

Town of Oakland, Maine

ANNUAL FINANCIAL STATEMENTS
(with required and other supplementary information)

For the Year Ended June 30, 2019

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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*

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Independent Auditor's Report

Board of Selectmen
Town of Oakland, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oakland, Maine as of and for the year ended June 30, 2019, 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, each major fund, and the aggregate remaining fund information of the Town of Oakland, Maine, as of June 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and OPEB information on pages 6 through 12 and pages 41 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The other supplementary information on Schedule 1 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, Schedule 1 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2019, on our consideration of the Town of Oakland, 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 Oakland, 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 Oakland, Maine's internal control over financial reporting and compliance.

Branthur Shiodian & Associates

October 28, 2019

Management Discussion and Analysis for the Year Ended June 30, 2019

As management of the Town of Oakland we offer readers of the Town's financial statements this narrative overview and analysis of our financial statements. The Town of Oakland is reporting its financial information in compliance with Governmental Accounting Standards Board (GASB) #34. This statement is now the reporting model for governmental entities.

Financial Highlights

- The assets of the Town of Oakland exceeded its liabilities at the close of the most recent fiscal year by \$16,302,239. Of this amount, \$1,255,297 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town of Oakland's total net position decreased by \$1,826,906. This is an anomaly due to the borrowing for the fire station. When construction is finished the balance will be restored.
- At the close of the current fiscal year, the Town of Oakland's governmental fund reported combined ending fund balances of \$5,511,050 an increase of \$2,679,168 as compared with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,409,087 or 12.5% of total general fund expenditures.
- The Town of Oakland's long term debt increased from \$2,876,631 to \$5,293,205. \$2,539,000 was borrowed through the Maine Municipal Bond Bank to fund construction of a new fire station. \$122,426 of debt was retired. State law limits municipal debt to 15% of property valuation. \$81,190,440 is the debt ceiling for the Town of Oakland.
- At the close of the current fiscal year, 98.2% of the 2018-2019 tax commitment was collected. The state average is 92%.
- Motor Vehicle Excise Taxes increased 2.0%. The current year's collections were \$1,342,369, up from \$1,316,372 the previous year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Oakland's basic financial statements. The Town's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Oakland's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the Town's assets and liabilities, with the differences between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation time).

Both of the government-wide financial statements distinguish functions of the Town of Oakland that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The government activities of the Town include general government, public safety, public works, solid waste disposal, recreation, library and other activities. The Town has one business type activity, its wastewater pumping operation.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Oakland, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the governmental-wide financial statements, government fund financial statements focus on near-term inflows and outflows of expendable resources as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the 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 funds and governmental activities.

The Town of Oakland adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town of Oakland maintains an enterprise fund to report the same functions presented as business-type activities in the government-wide financial statements. The enterprise fund is used to account for wastewater pumping operations.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town of Oakland's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Oakland assets exceeded liabilities by \$16,302,239 at the close of the most recent fiscal year.

By far the largest portion of the Town of Oakland's net assets (78.1%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment,) less any related debt used to acquire those assets. The Town of Oakland used these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Financial Analysis of the Government's Funds

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

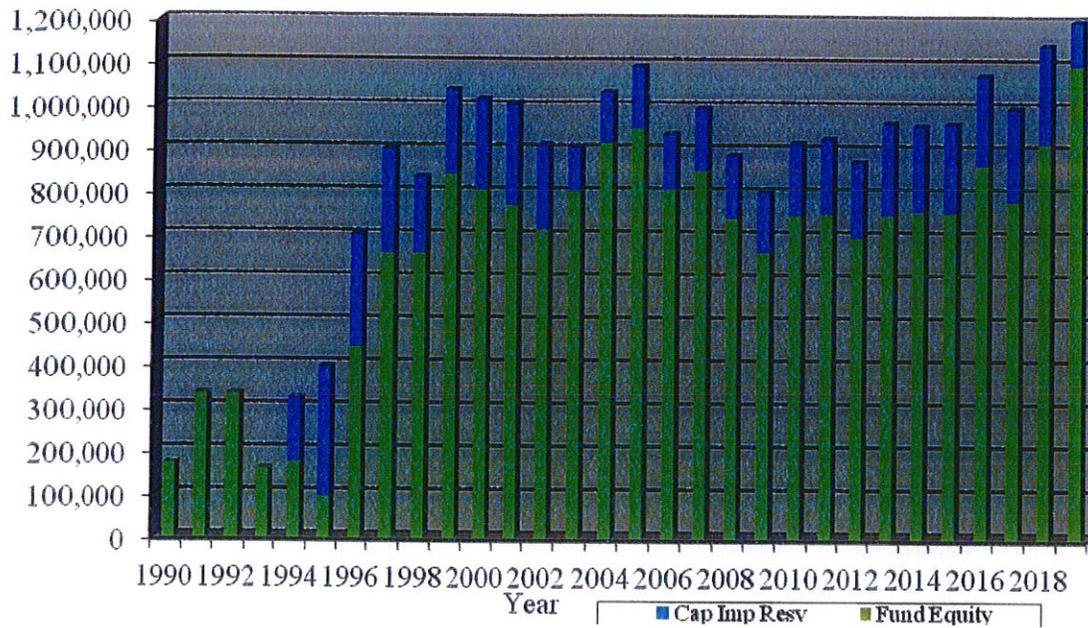
Governmental funds. The focus of the Town of Oakland's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful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

At the end of the current fiscal year, the Town of Oakland's governmental funds reported combined ending fund balances of \$3,190,734, an increase of \$358,852 over the prior year.

The general fund unassigned fund equity balance increased from \$1,173,601, as of June 30, 2018, to \$1,409,087 as of June 30, 2019. Unspent appropriations, excess revenues and the overlay balance contributed \$500,003 to this account. \$160,000 of fund equity was used to fund the 2018-2019 budget.

The capital improvement reserve balance moved from \$270,508 last year to \$318,725 as of June 30, 2019. \$45,000 of this account was used to offset the 2018-2019 budget. This account is funded by allocating 25% of unspent appropriations and 25% of excess revenues from each year's budget. That totaled \$93,217 in 2018-2019.

