



**Veazie Town Council**

**Council Meeting**

**February 11, 2019 at 6:30 PM**

**AGENDA**

- ITEM 1:** Call to Order
- ITEM 2:** Secretary to do the Roll Call
- ITEM 3:** Pledge of Allegiance
- ITEM 4:** Consideration of the Agenda
- ITEM 5:** Approval of the January 28, 2019 Regular Council meeting Minutes
- ITEM 6:** Comments from the Public

**New Business:**

- ITEM 7:** FY 2017/2018 Audit Presentation
- ITEM 8:** FY 2019/2020 Budget Discussion
- ITEM 9:** Manager's Report
- ITEM 10:** Comments from the Public
- ITEM 11:** Request for information and Town Council Comments
- ITEM 12:** Review and Signature of AP Town Warrant #15. Town Payroll #16. School Payroll warrant #15 and School Warrant #17.
- ITEM 13:** Adjournment

Chris Bagley  
16 Silver Ridge  
cbagley@veazie.net

Paul Messer  
1010 School St.  
249-1361

Michael Reid  
14 Prouty Dr.  
573-1300

Jeff Manter  
3 Prouty Dr.  
991-7612

David King  
1081 Main St.  
942-2376

# **Agenda Items For February 11, 2019 Council Meeting**

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The following are brief explanations of some of the items on the agenda:

**ITEM 5:** Minutes from the previous meeting will be reviewed.

**Suggested Motion-** I motion we approve the minutes as presented.

**ITEM 7:** Representatives from Brantner, Thibodeau and Associates will present the FY 2017/2018 Audit.

**ITEM 8:** Council will provide guidance to the budget committee on the development of the FY 2019/2020 Budget.

**Veazie Town Council Meeting**  
**January 28th, 2019**

**Members Present:** Chairman Chris Bagley, Councilor David King, Councilor Michael Reid, Councilor Paul Messer, Councilor Jeff Manter, Town Manager Mark Leonard, Secretary Julie Strout, Bruce Caswell, Brian Lunt, Principal Matt Cyr, Wilhelm Friess and various members of the public.

**ITEM 1: Call to order**

Chairman Bagley called the meeting to order at 6:30 pm.

**ITEM 2: Secretary to do the roll call:**

All present.

**ITEM 3: Pledge of Allegiance**

**ITEM 4: Consideration of the Agenda**

None

**ITEM 5: Approval of the December 17th, 2018 Regular Council Meeting Minutes.**

Councilor Paul Messer made a motion, seconded by Councilor Jeff Manter to approve the December 17th, 2018 Regular Council Meeting Minutes as written. Voted 5-0-0. Motion carried.

**ITEM 6: Comments from the Public**

None.

**New Business:**

**ITEM 7: FD Retirement Recognition**

Asst. Chief Metcalf presented an award to the Veazie Fire Department's long-time mechanic, Bruce Caswell, who has recently retired.

**ITEM 8: School Board Resignation**

Councilor Paul Messer made a motion, seconded by Councilor Jeff Manter to accept D. Todd Zerfoss's letter of resignation from the school board. Voted 5-0-0. Motion carried.

**ITEM 9: School Board Appointment**

Councilor Jeff Manter made a motion, seconded by Councilor Michael Reid to appoint Wilhelm "Alex" Friess to the school committee until the next municipal election. Voted 5-0-0. Motion carried.

**ITEM 10: First and Second Quarter Financial Review**

The Council reviewed the 1<sup>st</sup> and 2<sup>nd</sup> Quarter Financials.

**ITEM 11: Transfer of Solid Waste Funds**

Councilor Paul Messer made a motion, seconded by Councilor David King to authorize the transfer of \$115,219.11 from revenue account number R-100-4200 (MRC) to reserve account number G-10-5050-00 (Solid Waste) Voted 5-0-0. Motion carried.

Town of Veazie, Maine

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

For the Year Ended June 30, 2018

## CONTENTS

	Statement	Page
Independent Auditor's Report		4-5
Required Supplementary Information		
Management's Discussion and Analysis		6-12
Basic Financial Statements		
Government-wide Financial Statements		
Statement of net position	1	13
Statement of activities	2	14
Fund Financial Statements		
Balance sheet – governmental funds	3	15
Reconciliation of the governmental funds balance sheet to the statement of net position	3A	16
Statement of revenues, expenditures and changes in fund balances – governmental funds	4	17
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	4A	18
Statement of fiduciary net position – fiduciary funds	5	19
Notes to basic financial statements		20-43
	<b>Exhibit</b>	
Required Supplementary Information		
Budget and actual (with budget to GAAP differences) – general fund	1	44
Budget and actual (with variances) – general fund	2	45
Schedule of the School Department's proportionate share of net pension liability – State Employees and Teachers Plan	3	46
Schedule of School Department contributions – State Employees and Teachers Plan	4	47
Schedule of the Town's proportionate share of net pension liability – Participating Local Districts Plan	5	48
Schedule of Town contributions – Participating Local Districts Plan	6	49

