an interfund advance that will be paid off in \$18,000 increments over the next five years with 2.3% interest.

**NOTE 6. NET INVESTMENT IN CAPITAL ASSETS**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds payable adding back any unspent proceeds. The Town's net investment in capital assets was calculated as follows at June 30, 2018:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Capital assets	\$ 8,712,014	\$ 20,824,063
Accumulated depreciation	(2,973,941)	(6,248,618)
Related bonds payable	(346,250)	(3,197,275)
Related capital leases payable	<u>(277,757)</u>	<u>-</u>
Total balance	<u>\$ 5,114,066</u>	<u>\$ 11,378,170</u>

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
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**NOTE 7. FUND BALANCE – SPECIAL REVENUE FUND - RESTRICTED**

At June 30, 2018 the Town maintained restricted fund balances in its special revenue fund for grants and contributions for the following programs:

Bike Maine grant	\$ 1,123
Dredging	39,232
Wellness grant	(63)
Balloon festival	447
Senior network	1,544
Downtown revitalization	314
Penquis community grant	300
Land use	3,545
Community & Economic development grants	2,501
Wood sales & sludge removal	<u>15,605</u>
	<u>\$ 64,548</u>

**NOTE 8. FUND BALANCE – GENERAL FUND - ASSIGNED**

At June 30, 2018 the Town maintained assigned fund balances for capital projects and other purposes as follows:

Homecoming	\$ 27,672
Unemployment	8,307
Health insurance co-pay	27,682
Emergency preparedness	5,986
Fire equipment	58,733
Fire station and donations	12,614
Community policing	1,810
Aerial photos	15,929
Greeley Landing	1,596
Public works equipment	34,629
Public works building	17,154
Office machines	60,380
Recreation facilities	47,613
Learn to Skate	500
Promotion and development	27,430
Cable infrastructure	20,213
Police building	11,903
Police equipment	34,810
Police drug enforcement	8,277
Solid waste equipment	29,589
Solid waste facilities	11,590
Solid waste transitional MRC	35,365
Cemetery equipment	38,062
Cemetery facilities	8,915
Morton Avenue building	17,463
Road improvement	119,049
Gravel pit stumpage sales	16,661
Airport stumpage sales	11,638
TIF Mill district	1,951
Personnel liabilities	68,354
Legal	37,180
Future retirement costs	<u>401,115</u>
	<u>\$ 1,220,170</u>

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 9. BENEFICIAL INTERESTS IN ASSETS HELD BY OTHERS**

The Town is an income beneficiary of assets held by Maine Community Foundation (MCF) as a result of making reciprocal transfers of assets to MCF and specifying itself as the beneficiary. As such, the Town receives distributions amounting to a percentage of the fair value of these assets each year. The Town has granted variance power to MCF. The Board of Trustees of the MCF has the power to modify, consistent with State law, including seeking approval of the appropriate court or Attorney General, where applicable, any restriction or condition on the distribution of funds for any specified Towns if, in the sole judgment of the Board (without the necessity of the approval of any participating trustee, custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. Annual distributions from these assets have been reported as revenue.

The estimated fair market value of the beneficial interests in the assets, which approximate the present values of expected future cash flows from the assets, are recognized in the statement of financial position as beneficial interests in assets held by others. This amounted to \$1,862,123 in the year ended June 30, 2018. Of this amount, \$723,327 is reported in governmental funds and \$1,138,796 is reported in fiduciary funds.

**NOTE 10. MUNICIPAL SOLID WASTE LANDFILL CLOSURE**

State and federal laws and regulations required the Town to incur certain landfill closure and post closure costs for its landfill which was closed in prior years. The future post-closure costs are estimated to be approximately \$8,500 per year.

**NOTE 11. DEFINED BENEFIT PENSION PLAN**

**Maine Public Employees Retirement System – Town and Thompson Free Library**

Eligible employees participate in the Maine Public Employees Retirement System's Participating Local District (PLD) Plan. The PLD plan is a multiple-employer cost sharing defined benefit plan. Eligible employers (districts) are defined in Maine statute.

**Pension Benefits**

Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. 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; separate legislation enacted the same reduced requirement for judges, legislators, and 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. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions.

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Maine Public Employees Retirement System – Town and Thompson Free Library (Continued)**

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

**Contributions**

Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or by the System's Board of Trustees and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations.

**Contributions - PLD Plan**

Participating employees are required to contribute 8.0% of their annual salary to the Plan by State Statute. The Town is required to pay 9.5% of members' compensation, as determined on an annual basis by the Plan's actuaries. The contribution requirements of plan members and the Town are established by and may be amended by the State legislature. The Town had covered payroll of \$1,015,927 and the Thompson Free Library component unit (Library) had covered payroll of \$78,906 for the year ended June 30, 2018.