Fund Equity & Capital Impr. Resv. (After Budget)



Town of Oakland's Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 3,348,429	\$ 6,214,665	\$ 333,250	\$ 362,029	\$ 3,681,679	\$ 6,576,694
Capital assets	<u>7,522,018</u>	<u>7,825,657</u>	<u>8,195,799</u>	<u>8,013,859</u>	<u>15,717,817</u>	<u>15,839,516</u>
Total assets	\$ 10,870,447	\$ 14,040,322	\$ 8,529,049	\$ 8,375,888	\$ 19,399,496	\$ 22,416,210
Deferred Inflows related to OPEB	28,060	24,051			28,060	24,051
Long-term liabilities outstanding	1,005,549	3,416,460	2,092,285	2,028,378	3,097,834	5,444,838
Other liabilities	<u>209,579</u>	<u>485,034</u>	<u>115,832</u>	<u>149,363</u>	<u>325,411</u>	<u>634,397</u>
Total liabilities	\$ 1,215,128	\$ 3,901,494	\$ 2,208,117	\$ 2,177,741	\$ 3,423,245	\$ 6,079,235
Deferred Inflows of Resources						
Deferred Inflows related to OPEB	4,343	25,870			4,343	25,870
Prepaid Taxes	74,875	32,917			74,875	32,917
Net assets:						
Invested in capital assets net of related debt	6,799,541	6,806,962	6,040,746	5,919,664	12,840,287	12,726,626
Restricted		2,320,316				2,320,316
Unrestricted	<u>2,804,620</u>	<u>976,814</u>	<u>280,186</u>	<u>278,483</u>	<u>3,084,806</u>	<u>1,255,297</u>
Total net position	\$ 9,604,161	\$ 10,104,092	\$ 6,320,932	\$ 6,198,147	\$ 15,925,093	\$ 16,302,239

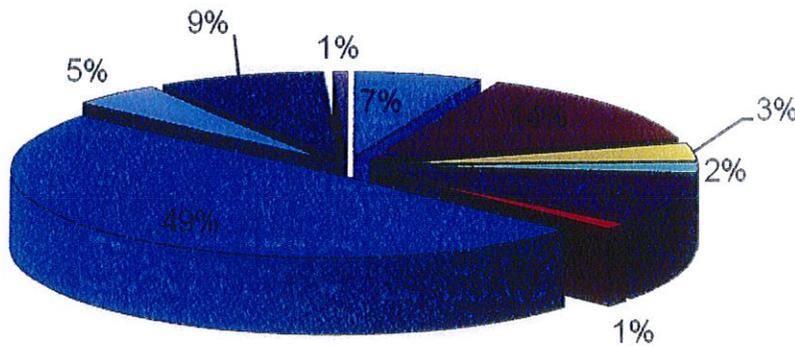
General Fund Budgetary Highlights

Expenditures

The 2018-2019 budget included appropriations of \$4,755,523 for municipal services, \$5,549,345 for RSU #18 costs and \$525,782 for Kennebec County government services. The municipal services budget increased 1.0%. The Kennebec County budget assessment increased 4.0% and the RSU #18 assessment was up 1.4%. 95.1% of the total budget was spent and 4.9% or \$585,725 remained unspent at year end. \$446,479 was carried forward into the 2019-2020 fiscal year. \$139,246 was returned to fund equity and reserve for capital improvements.

All operating departments except Code Enforcement finished the year under budget.

**2018-2019
General Fund Expenditures**



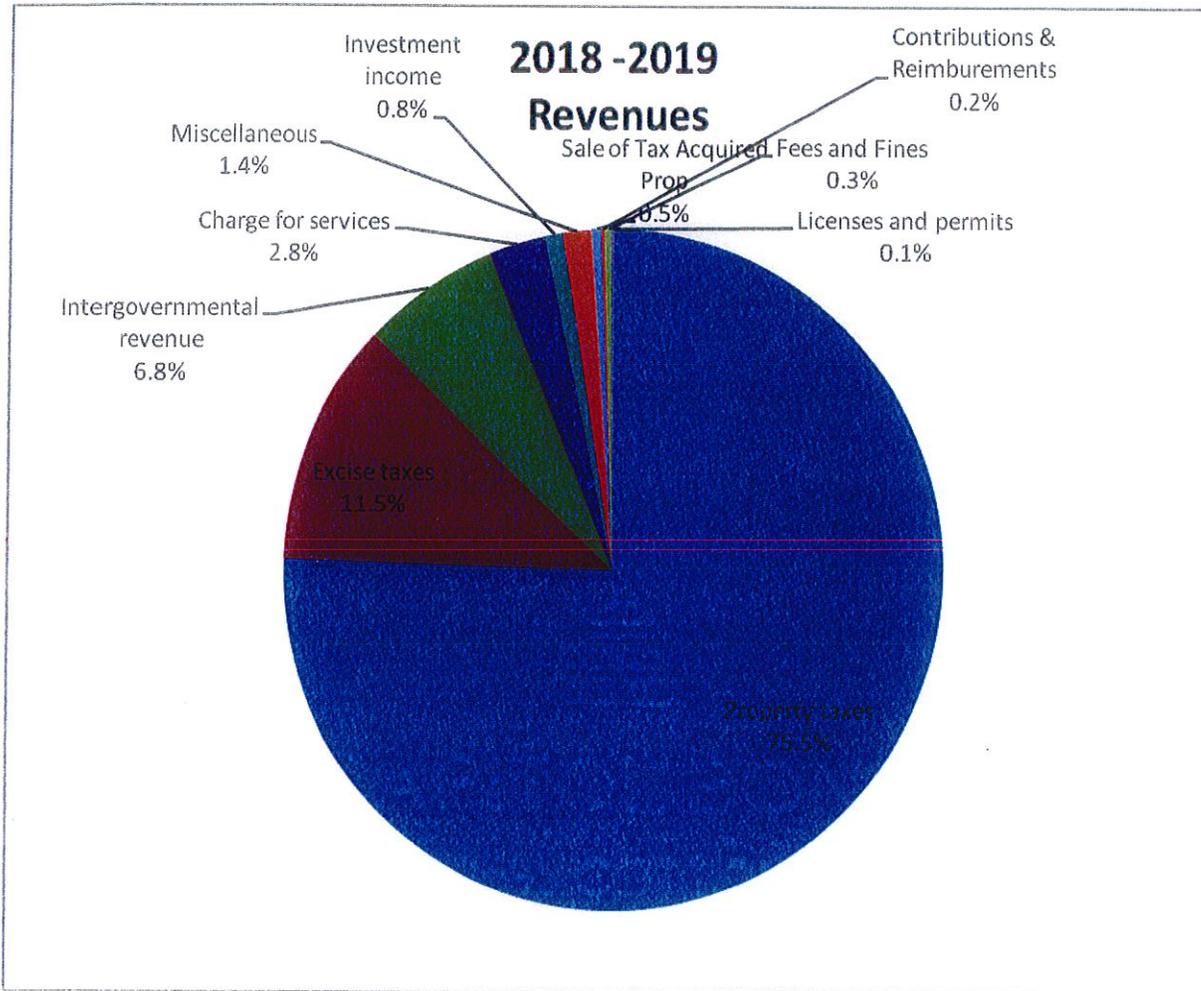
■ General Government - 6.5%	■ Public Safety - 14.2%
■ Sanitation - 3.4%	■ Town Property Maint - 2.0%
■ Public Works - 9.2%	■ Leisure Services - 1.2%
■ Education - 49.4%	■ County Tax - 4.7%
■ Special Appropriation - 8.6%	■ Debt Service - .8%

Revenues

Revenues for 2018-2019 were budgeted at \$2,291,398. Included in this was \$160,000 from fund equity and \$45,000 from capital improvements reserve. Total revenue collections were \$2,525,021; \$233,623 or 10.2% more than budgeted.