## CONTENTS

	<b>Schedule</b>	
<b>Required Supplementary Information (Continued)</b>		
Schedule of the School Department's proportionate share of net OPEB liability – State Employees and Teachers Plan	7	50
Schedule of School Department OPEB contributions – State Employees and Teachers Plan	8	51
Schedule of changes in total Town health plan OPEB liability and related ratios	9	52
<b>Other Supplementary Information</b>		
Combining balance sheet – nonmajor governmental funds	1	53
Combining statement of revenues, expenditures and changes in fund balances – nonmajor governmental funds	2	54
School department budget and actual (with variances) – general fund	3	55
Combining schedule of revenues, expenditures and changes in fund balances – capital projects funds	4	56-57
Combining schedule of special revenue fund – school categorical grants activity	5	58
Combining schedule of agency fund activity	6	59
Property valuation, assessments, and appropriations – general fund	7	60
<b>Other Reports and Schedules</b>		
Report on compliance with the requirements of the Maine School Finance Act		61
Reconciliation of audit adjustments to the annual financial data submitted to Maine Education Financial System		62
Schedule of expenditures of federal awards		63
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 <i>Government Auditing Standards</i>		64-65

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## **Independent Auditor's Report**

Town Council  
Town of Veazie, Maine

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Veazie, 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 Veazie, Maine's basic financial statements as listed in the table of contents.

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

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

### **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, each major fund, and the aggregate remaining fund information of the Town of Veazie, Maine, as of June 30, 2018, and the respective changes in financial position 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 12 and pages 44 through 52 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 response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Veazie, Maine's basic financial statements. The other supplementary information on Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the State of Maine Department of Education, and is also not a required part of the basic financial statements. The reconciliation of audit adjustments to the annual financial data submitted to Maine Education Financial System is presented as required by the laws of the State of Maine and is also not a required part of the basic financial statements.

The other supplementary information on Schedules 1 through 7, the schedule of expenditures of federal awards, and the reconciliation of audit adjustments to the annual financial data submitted to Maine Education Financial System are the responsibility of management and were derived from and relate 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 State of America. In our opinion, Schedules 1 through 7, the schedule of expenditures of federal awards, and the reconciliation of audit adjustments to the annual financial data submitted to Maine Education Financial System 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 January 30, 2019, on our consideration of the Town of Veazie'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 Veazie'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 Veazie's internal control over financial reporting and compliance.

*Shantree Whibodeau & Associates*

January 30, 2019



Town of Veazie, Maine  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
June 30, 2018

The Management Discussion and Analysis ("MD&A") is a report of Town of Veazie'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 Town of Veazie 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.

## **FINANCIAL INFORMATION**

Town Administration is responsible for the accounting structure of the Town. 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 and investments assets as of June 30, 2018 was \$3,849,973 compared to \$3,771,675 in the prior year.
- The Town's governmental activities net position increased by \$231,274 in the year ended June 30, 2018 and increased by \$403,441 in the year ended June 30, 2017.

## **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, 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 from governmental activities. Business-type activities are those that are at least in part funded through user fees or user based revenue, the key separation from governmental activities. It then follows that governmental activities are those that are primarily funded through taxes and governmental fees. The Town has no business-type activities.

## **OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)**

### **Fund Financial Statements**

The fund financial statements cover 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. The Town segregates accounts into three basic 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 Town utilizes two major funds, the general fund and the capital projects fund, and non-major funds as necessary.

#### *General Fund*

The general fund accounts for all activities not required by law or other restrictions to be reported in another fund. 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.

#### *Capital Projects Fund*

This fund accounts for the proceeds and use of funds for capital expenditures and capital reserves activity of the Town.

#### *Special Revenue Fund – School Categorical Grants*

This fund accounts for the proceeds and use of state and federal grant funds in the school department.

#### *Non-major Governmental Funds - Permanent Fund*

This fund accounts for the proceeds and use of funds for the cemetery perpetual trust.

#### *Non-major Governmental Funds – Special Revenue Fund – School Lunch*

This fund accounts for the proceeds and use of funds for the schools department's food service program.

#### *Agency Funds*

This fund accounts for student activity accounts of the school department.

### **Notes to Financial Statements**

The notes to the financial statements are included in the report to give specific comment to certain areas. These are a crucial part of the financial statements, as 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 20-43

Town of Veazie, Maine  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
June 30, 2018

**OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)**

**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 and pension information) which can be found on pages 44-52

**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 exceeded liabilities by \$7,678,048 as of June 30, 2018, and by \$7,526,461 as of June 30, 2017.