	Year ended 6/30/18		Year ended 6/30/17		Year ended 6/30/16	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
<b>Town</b>						
Employer	\$ 96,513	9.50%	\$ 94,434	9.50%	\$ -	0.00%
Employee	81,274	8.00	79,524	8.00	75,969	7.50
<b>Component Unit - Thompson Free Library</b>						
Employer	\$ 7,575	9.50%	\$ 6,875	9.50%	\$ 6,261	8.90%
Employee	6,312	8.00	5,790	8.00	5,276	7.50

**Net Pension Liability**

The collective net pension liability measured as of June 30, 2017 was as follows:

	PLD Plan
Plan collective total pension liability	\$ 3,016,660,721
Less plan net position	<u>(2,607,223,644)</u>
Plan collective net pension liability	<u>\$ 409,437,077</u>

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Net Pension Liability (Continued)**

At June 30, 2018, the Town reported a liability for its proportionate share of the net pension liability. The amount recognized by the Town as its proportionate share of the net pension liability was \$516,149.

The net pension liability for the Town was measured as of June 30, 2017, and the total collective pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date. The Town's proportionate share percentage of the collective net pension liability for the PLD Plan was 0.126063%, allocated based on adjusted contributions to the plan for the year ended June 30, 2017. This percentage was 0.120883% at the prior measurement date of June 30, 2016.

At June 30, 2018, the Library reported a liability for its proportionate share of the net pension liability. The amount recognized by the Library as its proportionate share of the net pension liability was \$54,918.

The net pension liability for the Library was measured as of June 30, 2017, and the total collective pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date. The Library's proportionate share percentage of the collective net pension liability for the PLD Plan was 0.013413%, allocated based on adjusted contributions to the plan for the year ended June 30, 2017. This percentage was 0.013343% at the prior measurement date of June 30, 2016.

**Pension Expense**

For the year ended June 30, 2017, the Town recognized pension expense of \$118,431 related to the PLD Plan, made up of the Town's proportionate share of plan pension expense \$87,732, pension expense related to specific liabilities of individual employers (\$366), and net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions \$31,065.

For the year ended June 30, 2017, the Library recognized pension expense of \$14,437 related to the PLD Plan, made up of the Library's proportionate share of plan pension expense \$9,334, pension expense related to specific liabilities of individual employers (\$39), and net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions \$5,142.

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan – Town		PLD Plan - Library	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ -	\$ 24,797	\$ -	\$ 2,638
Changes of assumptions	43,921	-	4,673	-
Net difference between projected and actual investment earnings on pension plan investments	177,879	192,072	18,927	20,437
Changes in proportion and differences between employer contributions and proportionate share of contributions	48,762	397	3,215	44
Employer's contributions to plan subsequent to measurement date of collective net pension liability	<u>71,115</u>	<u>-</u>	<u>7,575</u>	<u>-</u>
Total	<u>\$ 341,677</u>	<u>\$ 217,266</u>	<u>\$ 34,390</u>	<u>\$ 23,119</u>

\$71,115 reported as deferred outflows related to pensions resulting from Town contributions and \$7,575 from Library 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 inflows and outflows will be recognized as pension expense as follows:

Year ended June 30	PLD Plan Town	PLD Plan Library
2019	\$ 16,511	\$ 1,870
2020	68,465	5,197
2021	3,463	368
2022	<u>(35,143)</u>	<u>(3,739)</u>
	<u>\$ 53,296</u>	<u>\$ 3,696</u>

**Actuarial Assumptions, Discount Rate, and Pension Plan Fiduciary Net Position**

Information on the pension plan's fiduciary net position, as well as the actuarial assumptions and discount rate used by the Maine Public Employees Retirement System in calculating the net pension liability and related amounts are disclosed in the Notes to the Audited Schedules of Employer Allocations and Pension Amounts by Employer. Those schedules, as well as the actuarial valuation reports for each of the System's plans may be obtained by calling 1-800-451-9800, and are available on the System's website at [www.maineopers.org/Publications/Publications.htm#AnnualReports](http://www.maineopers.org/Publications/Publications.htm#AnnualReports).

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 12. DEFINED BENEFIT OPEB PLAN**

**Maine Public Employees Retirement System – Group Life Insurance**

The Group Life Insurance Plan for Retired Participating Local District (PLD) (the PLD Consolidated Plan) employees is a multiple-employer cost sharing plan.

**Other Post-Employment Benefits (OPEB)**

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

**Contributions**

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims. PLD employers are required to remit a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period.