Motor Vehicle Excise Tax collections increased, from \$1,316,372 last year to \$1,342,365, up 2.0%. State Revenue Sharing has declined from \$571,498 in 2007-2008 to \$240,829 in 2014-2015. It increased to \$311,399 in 2018-2019.

The current year property tax collection rate increased from 97.9% to 98.2%.



Capital Assets

Spending on capital assets decreased this year compared to the prior year. In 2018-2019 \$372,454 was spent, down from \$478,986 last year. The Police Station accounted for \$1,002,043 of last year's spending. Total capital assets, net of depreciation, increased from \$15,717,817 last year to \$15,839,516 this year.

OPEB Liability

The Total Health Plan Other Pension Employer Liability (OPEB) declined from \$241,602 to \$232,846 as of 6/30/2019.

Debt Service

\$122,426 of the Town's debt was retired in 2018-2019. \$2,539,000 was added to finance the new fire station. The beginning debt balance was \$2,876,631. The ending balance was \$5,293,205.

Property Valuations

Total real estate and personal property valuation increased by 2.4%, from \$528,551,200 last year to \$541,269,600 in 2018-2019. The mil rate remained unchanged at 16.40 in 2018-2019.

Proprietary Funds.

The unrestricted net position of the Town's wastewater pumping fund declined from \$281,186 last year to \$278,483 this year. The year-end cash balance increased from \$269,896 a year ago to \$294,155 in the current year. This enterprise fund generates its' revenues from user fees.

Economic Factors and Next Year's Budgets and Rates

- The residential property market has strengthened. Home prices have returned to the peak of 2005-2007.
- Motor vehicle excise tax revenue collections continued upward in 2018-2019, increasing 2.0%. They are up 7.1% in the first 3 months of 2019-20.
- Oakland's financial health continues to be good. In 2018-2019 actual expenditures were less than budgeted and revenue collections exceeded the budget. Uncollected taxes remain below the state average and declined from the previous year. Capital spending was funded adequately to meet the operational needs of the Town of Oakland.
- LD1, passed in January 2005, limits future municipal tax levy increases to the increase in the percentage of disposable income, as calculated by the State Economist, added to the percentage increase in valuation. The 2019-2020 budget, passed at the May 2019 town meeting, was under the tax levy limit.
- State revenue sharing has decreased from \$571,498 in 2007-2008 to \$311,399 in 2018-2019. With the State of Maine increasing funding from 2% to 3% of income and sales tax receipts the projection for 2019-2020 is \$500,477. The funding percentage is expected to increase to 3.75% in 2020-2021.
- Construction of the sewer line sending wastewater to the Waterville Sewerage District was completed in May 2013. The project, which cost about \$6,400,000, went on line in August 2012. A forgivable loan of \$1.7 million in American Reinvestment and Recovery funds was received from MEDEP to fund a portion of the project. The remainder of the project was funded thru a loan/grant package with the USDA. The loan portion was \$2,501,000. In August 2019 the 8th annual bond payment of \$136,580 was made. 22 years remain on this bond.
- Sewer user fees were increased 35% effective July 2015 to meet the increased costs of pumping sewerage to Waterville. This financial position of the sewer fund has improved significantly since this increase. The sewer fund net position increased from \$154,662 in June 2015 to \$278,483 in June 2019.
- Construction of the main natural gas pipeline from Pittston to Madison was completed in 2014. A Tax Increment Financing district was created for the construction in Oakland. \$98,881 of tax revenue was generated in 2019-20
- A strong economy is spurring new construction in Oakland. In 2018-19 new construction added 2.4% to Oakland's total property valuation. In 2019-20 the increase was 2.15%. The increase in 2020-21 is expected to be at least 2.0%.
- Voters approved a bond of \$2,539,000 in November 2018 for the construction of a new fire station. This is replacing the current station which was built in 1954. Property tax revenue generated from a new CMP substation currently being constructed will cover the cost of this debt service. These funds were borrowed through the Maine Municipal Bond Bank in the spring of 2019 with a 30 year term and an overall interest rate of 3.61%. The new station is expected to come into service in February 2020.

Respectfully submitted,
Douglas J. Mather
Finance Director

Town of Oakland, Maine
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 3,309,541	\$ 294,155	\$ 3,603,696
Investments	2,498,946	-	2,498,946
Taxes receivable, net	320,108	-	320,108
Sewer fees receivable	-	67,874	67,874
Due from other governmental agencies	81,021	-	81,021
Prepaid expenses	5,049	-	5,049
Capital assets not being depreciated	1,877,538	500	1,878,038
Capital assets being depreciated, net	5,948,119	8,013,359	13,961,478
	<u>14,040,322</u>	<u>8,375,888</u>	<u>22,416,210</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	24,051	-	24,051
LIABILITIES			
Accounts payable and accrued expenses	319,548	81,105	400,653
Due to other governmental agencies	23,645	-	23,645
Accrued compensated absences	20,953	2,441	23,394
Long-term liabilities			
Due within one year			
Bonds and notes payable	120,888	65,817	186,705
Due in more than one year			
Bonds and notes payable	3,078,122	2,028,378	5,106,500
Net OPEB liability	232,846	-	232,846
Accrued compensated absences	105,492	-	105,492
	<u>3,901,494</u>	<u>2,177,741</u>	<u>6,079,235</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	25,870	-	25,870
Prepaid taxes	32,917	-	32,917
	<u>58,787</u>	<u>-</u>	<u>32,917</u>
NET POSITION			
Net investment in capital assets	6,806,962	5,919,664	12,726,626
Restricted, expendable for			
Capital projects	2,320,316	-	2,320,316
Unrestricted	976,814	278,483	1,255,297
	<u>\$ 10,104,092</u>	<u>\$ 6,198,147</u>	<u>\$ 16,302,239</u>