**Net OPEB Liability**

The collective net OPEB liability measured as of June 30, 2017 was as follows:

	PLD Plan
Plan collective total OPEB liability	\$ 31,804,436
Less plan net fiduciary position	<u>(15,082,934)</u>
Plan collective net OPEB liability	<u>\$ 16,721,502</u>

At June 30, 2018, the Town reported a liability for its proportionate share of the net OPEB liability. The amount recognized by the Town as its proportionate share of the net OPEB liability was \$36,786.

The net OPEB liability for the Town was measured as of June 30, 2017, and the total collective OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of that date. The Town's proportionate share percentage of the collective net OPEB liability for the PLD Plan was 0.219992%, allocated based on adjusted contributions to the plan for the year ended June 30, 2017. This percentage was 0.210905% at the prior measurement date of June 30, 2016.

**OPEB Expense**

For the year ended June 30, 2018, the Town recognized OPEB expense of \$1,673 related to the PLD Plan, made up of the Town's proportionate share of plan OPEB expense \$1,330, OPEB expense related to specific liabilities of individual employers \$0, and net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions \$343.

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
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**NOTE 12. DEFINED BENEFIT OPEB PLAN (CONTINUED)**

**Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	PLD Plan	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	10,250
Net difference between projected and actual investment earnings on OPEB plan investments	-	1,761
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,712	-
Employer's contributions to plan subsequent to measurement date of collective net OPEB liability	<u>623</u>	<u>-</u>
Total	<u>\$ 2,335</u>	<u>\$ 12,011</u>

\$623 reported as deferred outflows related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows and outflows will be recognized as OPEB expense as follows:

Year ended June 30	PLD Plan Amount
2019	\$ (2,148)
2020	(2,148)
2021	(2,148)
2022	(2,148)
2023	<u>(1,707)</u>
	<u>\$ (10,299)</u>

**Actuarial Assumptions, Discount Rate, and OPEB Plan Fiduciary Net Position**

Information on the OPEB plan's fiduciary net position, as well as the actuarial assumptions and discount rate used by the Maine Public Employees Retirement System in calculating the net OPEB liability and related amounts are disclosed in the Notes to the Audited Schedules of Employer Allocations and OPEB Amounts by Employer. Those schedules, as well as the actuarial valuation reports for each of the System's plans may be obtained by calling 1-800-451-9800, and are available on the System's website at [www.mainepeps.org/Publications/Publications.htm#Annual Reports](http://www.mainepeps.org/Publications/Publications.htm#Annual Reports).

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
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**NOTE 13. OTHER POST RETIREMENT BENEFIT (OPEB) PLAN**

**Town Plan Description**

The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Town Council has the authority to establish and amend the benefit terms and financing requirements.

No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Changes in the discount rate affect the measurement of the Total OPEB Liability (TOL). Lower discount rates produce higher TOL and higher discount rates produce a lower TOL. The table below shows the sensitivity of the TOL to the discount rate.

**Benefits Provided**

Under the Health Plan, MMEHT provides healthcare and life insurance benefits for retirees and their dependents. Town employees over the age of 55 with 5 years of continuous service and/or will be collecting MEPERS retirement, are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those Town employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

*Employees Covered by Benefit Terms* – At June 30, 2018, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employee entitled to but not yet receiving benefits	-
Active employees	<u>23</u>
Total	<u>23</u>

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 13. OTHER POST RETIREMENT BENEFIT (OPEB) PLAN (CONTINUED)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The Town's total Health Plan OPEB liability of \$138,135 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

Changes in the Total Health Plan OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	\$ 132,169
Changes for the year:	
Service Cost	8,288
Interest	5,307
Changes of benefit terms	-
Differences between expected and actual experience	(31,161)
Changes in assumptions or other inputs	23,650
Benefit payments	(118)
Net changes	5,966
Balance at June 30, 2018	\$ 138,135

Change in assumptions reflects a change in the discount rate from 3.78% to 3.44% and also a change in valuation method from Projected Unit Credit funding to the Entry Age Normal funding method.

For the year ended June 30, 2018, The Town recognized OPEB expense of \$12,521 related to the Health Plan. At June 30, 2018, The Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 26,709
Changes in assumptions or other inputs	20,271	-
Employer contributions after measurement date	301	-
Total	\$ 20,572	\$ 26,709

\$301 reported as deferred outflows related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Deferred outflows of resources and deferred inflows of resources related to the Health Plan will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (1,073)
2020	(1,073)
2021	(1,073)
2022	(1,073)
2023	(1,073)
Thereafter	(1,073)
Total	\$ (6,438)

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 13. OTHER POST RETIREMENT BENEFIT (OPEB) PLAN (CONTINUED)**

**Actuarial Assumptions - Health Plan** - The total OPEB liability in the January 1, 2018 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per annum
Salary increases	2.75% per annum
Discount rate	3.44% per annum
Healthcare cost trend rates	8.27% for 2018, decreasing to 4.00% for 2032
Retirees' share of the benefit related costs	100% of projected health insurance premiums

Mortality rates for the Health Plan were based on the RP2014 Total Dataset Healthy Annuity Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2018 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

**Discount Rate - Health Plan** - The rate used to measure the total OPEB liability for the Health plan was 3.44% per annum. Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year tax-exempt general obligation municipal bond index. The rate is assumed to be an index rate for 20-year tax- exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

**Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate** - The following presents the Town's total OPEB liability related to the Health Plan calculated using the discount rate of 3.44%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.44%) or 1 percentage-point higher (4.44%) than the current rate:

	1% Decrease 2.44%	Discount Rate 3.44%	1% Increase 4.44%
Total OPEB Liability	\$ 164,354	\$ 138,135	\$ 116,926
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 164,354</u>	<u>\$ 138,135</u>	<u>\$ 116,926</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%

A one percent decrease in the discount rate increases the Net OPEB Liability (NOL) by approximately 19.0%. A one percent increase in the discount rate decreases the NOL by approximately 15.4%.

**Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates** - The table below Presents the Town's total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates of 8.27%, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (7.27%) or 1 percentage-point higher (9.27%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Trend	1% Increase
Total OPEB Liability	<u>\$ 115,979</u>	<u>\$ 138,135</u>	<u>\$ 165,874</u>

A one percent decrease in the healthcare trend rate decreases the NOL by approximately 16.0%. A one percent increase in the healthcare trend rate increases the NOL by approximately 20.1%.

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
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**NOTE 14. RISK COVERAGE**

The Town is exposed to various risks of losses related to torts, theft, damage, and destruction of assets, injuries to employees, and natural disasters. The Town maintains various commercial insurance policies to mitigate these risks to an acceptable level and to limit the Town's exposure to losses.

**NOTE 15. 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 16. JOINT VENTURE**

**Penobscot Energy Recovery Company**

Under terms of a waste disposal agreement, the Town has guaranteed a certain amount of tons of acceptable waste per year to be hauled from Dover-Foxcroft to PERC at the agreed upon tipping fee, which changes quarterly. The Town is one of many members of a waste pool. Should the Town not deliver the guaranteed tonnage, and the waste pool did not cover the shortage, the Town could be billed for the shortfall. Additionally, the Town is a member of a Municipal Review Committee (MRC) participating in, among other things, prepayment of PERC debt in exchange for limited partnership interests in the entity. At June 30, 2018, the Town's proportionate interest was 1.2881%. For the year ended June 30, 2018, the Town paid \$157,568 in tipping fees to PERC. The MRC issues its own financial statements which can be found on its website at [www.mrcmaine.org](http://www.mrcmaine.org).

**NOTE 17. RELATED PARTY TRANSACTIONS AND PAYABLES**

During the year ended June 30, 2018, the Town, acting as fiscal agent for the Historical Society, paid Edgerly Plumbing for services performed on grant projects. Elwood Edgerly (the owner) is a member of the Board of Selectmen. Total payments to Edgerly Plumbing during the year ended June 30, 2018 were \$28,235, with \$1,222 related to expenditures of federal awards. At June 30, 2018, no amounts were owed to Edgerly Plumbing for services provided.

**Town of Dover-Foxcroft, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 18. TAX ABATEMENTS**

The Town enters into property tax abatement agreements with local businesses under Title 30-A Chapter 206 Development Districts, Subchapter 1, Development Districts for Municipalities and Plantations and Subchapter 3, Municipal Affordable Housing Development Districts. Under this law, municipalities may grant property tax abatements of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Town. For the fiscal year ended June 30, 2018, the Town abated property taxes totaling \$127,756 under this program, including the following tax abatement agreements.

Arnold Development Group, LLC received a 90 percent property tax abatement for undertaking the renovation and rehabilitation of the former Moosehead Manufacturing facility in the Town and for making certain income generating improvements to the property. The abatement amounted to \$71,984.

Pleasant River Lumber Company received a 33 percent property tax abatement of the tax on certain facility improvements, including investment of \$7,050,000 into a mill modernization project. The percent of taxes abated will decrease yearly until the year ending June 30, 2021. The abatement amounted to \$55,775.

**NOTE 19. RESTATEMENT OF BEGINNING NET POSITION**

During the year ended June 30, 2018, the Town implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus 2017*. These statements improve accounting and financial reporting by state and local governments for other postemployment benefits (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. As a result of implementing these new principles, the Town restated its beginning net position on the government-wide statements by (\$177,463), to record net OPEB liability of (\$179,863) and deferred outflows of \$2,400.

**NOTE 20. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 28, 2019, the date on which the financial statements were available to be issued.