Town of Oakland, Maine
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government							
Governmental activities							
General government	\$ 734,237	\$ 79,463	\$ -	\$ -	\$ (654,774)	\$ -	\$ (654,774)
Town properties	262,627	40,633	-	-	(221,994)	-	(221,994)
Public safety	1,756,749	124,324	-	49,794	(1,582,631)	-	(1,582,631)
Public works	1,057,229	-	-	42,000	(1,015,229)	-	(1,015,229)
Sanitation	394,288	75,691	-	-	(318,597)	-	(318,597)
Education	5,549,345	-	-	-	(5,549,345)	-	(5,549,345)
Leisure services	143,194	9,069	22,951	-	(111,174)	-	(111,174)
County tax	525,782	-	-	-	(525,782)	-	(525,782)
Cemeteries	-	12,525	-	-	12,525	-	12,525
Special appropriations	794,582	-	51,655	-	(742,927)	-	(742,927)
Interest and other charges on long-term debt	21,280	-	-	-	(21,280)	-	(21,280)
Total governmental activities	11,239,313	341,705	74,606	91,794	(10,731,208)	-	(10,731,208)
Business-type activities							
Sewer fund	669,965	545,669	-	-	-	(124,296)	(124,296)
Total primary government	\$ 11,239,313	\$ 341,705	\$ 74,606	\$ 91,794	(10,731,208)	-	(10,855,504)
General revenues							
Taxes							
Property taxes					8,873,461	-	8,873,461
Excise taxes, permits, licenses and other fees					1,355,157	-	1,355,157
Interest and lien costs					40,825	-	40,825
Grants and contributions not restricted to specific programs					705,395	-	705,395
Unrestricted investment earnings and interest					98,429	611	99,040
Miscellaneous					167,655	-	167,655
Special item - loss on disposal of assets					(8,883)	-	(8,883)
Total general revenues and special item					11,232,039	(123,685)	11,232,650
Change in net position					500,831	(123,685)	377,146
NET POSITION - BEGINNING					9,603,261	6,321,832	15,925,093
NET POSITION - ENDING					\$ 10,104,092	\$ 6,198,147	\$ 16,302,239

**Town of Oakland, Maine
Balance Sheet
Governmental Funds
June 30, 2019**

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 765,789	\$ 2,543,752	\$ 3,309,541
Investments	2,498,946	-	2,498,946
Taxes receivable, net	320,108	-	320,108
Due from other governmental agencies	81,021	-	81,021
Due from other funds	223,436	-	223,436
Prepaid expenses	5,049	-	5,049
	<u>5,049</u>	<u>-</u>	<u>5,049</u>
Total assets	<u>\$ 3,894,349</u>	<u>\$ 2,543,752</u>	<u>\$ 6,438,101</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 271,014	\$ -	\$ 271,014
Due to other funds	-	223,436	223,436
Payable to other governments	23,645	-	23,645
Accrued payroll	41,670	-	41,670
Accrued compensated absences	20,953	-	20,953
Other accrued liabilities	6,864	-	6,864
	<u>6,864</u>	<u>-</u>	<u>6,864</u>
Total liabilities	<u>364,146</u>	<u>223,436</u>	<u>587,582</u>
Deferred inflows of resources			
Prepaid taxes	32,917	-	32,917
Unavailable property taxes	306,552	-	306,552
	<u>306,552</u>	<u>-</u>	<u>306,552</u>
Total deferred inflows of resources	<u>339,469</u>	<u>-</u>	<u>339,469</u>
Fund balances			
Nonspendable for			
Prepaid expenses	5,049	-	5,049
Restricted for			
Capital projects	-	2,320,316	2,320,316
Committed for			
Other purposes	1,330,119	-	1,330,119
Assigned for			
Other purposes	446,479	-	446,479
Unassigned	1,409,087	-	1,409,087
	<u>1,409,087</u>	<u>-</u>	<u>1,409,087</u>
Total fund balances	<u>3,190,734</u>	<u>2,320,316</u>	<u>5,511,050</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,894,349</u>	<u>\$ 2,543,752</u>	<u>\$ 6,438,101</u>

See accompanying notes to
basic financial statements.

Town of Oakland, Maine
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

Total fund balance, governmental funds	\$ 5,511,050
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.	7,825,657
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	306,552
Certain deferred outflows of resources and deferred inflows of resources related to pensions are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	(1,819)
Some liabilities, (such as Accrued interest, Capital Lease Contract Payable, Accrued Compensated Absences, Other Postemployment Benefit Obligation, and Bonds and Notes Payable), 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>(3,537,348)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 10,104,092</u>

Town of Oakland, Maine
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 8,859,002	\$ -	\$ 8,859,002
Excise and miscellaneous taxes	1,355,157	-	1,355,157
Fees and fines	40,825	-	40,825
Licenses and permits	13,840	-	13,840
Intergovernmental	803,004	-	803,004
Charges for services	326,364	-	326,364
Investment and interest earnings	98,429	-	98,429
Sale of tax acquired property	54,900	-	54,900
Contributions and reimbursements	22,068	-	22,068
Miscellaneous	160,979	-	160,979
	<u>11,734,568</u>	<u>-</u>	<u>11,734,568</u>
EXPENDITURES			
Current			
General government	727,671	-	727,671
Public safety	1,594,634	-	1,594,634
Public works	1,039,076	-	1,039,076
Sanitation	380,043	-	380,043
Leisure services	142,534	-	142,534
Education	5,549,345	-	5,549,345
County tax	525,782	-	525,782
Town properties	224,952	-	224,952
Special appropriations	967,932	-	967,932
Debt service			
Principal	60,000	-	60,000
Interest and loan fees	23,747	-	23,747
Capital outlay	-	358,684	358,684
	<u>11,235,716</u>	<u>358,684</u>	<u>11,594,400</u>
Excess (deficiency) of revenues over expenditures	<u>498,852</u>	<u>(358,684)</u>	<u>140,168</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from bond	-	2,539,000	2,539,000
Transfers in	-	140,000	140,000
Transfers out	(140,000)	-	(140,000)
	<u>(140,000)</u>	<u>2,679,000</u>	<u>2,539,000</u>
Net change in fund balances	358,852	2,320,316	2,679,168
FUND BALANCES - BEGINNING	<u>2,831,882</u>	<u>-</u>	<u>2,831,882</u>
FUND BALANCES - ENDING	<u>\$ 3,190,734</u>	<u>\$ 2,320,316</u>	<u>\$ 5,511,050</u>

See accompanying notes to
basic financial statements.

Town of Oakland, Maine
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds: \$ 2,679,168

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	\$ 731,137	
Depreciation	<u>(418,617)</u>	312,520

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain (loss) on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold. (8,882)

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. 14,459

Some deferred outflows of resources and deferred inflows of resources 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:

Deferred outflows related to OPEB		(4,009)
Deferred inflows related to OPEB		<u>(4,343)</u>

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 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.