**Town of Dover-Foxcroft, Maine**  
**Budget and Actual (with Variances)**  
**General Fund**  
**For the year ended June 30, 2018**

	Budgeted Amounts			Actual	Variance with Final Budget - Positive (Negative)
	Original*	Changes**	Final*		
<b>REVENUES</b>					
Property taxes	\$ 6,247,605	\$ -	\$ 6,247,605	\$ 6,231,884	\$ (15,721)
Excise and miscellaneous taxes	752,255	-	752,255	809,847	57,592
Interest and lien costs	46,500	-	46,500	45,098	(1,402)
Licenses, permits and fees	43,505	-	43,505	44,337	832
Intergovernmental	659,948	-	659,948	682,971	23,023
Charges for services	268,765	30,667	299,432	336,401	36,969
Recycling credits	30,390	-	30,390	65,342	34,952
Contributions	-	-	-	12,921	12,921
Interest earnings	23,200	-	23,200	71,835	48,635
Payment in lieu of taxes	26,900	-	26,900	32,100	5,200
Miscellaneous	5,000	-	5,000	11,434	6,434
<b>Total revenues</b>	<b>8,104,068</b>	<b>30,667</b>	<b>8,134,735</b>	<b>8,344,170</b>	<b>209,435</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General government	1,368,260	(4,404)	1,363,856	1,264,529	99,327
Protection					
Police and lights	480,360	-	480,360	469,732	10,628
Hydrant rental	220,865	-	220,865	214,430	6,435
Fire department	165,150	5,423	170,573	161,058	9,515
Public works	863,740	25,244	888,984	885,853	3,131
Solid waste	514,085	-	514,085	513,873	212
Welfare	53,445	-	53,445	33,283	20,162
Culture and recreation	122,954	-	122,954	103,515	19,439
Cemetery	108,080	-	108,080	96,487	11,593
Contingency and abatements	25,000	-	25,000	19,241	5,759
Library	164,515	-	164,515	164,515	-
Tax increment financing	127,759	-	127,759	127,759	-
County tax	428,079	-	428,079	428,079	-
Education	2,780,636	-	2,780,636	2,780,636	-
<b>Debt service</b>					
Principal	46,250	56,731	102,981	102,981	-
Interest and other charges	14,795	6,828	21,623	21,623	-
Capital outlay	2,163,472	80,845	2,244,317	1,168,631	1,075,686
<b>Total expenditures</b>	<b>9,647,445</b>	<b>170,667</b>	<b>9,818,112</b>	<b>8,556,225</b>	<b>1,261,887</b>
Excess (deficiency) of revenues over expenditures	(1,543,377)	(140,000)	(1,683,377)	(212,055)	1,471,322
<b>OTHER FINANCING SOURCES (USES)</b>					
Use of carryover unassigned fund balances	500,000	-	500,000	-	(500,000)
Use of carryover assigned fund balances	1,236,151	-	1,236,151	-	(1,236,151)
Overlay	(207,774)	-	(207,774)	-	207,774
Lease proceeds	-	140,000	140,000	140,000	-
Transfers in	15,000	-	15,000	16,180	1,180
<b>Total other financing sources and uses</b>	<b>1,543,377</b>	<b>140,000</b>	<b>1,683,377</b>	<b>156,180</b>	<b>(1,527,197)</b>
<b>SPECIAL ITEM</b>					
Proceeds from sale of capital assets	-	-	-	8,111	8,111
Net change in fund balances	\$ -	\$ -	\$ -	(47,764)	\$ (47,764)
<b>FUND BALANCES - BEGINNING</b>				<b>2,617,891</b>	
<b>FUND BALANCES - ENDING</b>				<b>\$ 2,570,127</b>	

\* Includes designated carryforward accounts

\*\*Changes made for additional revenues budgeted and capital leases

**Town of Dover-Foxcroft, Maine**  
**Schedule of the Town's Proportionate Share of the Net Pension Liability**  
**Participating Local Districts Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Town's proportion of the net pension liability	0.126063%	0.120883%	0.103125%	0.096517%	0.090781%					
Town's proportionate share of the net pension liability	\$ 516,149	\$ 642,289	\$ 329,017	\$ 148,521	\$ 279,841					
Town's covered-employee payroll	\$ 994,044	\$ 1,012,922	\$ 1,028,138	\$ 961,394	\$ 955,445					
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	51.92%	63.41%	32.00%	15.45%	29.29%					
Plan fiduciary net position as a percentage of the total pension liability	86.43%	81.61%	88.27%	94.10%	87.50%					