Bond proceeds	\$ (2,539,000)	
Debt payments	<u>62,467</u>	(2,476,533)

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 OPEB liability expense		(8,428)
Change in accrued compensated absences		<u>(3,121)</u>

Change in net position of governmental activities	\$	<u><u>500,831</u></u>
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**Town of Oakland, Maine
Statement of Net Position
Proprietary Fund
June 30, 2019**

	Enterprise Fund Sewer Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 294,155
Accounts receivable, net	67,874
Total current assets	362,029
Non-current assets	
Property, plant and equipment	11,321,744
Less accumulated depreciation	(3,307,885)
Total non-current assets	8,013,859
Total assets	8,375,888
LIABILITIES	
Current liabilities	
Accounts payable	80,535
Salaries payable	2,123
Compensated absences	888
Bond payable	65,817
Total current liabilities	149,363
Noncurrent liabilities	
Bond payable	2,028,378
Total liabilities	2,177,741
NET POSITION	
Net investment in capital assets	5,919,664
Unrestricted	278,483
Total net position	\$ 6,198,147

Town of Oakland, Maine
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2019

	Enterprise Fund
	Sewer Fund
REVENUES	
Charges for services	\$ 541,431
Interest and liens on user fees	4,063
Total operating revenues	545,494
OPERATING EXPENSES	
Administration	108,558
Contracted services	248,900
Supplies and materials	904
Plant maintenance and equipment	53,941
Depreciation	181,940
Total operating expenses	594,243
Operating income (loss)	(48,749)
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	611
Miscellaneous revenue	175
Interest expense	(75,722)
Total net non-operating revenues (expenses)	(74,936)
Change in net position	(123,685)
TOTAL NET POSITION - BEGINNING	6,321,832
TOTAL NET POSITION - ENDING	\$ 6,198,147

Town of Oakland, Maine
Statement of Cash Flows - Proprietary Fund
For the Year ended June 30, 2019

	Enterprise Fund Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from user charges	\$ 536,911
Interest and lien charges	4,063
Payments to suppliers for goods and services	(273,181)
Payments for administrative services	(107,740)
Net cash provided by operating activities	160,053
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest payments	(75,722)
Bond and note payments	(60,858)
Net cash used by capital and related financing activities	(136,580)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and other income	786
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,259
CASH AND CASH EQUIVALENTS, BEGINNING	269,896
CASH AND CASH EQUIVALENTS, ENDING	\$ 294,155
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ (48,749)
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	181,940
Decrease in the following assets	
Accounts receivable	(4,520)
Increase (decrease) in the following liabilities	
Accounts payable	30,564
Accrued payroll liabilities	818
Total adjustments to income	208,802
Net cash provided by operating activities	\$ 160,053

See accompanying notes to basic financial statements.

Town of Oakland, Maine
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	<u>Private Purpose Trust Funds</u>
ASSETS	
Investments	\$ 324,649
NET POSITION	
Held in trust for benefits and other purposes	<u>\$ 324,649</u>

Town of Oakland, Maine
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Income	
Interest and investment income	\$ 5,140
Contributions	<u>7,675</u>
Total additions	12,815
DEDUCTIONS	
Benefits	<u>1,600</u>
Change in net position	11,215
NET POSITION - BEGINNING	<u>313,434</u>
NET POSITION - ENDING	<u><u>\$ 324,649</u></u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Oakland, Maine was incorporated in 1883 under the laws of the State of Maine. The Town operates under a Council-manager form of government and provides the following services: general government, public safety, sanitation, public works, town property maintenance, leisure services, and education.

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 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, there are no entities that should be included as part of these financial statements.

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 Oakland, Maine
Notes to Basic Financial Statements
June 30, 2019

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 fund:

General Fund

The general fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Capital Projects Fund

The capital projects fund is used to account for the construction of the new fire station.

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 – Sewer 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 Oakland, Maine
Notes to Basic Financial Statements
June 30, 2019

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. These budgets are established in accordance with the various laws which govern the Town's operations. In May, the budget is voted on by taxpayers. If approved, the budget becomes legal.

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

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Formal budgets are not adopted for the other funds.

F. FINANCIAL STATEMENT AMOUNTS

1. Cash, Cash Equivalents and Investments

For purposes of the statements of net position and cash flows, the Town consider 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 column 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 over \$5,000 and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

4. Capital Assets (Continued)

Estimated useful lives are as follows:

Buildings	40 years
Vehicles	5-10 years
Equipment	5-10 years
Infrastructure	20-50 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 government-wide statements. The long-term debt consists primarily of direct borrowing notes and bonds payable, net current portion of direct borrowing notes and bonds, net OPEB liability and compensated absences 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.

The Town's policies do not permit employees to carryover unused vacation. Full time employees will be permitted to accumulate up to 120 days of sick leave. Upon separation or retirement, an employee hired prior to February 12, 2003, will be paid for 33% of his/her then-accrued sick leave at the employees' last current hourly rate of pay. Employees hired after February 12, 2003, will not receive any payment for unused sick leave at separation. Compensated absences liability is reported in the government-wide financial statements. Governmental funds report only vacation time owed to the end of each calendar year or matured compensated absences payable to currently terminating employees.

6. 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

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

7. 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.

8. 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 classification 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 a Council vote in the Town's Council-manager 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 Town Council is authorized to assign amounts for a particular purpose under authority granted by the Town Charter.

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

The Town has formally adopted a fund balance policy that addresses the requirements of GASB 54. 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. It is the goal of the Town to achieve and maintain a minimum unassigned general fund balance equal to 10% of annual expenditures.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

9. Revenue Recognition - Property Taxes

Property taxes were levied on assessed values of April 1, 2018 and were due in full or in installments on August 17, 2018, October 2, 2018, January 18, 2019 and March 15, 2019. Interest was charged at 7% per annum 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, 2019, and during the first sixty days of the next fiscal year are recognized as revenue in 2019. 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	\$ 516,779,000
Personal property	<u>24,490,600</u>
	541,269,600
Tax rate (per \$1,000)	<u>16.40</u>
Commitment	8,876,821
Add: supplementals	795
Less: collections and abatements	<u>(8,722,193)</u>
Receivable at June 30, 2019	<u>\$ 155,423</u>
Collection rate	98%

10. New Governmental Accounting Standards

The Town implemented 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.