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

**Town of Dover-Foxcroft, Maine  
 Schedule of Town Contributions  
 Participating Local Districts Plan  
 Last 10 Fiscal Years\*  
 For the years ended June 30,**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 94,434	\$ 90,150	\$ 80,195	\$ 62,491	\$ 50,639					
Contributions in relation to the contractually required contribution	<u>(94,434)</u>	<u>(90,150)</u>	<u>(80,195)</u>	<u>(62,491)</u>	<u>(50,639)</u>					
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Town's covered-employee payroll	\$ 994,044	\$ 1,012,922	\$ 1,028,138	\$ 961,394	\$ 955,445					
Contributions as a percentage of covered-employee payroll	9.50%	8.90%	7.80%	6.50%	5.30%					

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

**Town of Dover-Foxcroft, Maine**  
**Schedule of the Thompson Free Library Component Unit's Proportionate Share of the Net Pension Liability**  
**Participating Local Districts Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Library's proportion of the net pension liability	0.013413%	0.013343%	0.013162%	0.009505%	0.006658%					
Library's proportionate share of the net pension liability	\$ 54,918	\$ 70,895	\$ 41,993	\$ 14,626	\$ 20,524					
Library's covered-employee payroll	\$ 72,374	\$ 70,349	\$ 68,967	\$ 50,689	\$ 37,026					
Library's proportionate share of the net pension liability as a percentage of its covered-employee payroll	75.88%	100.78%	60.89%	28.85%	55.43%					
Plan fiduciary net position as a percentage of the total pension liability	86.43%	81.61%	88.27%	94.10%	87.50%					

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

**Town of Dover-Foxcroft, Maine**  
**Schedule of Thompson Free Library Component Unit Contributions**  
**Participating Local Districts Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 6,875	\$ 6,261	\$ 5,380	\$ 3,295	\$ 1,962					
Contributions in relation to the contractually required contribution	<u>(6,875)</u>	<u>(6,261)</u>	<u>(5,380)</u>	<u>(3,295)</u>	<u>(1,962)</u>					
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Library's covered-employee payroll	\$ 72,374	\$ 70,349	\$ 68,967	\$ 50,689	\$ 37,026					
Contributions as a percentage of covered-employee payroll	9.50%	8.90%	7.80%	6.50%	5.30%					

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

**Town of Dover-Foxcroft, Maine**  
**Schedule of the Town's Proportionate Share of the Net OPEB Liability**  
**Participating Local Districts Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Town's proportion of the net OPEB liability	0.219992%									
Town's proportionate share of the net OPEB liability	\$ 36,786									
Town's covered-employee payroll	\$ 622,000									
Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	5.91%									
Plan fiduciary net position as a percentage of the total OPEB liability	47.42%									

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

**Town of Dover-Foxcroft, Maine  
 Schedule of Town's OPEB Contributions  
 Participating Local Districts Plan  
 Last 10 Fiscal Years\*  
 For the years ended June 30,**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 2,282									
Contributions in relation to the contractually required contribution	<u>(2,282)</u>									
Contribution deficiency (excess)	<u>\$ -</u>									
Town's covered-employee payroll	\$ 622,000									
Contributions as a percentage of covered-employee payroll	0.37%									

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

**Town of Dover-Foxcroft, Maine**  
**Schedule of Changes in Net OPEB Liability and Related Ratios -**  
**Postretirement Employee Healthcare Plan**  
**For the Year Ended June 30, 2018**

	<b>Year Ended June 30, 2018 Actuarial Valuation Date <u>January 1, 2018</u></b>
<b><u>Total OPEB Liability</u></b>	
Service cost (BOY)	\$ 8,288
Interest (includes interest on service cost)	5,307
Changes of benefit terms	-
Differences between expected and actual experience	(31,161)
Changes in assumptions	23,650
Benefit payments, including refunds of member contributions	<u>(118)</u>
<b>Net change in total OPEB liability</b>	<b>\$ 5,966</b>
<b>Total OPEB liability - beginning</b>	<b>\$ 132,169</b>
<b>Total OPEB liability - ending</b>	<b><u>\$ 138,135</u></b>
<b><u>Plan fiduciary net position</u></b>	
Contributions - employer	118
Contributions - member	-
Net investment income	-
Benefit payments, including refunds of member contributions	<u>(118)</u>
Administrative expense	<u>-</u>
<b>Net change in plan fiduciary net position</b>	<b>-</b>
<b>Plan fiduciary net position - beginning</b>	<b>-</b>
<b>Plan fiduciary net position - ending</b>	<b><u>-</u></b>
<b>Net OPEB liability - ending</b>	<b><u>\$ 138,135</u></b>
Covered employee payroll	<u>\$ 897,147</u>
Net OPEB liability as a percentage of covered employee payroll	<u>15.4%</u>

**Town of Dover-Foxcroft, Maine**  
**Combining Schedule of Revenues, Expenditures and Changes in**  
**Fund Balances - Permanent Fund and Special Revenue Fund Trusts**  
**For the Year ended June 30, 2018**