11. Recent Accounting Pronouncements and Standards

In January 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 84, *Fiduciary Activities*. This statement improves financial reporting by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The statement is effective for periods beginning after December 15, 2018. The effect of this Statement on the Town's financial statements is not known at this time.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2019

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

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, 2019, the Town reported deposits of \$3,603,696 with bank balances of \$3,730,317. Of the Town's total bank balance of \$3,730,317, \$0 was exposed to custodial credit risk.

Deposits in the primary government have been reported as follows:

Reported in governmental funds	\$3,309,541
Reported in proprietary funds	<u>294,155</u>
Total deposits	<u>\$3,603,696</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 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.

Investments of the Town reported in the governmental and fiduciary funds as of June 30, 2019 are as follows:

	Fair Value
	Level 1
Negotiable CDs	\$ 254,989
Money market mutual funds	1,341,189
U.S. Agency treasury securities	544,869
U.S. Agency debt securities (FFCB, FHLB, FHLMC, FNMA)	<u>682,548</u>
Total investments	<u>\$ 2,823,595</u>

Concentration of Credit Risk: The Town does not have any investments that meet the criteria to be classified as a concentration of credit risk investment.

Interest Rate Risk: The Town does not have a policy related to investment rate risk. The Town is required to disclose the interest rate risk of its investments as follows:

	Due in less	Due in	Due in more
	than one year	1-5 years	than five years
Negotiable CDs	\$ 254,989	\$ -	\$ -
Money market mutual funds	1,341,189	-	-
U.S. Treasury securities	109,459	369,788	65,622
U.S. Agency debt securities	-	<u>600,103</u>	<u>82,445</u>
Total investments	<u>\$1,705,637</u>	<u>\$ 969,891</u>	<u>\$ 148,067</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2019

NOTE 3. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Additions	Disposals	Balance June 30, 2019
Governmental activities				
<i>Capital assets not being depreciated</i>				
Land and construction in progress	\$ 1,518,853	\$ 358,685	\$ -	\$ 1,877,538
<i>Capital assets being depreciated</i>				
Buildings	3,107,052	-	-	3,107,052
Vehicles	2,723,199	117,469	(114,493)	2,726,175
Equipment	1,440,220	55,882	(18,141)	1,477,961
Infrastructure	3,440,587	199,103	-	3,639,690
Total	<u>10,711,058</u>	<u>372,454</u>	<u>(132,634)</u>	<u>10,950,878</u>
<i>Less accumulated depreciation for</i>				
Buildings	(1,009,293)	(76,472)	-	(1,085,765)
Vehicles	(1,785,945)	(191,388)	105,610	(1,871,723)
Equipment	(1,181,579)	(61,009)	18,141	(1,224,447)
Infrastructure	(731,076)	(89,748)	-	(820,824)
Total accumulated depreciation	<u>(4,707,893)</u>	<u>(418,617)</u>	<u>123,751</u>	<u>(5,002,759)</u>
Total capital assets being depreciated, net	<u>6,003,165</u>	<u>(46,163)</u>	<u>(8,883)</u>	<u>5,948,119</u>
Total governmental activities, net	<u>\$ 7,522,018</u>	<u>\$ 312,522</u>	<u>\$ (8,883)</u>	<u>\$ 7,825,657</u>
Business-type activities				
<i>Capital assets not being depreciated</i>				
Land	\$ 500	\$ -	\$ -	\$ 500
<i>Capital assets being depreciated</i>				
Buildings	1,963,133	-	-	1,963,133
Transmission lines	8,227,498	-	-	8,227,498
Equipment	1,130,612	-	-	1,130,612
Total	<u>11,321,243</u>	<u>-</u>	<u>-</u>	<u>11,321,243</u>
<i>Less accumulated depreciation for</i>				
Buildings	(998,212)	(33,884)	-	(1,032,096)
Transmission lines	(1,024,842)	(146,443)	-	(1,171,285)
Equipment	(1,102,890)	(1,613)	-	(1,104,503)
Total accumulated depreciation	<u>(3,125,944)</u>	<u>(181,940)</u>	<u>-</u>	<u>(3,307,884)</u>
Total capital assets being depreciated, net	<u>8,195,299</u>	<u>(181,840)</u>	<u>-</u>	<u>8,013,359</u>
Total business-type activities, net	<u>\$ 8,195,799</u>	<u>\$ (181,840)</u>	<u>\$ -</u>	<u>\$ 8,013,859</u>

Depreciation was charged to the following activities as follows:

<i>Governmental activities:</i>	
Public safety	\$156,578
Public works	212,639
Property maintenance	12,711
Sanitation	<u>36,689</u>
Total depreciation expense – Governmental activities	<u>\$418,617</u>
Business-type activities	
Sewer fund	<u>\$181,940</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2019

NOTE 4. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended June 30, 2019:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019	Portion due within one year
Governmental Fund-Type Liabilities					
General Obligation Bonds					
Police Building, issued 2016 due 2031, principal and interest due annually. Interest rate at 3.1%	\$ 722,477	\$ -	\$ (62,467)	\$ 660,010	\$ 60,000
Fire Building, issued 2019 due 2048, principal and interest due annually. Interest rate at 1.72-4.2%	-	<u>2,539,000</u>	-	<u>2,539,000</u>	<u>60,888</u>
Total direct borrowing bonds payable	722,477	2,539,000	(62,467)	3,199,010	120,888
Net OPEB liability	241,602	-	(8,756)	232,846	N/A
Compensated absences	<u>102,370</u>	<u>3,122</u>	-	<u>105,492</u>	N/A
Total governmental long-term liabilities	<u>1,066,449</u>	<u>2,542,122</u>	<u>(71,223)</u>	<u>3,537,348</u>	<u>120,888</u>
Proprietary Fund Liabilities					
Direct Borrowing Note payable					
Rural Development Loan, Issued 2011, due in annual principal and interest payments to 2040. interest rate at 3.375%	<u>2,155,053</u>	-	<u>(60,858)</u>	<u>2,094,195</u>	<u>65,817</u>
Total governmental fund and proprietary fund long-term liabilities	<u>\$ 3,221,502</u>	<u>\$ 2,542,122</u>	<u>\$ (132,081)</u>	<u>\$ 5,631,543</u>	<u>\$ 186,705</u>

Future maturities of direct borrowing general obligation bonds and notes are as follows:

Fiscal year ended	Governmental Activities		
	Principal	Interest	Total
2020	\$ 120,888	\$ 99,814	\$ 220,702
2021	116,851	101,992	218,843
2022	117,904	99,079	216,983
2023	118,997	96,125	215,122
2024	120,141	93,122	213,263
2025-2029	620,029	418,385	1,038,414
2030-2034	424,330	335,640	759,970
2035-2039	426,063	265,851	691,914
2040-2044	512,108	179,806	691,914
2045-2049	<u>621,699</u>	<u>67,749</u>	<u>689,448</u>
	<u>\$3,199,010</u>	<u>\$1,757,563</u>	<u>\$4,956,573</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2019

NOTE 4. LONG-TERM LIABILITIES (CONTINUED)

Future maturities of direct borrowing notes payable are as follows:

	<u>Proprietary Activities</u>		
2020	\$ 65,817	\$ 72,911	\$ 136,580
2021	68,039	68,541	136,580
2022	70,335	66,245	136,580
2023	72,709	63,871	136,580
2024	75,163	61,417	136,580
2025-2029	415,620	267,280	682,900
2030-2034	490,653	192,247	682,900
2035-2039	579,231	103,669	682,900
2040-2041	<u>256,628</u>	<u>16,532</u>	<u>273,160</u>
	<u>\$2,094,195</u>	<u>\$ 910,565</u>	<u>\$3,004,760</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. The Town was in compliance with these limitations.