	Permanent Fund		Special Revenue Fund		Totals
	Special Funds	Cemetery Funds	Gray Fire Trust Fund	Babson Student Loan and Town Fund	
<b>PRINCIPAL (AND FUNDS FUNCTIONING AS PRINCIPAL)</b>					
Revenue					
Capital gains and principal additions	\$ -	\$ 2,250	\$ -	\$ -	\$ 2,250
<b>Fund balance, beginning</b>	<u>50,168</u>	<u>359,178</u>	<u>-</u>	<u>-</u>	<u>409,346</u>
<b>Fund balance, ending</b>	<u>50,168</u>	<u>361,428</u>	<u>-</u>	<u>-</u>	<u>411,596</u>
<b>RESTRICTED</b>					
Revenues					
Investment income	6,276	36,867	8,251	17,087	68,481
Contributions	-	-	-	1,162	1,162
Expenditures	(1,038)	(6,112)	(16)	(2,830)	(9,996)
Operating transfers in (out)	<u>-</u>	<u>(16,180)</u>	<u>-</u>	<u>-</u>	<u>(16,180)</u>
Excess of revenue and other financing sources over expenditures and other financing uses	5,238	14,575	8,235	15,419	43,467
<b>Fund balance, beginning</b>	<u>21,345</u>	<u>60,901</u>	<u>178,249</u>	<u>194,252</u>	<u>454,747</u>
<b>Fund balance, ending</b>	<u>26,583</u>	<u>75,476</u>	<u>186,484</u>	<u>209,671</u>	<u>498,214</u>
<b>TOTAL PRINCIPAL AND RESTRICTED FUND BALANCE, ENDING</b>	<u>\$ 76,751</u>	<u>\$ 436,904</u>	<u>\$ 186,484</u>	<u>\$ 209,671</u>	<u>\$ 909,810</u>

**Town of Dover-Foxcroft, Maine**  
**Schedule of Permanent Fund and Special Revenue Fund Trust Balances**  
**June 30, 2018**

	<u>Principal</u>	<u>Restricted</u>	<u>Total</u>
<b>PERMANENT FUNDS</b>			
Cemetery funds			
Funds held by Town of Dover-Foxcroft in Maine Community Foundation	\$ 361,428	\$ 75,476	\$ 436,904
Special Funds			
Funds held by Town of Dover-Foxcroft in Maine Community Foundation			
Victor L. and Laura A. Warren Scholastic Fund	12,584	6,669	19,253
Henry N. Spaulding Funds	22,826	12,091	34,917
Ministerial and School Fund	14,758	7,823	22,581
	<u>50,168</u>	<u>26,583</u>	<u>76,751</u>
Total special trust funds			
	<u>50,168</u>	<u>26,583</u>	<u>76,751</u>
Total permanent funds	<u>\$ 411,596</u>	<u>\$ 102,059</u>	<u>\$ 513,655</u>
<b>SPECIAL REVENUE FUNDS</b>			
Special Funds			
Funds held by Town of Dover-Foxcroft in Maine Community Foundation			
George J. Babson - Loan Fund	\$ -	\$ 209,671	\$ 209,671
Funds held by the American Funds			
Gray Fire Department Fund	-	166,484	166,484
Other assets			
Receivables	-	20,000	20,000
	<u>-</u>	<u>396,155</u>	<u>396,155</u>
Total special trust funds			
	<u>-</u>	<u>396,155</u>	<u>396,155</u>
Total special revenue funds	<u>\$ -</u>	<u>\$ 396,155</u>	<u>\$ 396,155</u>

**Town of Dover-Foxcroft, Maine**  
**Combining Schedule of Changes in Net Position**  
**Private Purpose Trust Funds**  
**For the Year ended June 30, 2018**

	<b>Mayo Memorial Hospital</b>	<b>Thompson Free Library</b>	<b>Special Funds</b>	<b>Totals</b>
<b>PRINCIPAL (AND FUNDS FUNCTIONING AS PRINCIPAL)</b>				
Revenue				
Capital gains and principal additions	\$ -	\$ -	\$ -	\$ -
Total revenue	-	-	-	-
<b>Net position, beginning</b>	<u>167,165</u>	<u>604,226</u>	<u>430,438</u>	<u>1,201,829</u>
<b>Net position, ending</b>	<u>167,165</u>	<u>604,226</u>	<u>430,438</u>	<u>1,201,829</u>
<b>RESTRICTED</b>				
Revenues				
Investment income	38,854	75,175	46,160	160,189
Expenditures	(4,995)	(10,476)	(7,627)	(23,098)
Operating transfers in (out)	<u>(17,927)</u>	<u>(75,417)</u>	<u>(15,440)</u>	<u>(108,784)</u>
Excess of revenue and other financing sources over expendi- tures and other financing uses	15,931	(10,718)	23,093	28,306
<b>Net position, beginning</b>	<u>305,203</u>	<u>355,486</u>	<u>99,319</u>	<u>760,008</u>
<b>Net position, ending</b>	<u>321,134</u>	<u>344,768</u>	<u>122,412</u>	<u>788,314</u>
<b>TOTAL PRINCIPAL AND RESTRICTED NET POSITION, ENDING</b>	<u>\$ 488,299</u>	<u>\$ 948,994</u>	<u>\$ 552,850</u>	<u>\$ 1,990,143</u>