Overlapping Debt

Town is contingently responsible for a proportionate share of the overlapping debt of RSU 18's debt. At June 30, 2019, the Town's share of the total debt outstanding of share was \$7,376,097.

NOTE 5. INTERFUND TRANSACTIONS

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

Individual fund transfers at June 30, 2019 arising from these transactions were as follows:

	<u>Due from</u>	<u>Due to</u>	<u>Transfers in</u>	<u>Transfers out</u>
General fund	\$223,436		\$ -	\$140,000
Capital projects fund	<u>-</u>	<u>223,436</u>	<u>140,000</u>	<u>-</u>
	<u>\$223,436</u>	<u>\$223,436</u>	<u>\$140,000</u>	<u>\$140,000</u>

Transfers were made to move funds collected in the general fund for a construction project in the capital projects fund.

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 and leases payable, adding back any unspent proceeds. The Town's net investment in capital assets was calculated as follows at June 30, 2019:

Capital assets	\$ 24,150,159
Accumulated depreciation	(8,310,643)
Related bonds payable	<u>(3,112,890)</u>
Total balance	<u>\$ 12,726,626</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2019

NOTE 7. FUND BALANCE – GENERAL FUND – COMMITTED

At June 30, 2019, the Town maintained committed fund balances for the following purposes:

Capital improvement reserve	\$ 318,725
Drug forfeiture reserve	2,232
Memorial hall	3,579
Demolition debris reserve	111,762
Digital mapping reserve	42,427
Learning for life reserve	182
Cascade mill reserve	75,480
Swim area reserve	60,441
Police training funds reserve	5,906
Efficiency Maine grant	611
Underage drinking grant	2,384
Chris Curato memorial reserve	147
DARE contribution reserve	573
Wellness grant	380
Firstpark reserve	308,664
Summer concert series	6,012
Library gifts reserve	9,610
Library building improvements reserve	29,342
Loader replacement	13,206
Don Borman donation	4,141
TIF reserve	45,893
Municipal property reserve	63,300
Septic system replacement reserve	5,767
Summit gas road opening reserve	24,065
Fire equipment reserve	6,184
Safety equipment	958
Downtown broadband	15,000
Road improvement reserve	<u>173,148</u>
 Total	 <u>\$ 1,330,119</u>

NOTE 8. NET POSITION – FIDUCIARY FUNDS

At June 30, 2019, the Town maintained net positions in its' fiduciary funds for the following purposes:

Cemeteries	\$205,457
Distressed persons	25,906
Library trust	5,965
Pheobe Folsom Recreation	36,323
Greenough book trust	<u>50,998</u>
	<u>\$324,649</u>

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2019

NOTE 9. FUND BALANCE – GENERAL FUND – ASSIGNED

At June 30, 2019, the Town maintained assigned fund balances for the following purposes:

Voting machines	\$ 8,276
Computer equipment	2,187
Employee separation costs	108,307
Memorials maintenance	2,797
Heating oil reserve	2,047
150 th anniversary	3,453
Solid waste	14,738
Ladder truck repair	7,337
Paving	12,545
Hussey Hill road project	42,577
Miscellaneous road improvements	13,492
Transfer station- loader tires	30,000
Community center flower project	570
Public works truck	20,586
Fire truck	158,554
Messalonskee trail	10,013
Memorial hall improvements	<u>9,000</u>
 Total	 <u>\$446,479</u>

NOTE 10. DEFERRED COMPENSATION PLAN

The Town provides a 401 and 457 Deferred Compensation Plan through ICMA Retirement Corporation. The plan permits salary deferral to future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Investments are managed by the plan's trustee under one of two investment options or a combination thereof chosen by the participants.

The Town's policy states the Town shall match 6.5%. The Town contribution for the year ended June 30, 2019 was \$83,614.

NOTE 11. OTHER POST RETIREMENT BENEFIT PLAN

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.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2019

NOTE 11. OTHER POST RETIREMENT BENEFIT PLAN (CONTINUED)

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 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, 2019, 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	31
 Total	 <u>31</u>

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 \$232,846 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

	<u>Total OPEB Liability</u>
Balance at June 30, 2018	<u>\$ 241,602</u>
Changes for the year:	
Service Cost	9,919
Interest	8,619
Changes of benefit terms	-
Differences between expected and actual experience	(25,312)
Changes in assumptions or other inputs	-
Benefit payments	<u>(1,982)</u>
Net changes	<u>(8,756)</u>
 Balance at June 30, 2019	 <u>\$ 232,846</u>

Change in assumptions reflects a change in the discount rate from 3.44% to 4.10% and also a change in valuation method from Projected Unit Credit funding to the Entry Age Normal funding method.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2019

NOTE 11. OTHER POST RETIREMENT BENEFIT PLAN (CONTINUED)

For the year ended June 30, 2019, The Town recognized OPEB expense of \$16,780 related to the Health Plan. At June 30, 2019, 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	\$ -	\$ 3,722
Changes in assumptions or other inputs	24,051	22,148
Total	\$24,051	\$25,870

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:		
2020		\$ 224
2021		224
2022		224
2023		224
2024		224
Thereafter		(2,939)

Actuarial Assumptions - Health Plan - The total OPEB liability in the January 1, 2019 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	4.10% 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 4.10% 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.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2019

NOTE 11. OTHER POST RETIREMENT BENEFIT PLAN (CONTINUED)

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 4.10%, 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 (3.10%) or 1 percentage-point higher (5.10%) than the current rate:

	1% Decrease 3.10%	Discount Rate 4.10%	1% Increase 5.10%
Total OPEB Liability	\$ 272,642	\$ 232,846	\$ 200,531
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 272,642</u>	<u>\$ 232,846</u>	<u>\$ 200,531</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 17.10%. A one percent increase in the discount rate decreases the NOL by approximately 13.9%.