**Town of Dover-Foxcroft, Maine**  
**Schedule of Private Purpose Trust Funds Balances**  
**June 30, 2017**

	<u>Principal</u>	<u>Restricted</u>	<u>Total</u>
Mayo Memorial Hospital Fund			
Funds held by Town of Dover-Foxcroft in			
Maine Community Foundation			
Mayo Memorial trust	\$ 167,165	\$ 96,904	\$ 264,069
Funds held in trust by The First			
Theodora Gray	<u>-</u>	<u>224,230</u>	<u>224,230</u>
Total Mayo Memorial Hospital Fund	<u>167,165</u>	<u>321,134</u>	<u>488,299</u>
Thompson Free Library			
Funds held by Town of Dover-Foxcroft in			
Maine Community Foundation			
Eugene S. Favor	27,206	5,772	32,978
Frank E. Guernsey	13,384	2,836	16,220
E.A. Thompson	11,322	2,397	13,719
Eva Gilman	5,924	1,249	7,173
Barbara Goodwin	11,749	2,475	14,224
Dudley C. Goodwin	10,681	2,251	12,932
Dorothy F. Greenlaw	10,147	2,151	12,298
Goodwin charitable trust	167,560	36,153	203,713
Sanford	5,009	1,056	6,065
Gellerson	2,136	438	2,574
Funds held in trust by The First			
Theodora Gray	-	226,180	226,180
Funds held in trust by The First			
Marion Morrison	<u>339,108</u>	<u>61,810</u>	<u>400,918</u>
Total Thompson Free Library Trust Fund	<u>604,226</u>	<u>344,768</u>	<u>948,994</u>
Special Funds			
Funds held by Town of Dover-Foxcroft in			
Maine Community Foundation			
Victor L. and Laura A. Warren Home Fund	268,084	57,469	325,553
Ruby Williams	66,982	15,972	82,954
Ambulance Fund	8,763	4,640	13,403
Guy M. Buck - Education Fund	4,710	915	5,625
Flora Mayo - Rent subsidy	70,799	37,512	108,311
Mary E. Page Fund	10,222	5,419	15,641
Lawrence - Peabody - Museum	878	465	1,343
Other assets			
Checking	<u>-</u>	<u>20</u>	<u>20</u>
Total special trust funds	<u>430,438</u>	<u>122,412</u>	<u>552,850</u>
Total funds	<u>\$ 1,201,829</u>	<u>\$ 788,314</u>	<u>\$ 1,990,143</u>

**Town of Dover-Foxcroft, Maine**  
**Taxes Receivable, Tax Liens, and Tax Acquired Property**  
**General Fund**  
**June 30, 2018**

Taxes receivable	
2018	\$ 221,279
2017 and prior	<u>1,860</u>
Total taxes receivable	<u>223,139</u>
Tax liens and tax acquired property	
2017	93,883
2016 and prior	5,022
Tax acquired	<u>113,727</u>
Total tax liens and tax acquired property	<u>212,632</u>
Total taxes receivable, tax liens, and tax acquired property	435,771
Less allowance for uncollectibles and writeoffs	<u>(5,000)</u>
Total	<u>\$ 430,771</u>

**Independent Auditor's 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 Dover-Foxcroft

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Dover-Foxcroft, 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 Dover-Foxcroft, Maine's basic financial statements and have issued our report thereon dated March 28, 2019.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described as follows and in a communication letter to management that we consider to be a material weakness.

- Internal control over financial reporting – Thompson Free Library

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Dover-Foxcroft, 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*.

We noted certain other matters that we reported to management of Town of Dover-Foxcroft, Maine, in a separate letter dated March 28, 2019.

## Town of Dover-Foxcroft, Maine's Response to Findings

Town of Dover-Foxcroft, Maine's response to the findings identified in our audit is described as follows. *The library will implement changes to accounting procedures and/or the accounting software setup for payroll liability accounts, so that the liabilities are reduced when paid; for investments accounts, to record all account balances and accurately classify and record all activity of those accounts; for capital assets, to record all material additions and all disposals; will record auditor adjustments in a timely manner; and will continually review the trial balance and make periodic adjustments as needed.* Town of Dover-Foxcroft, Maine's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## 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.

*Brantner Whibodian & Associates*

March 28, 2019