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>\$ 197,125</u>	<u>\$ 232,846</u>	<u>\$ 278,103</u>

A one percent decrease in the healthcare trend rate decreases the NOL by approximately 15.3%. A one percent increase in the healthcare trend rate increases the NOL by approximately 19.4%.

NOTE 12. INSURANCES AND PARTICIPATION IN PUBLIC ENTITY RISK POOL

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.

The Town is also a member of the Maine Municipal Association - Property and Casualty Pool ("Pool"). As with the Fund above, the Pool was created to obtain lower rates for its members. The Town pays an annual premium for its property and liability coverage. There were no deductible claims for the fiscal year.

The Town also a member of the Maine Municipal Association - Workers Compensation Fund ("Fund"). The fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for workers compensation coverage and develop a comprehensive loss control program.

Town of Oakland, Maine
Notes to Basic Financial Statements
June 30, 2019

NOTE 13. TAX ABATEMENT TAX INCREMENT FINANCING AGREEMENT

The Town has a property tax abatement or tax increment financing agreement with the Kennebec Regional Development Authority (KRDA) which operates FirstPark, a business park located in the Town. Under this agreement, taxes generated by a base valuation of \$178,000 is retained by the Town for their property. The remainder of the valuation on the property is transferred to KRDA. However, this agreement does not result in any net loss of tax revenue for the Town.

NOTE 14. COMMITMENTS

At June 30, 2019 the Town was committed to \$1,857,006 for a fire station construction project to complete during the fiscal year ending June 30, 2020.

NOTE 15. CONTINGENCIES

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time. The Town believes there are no significant contingent liabilities relating to compliance or pending legal claims or lawsuits at this time.

NOTE 16. EVALUATION OF SUBSEQUENT EVENTS

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

Town of Oakland, Maine
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Actual	Variance with Final Budget - Positive (Negative)
	Original*	Changes**	Final		
REVENUES					
Property taxes	\$ 8,876,822	\$ -	\$ 8,876,822	\$ 8,859,002	\$ (17,820)
Excise and miscellaneous taxes	1,212,500	-	1,212,500	1,355,157	142,657
Interest and lien costs	42,000	-	42,000	40,825	(1,175)
Licenses, permits and fines	16,900	-	16,900	13,840	(3,060)
Intergovernmental	718,494	-	718,494	803,004	84,510
Charges for services	286,924	-	286,924	326,364	39,440
Investment and interest earnings (oss)	22,000	-	22,000	98,429	76,429
Sale of tax acquired property	-	-	-	54,900	54,900
Contributions and reimbursements	1,500	-	1,500	22,068	20,568
Miscellaneous	182,920	(45,000)	137,920	160,979	23,059
Total revenues	11,360,060	(45,000)	11,315,060	11,734,568	419,508
EXPENDITURES					
Current					
General government	742,525	100	742,625	727,671	14,954
Protection	1,643,003	25,193	1,668,196	1,594,634	73,562
Public works	1,110,842	1,098	1,111,940	1,039,076	72,864
Sanitation	427,506	-	427,506	380,043	47,463
Leisure services	155,839	-	155,839	142,534	13,305
Education	5,549,345	-	5,549,345	5,549,345	-
County tax	525,782	-	525,782	525,782	-
Cemeteries	240,985	-	240,985	224,952	16,033
Special appropriations	1,303,971	14,426	1,318,397	967,932	350,465
Debt service					
Principal	60,000	-	60,000	60,000	-
Interest and other charges	23,947	-	23,947	23,947	-
Total expenditures	11,783,745	40,817	11,824,562	11,235,916	588,646
Excess (deficiency) of revenues over expenditures	(423,685)	(85,817)	(509,502)	498,652	1,008,154
OTHER FINANCING SOURCES (USES)					
Use of carryover unrestricted and committed fund balance	170,280	-	170,280	-	(170,280)
Use of committed fund balances	-	225,817	225,817	-	(225,817)
Use of assigned fund balances	363,631	-	363,631	-	(363,631)
Overlay	(110,226)	-	(110,226)	-	110,226
Transfers out	-	(140,000)	(140,000)	(140,000)	-
Total other financing sources and (uses)	423,685	85,817	509,502	(140,000)	(649,502)
Net change in fund balances	\$ -	\$ -	\$ -	358,652	\$ 358,652
FUND BALANCES - BEGINNING				2,831,882	
FUND BALANCES - ENDING				\$ 3,190,534	

* includes assigned carryover accounts

** reclassification of budget and use of additional revenues

Town of Oakland, Maine
Schedule of Changes in the Town's Total Health Plan OPEB Liability and Related Ratios
Participating Local Districts Plan
Last 10 Fiscal Years*
For the years ended June 30,

	<u>2019</u>	<u>2018</u>
Service cost	\$ 9,919	\$ 10,653
Interest	8,619	7,848
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(4,964)
Changes of assumptions or other inputs	(25,312)	32,069
Benefit payments	(1,982)	(1,866)
Net change in total OPEB Liability	<u>(8,756)</u>	<u>43,740</u>
Total OPEB liability- beginning	<u>241,602</u>	<u>197,862</u>
Total OPEB liability- ending	<u>\$ 232,846</u>	<u>\$ 241,602</u>
Town's covered-employee payroll	\$ 1,366,888	\$ 1,366,888
Total OPEB liability as a percentage of its covered-employee payroll	17.0%	17.7%

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

Notes to Schedule

Net OPEB Liability

Changes of Benefit Terms - None

Changes of Assumptions - Under the Health Plan, changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Discount Rate</u>
2019	4.10%
2018	3.44%
2017	3.78%

Additionally, the valuation method was changed from the Projected Unit Credit funding method in 2018 to the Entry Age Normal funding method in 2019.

Town of Oakland, Maine
Taxes Receivable, Tax Liens and Tax Acquired Property
General Fund
June 30, 2019

Taxes receivable	
2019	\$ 8,098
2018	6,868
2017 and prior	<u>7,154</u>
Total taxes receivable	<u>22,120</u>
Tax liens and tax acquired property	
2019	150,557
2018	103,186
2017 and prior	<u>44,245</u>
Total tax liens and tax acquired property	<u>297,988</u>
Total taxes receivable, tax liens and tax acquired property	<u>\$ 320,108</u>



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**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**

To the Town Council
Town of Oakland, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oakland, Maine, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Oakland, Maine's basic financial statements and have issued our report thereon dated October 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Oakland, 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 Oakland, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Oakland, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

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

Purpose of this Report

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

Charlene Mibodeau & Associates

October 28, 2019