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

The current year's governmental activities financial statements are compared with prior year as follows:

	2018	2017
Current and other assets	\$ 4,089,132	\$ 3,892,272
Capital assets, net	<u>4,675,591</u>	<u>4,732,297</u>
Total Assets	<u>8,764,723</u>	<u>8,624,569</u>
Deferred outflows of resources	<u>225,728</u>	<u>311,514</u>
Current liabilities	159,637	321,206
Noncurrent liabilities	<u>982,633</u>	<u>971,507</u>
Total Liabilities	<u>1,142,270</u>	<u>1,292,713</u>
Deferred inflows of resources	<u>170,133</u>	<u>116,909</u>
Net Position		
Net investment in capital assets	4,372,377	4,453,997
Restricted, non-expendable	82,188	82,188
Restricted, expendable	1,818,126	1,563,470
Unrestricted (deficit)	<u>1,1405,357</u>	<u>1,426,806</u>
Total Net Position	<u>\$ 7,678,048</u>	<u>\$ 7,526,461</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 \$422,506 in its governmental activities and added capital assets of \$365,800 for the year ended June 30, 2018.

Compensated absences liability increased by \$52,362 for the year ended June 30, 2018.

Town of Veazie, Maine  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
June 30, 2018

**GOVERNMENT-WIDE ANALYSIS (CONTINUED)**

**Revenues and Expenses for the Periods Ending June 30, 2018 and 2017**

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

	2018	2017
<b>REVENUES</b>		
Charges for services	\$ 63,202	\$ 68,229
Operating grants and contributions	1,588,549	1,487,843
Capital grants and contributions	20,317	12,724
Property Taxes	5,138,192	5,125,811
Excise taxes	420,437	410,825
Grants and contributions not restricted to specific purpose	212,978	198,227
State contribution to pension	-	190,141
Unrestricted investment income (loss)	39,730	14,315
Interest and lien costs	8,815	8,814
Miscellaneous	9,006	11,252
<b>Total Revenues</b>	<b><u>7,503,826</u></b>	<b><u>7,528,181</u></b>
<b>EXPENSES</b>		
General government	\$ 318,559	\$ 362,715
Police	366,002	370,425
Fire	292,079	289,296
Health and welfare	3,203	3,983
Roads maintenance	262,902	279,671
Recreation	8,629	3,714
Education	3,736,339	3,858,900
School food service	83,329	84,755
On-behalf payments	125,475	115,429
County tax	306,087	298,429
Cemetery	2,110	-
Tax increment financing	881,726	852,232
Special assessments	503,305	434,506
Interest on long-term debt	3,555	769
Capital plan and projects	379,252	126,029
<b>Total expenses</b>	<b><u>7,272,552</u></b>	<b><u>7,080,853</u></b>
 Excess of revenues over expenses before contributions to permanent fund principal, special items, and transfers	 231,274	 447,328
 Contributions to permanent fund principal	 -	 5,550
Special item – gain (loss) on disposal of capital assets	<u>-</u>	<u>(49,437)</u>
 Change in net position	 <u>231,274</u>	 <u>403,441</u>
 Net position, beginning of year	 7,123,020	 7,123,020
 Restatement for OPEB reporting	 <u>(79,687)</u>	 <u>-</u>
 Net position, beginning of year, restated	 <u>7,446,774</u>	 <u>-</u>
 Net position, end of year	 <u><b>\$ 7,678,048</b></u>	 <u><b>\$ 7,526,461</b></u>

The narrative that follows considers the operations of governmental activities.

**Governmental Activities**

The Town's net position for governmental activities increased by \$231,274 for the year ended June 30, 2018. In the year ended June 30, 2017, net position increased by \$403,441.

Town of Veazie, Maine  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
June 30, 2018

**GOVERNMENT-WIDE ANALYSIS (CONTINUED)**

Expenses of governmental activities included depreciation expense of \$422,506 and \$422,983 for the years ended June 30, 2018 and 2017, respectively. 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 \$5,831,758, with \$5,558,629 from local property and excise taxes. For the year ended June 30, 2017 general revenues totaled \$5,959,385, with \$5,536,636 from local property and excise taxes.

**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.

**Governmental funds**

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. For the years ended June 30, 2018 and 2017, the Town's governmental funds reported a combined fund balance of \$3,884,847 and \$3,521,758, respectively. An analysis of transactions affecting the change in the combined fund balance of the Town's governmental funds is as follows:

Revenues included property taxes totaling \$5,140,152 and \$5,112,254 for the years ended June 30, 2018 and 2017, respectively. Excise taxes and other taxes accounted for \$420,437 and \$364,360 in total revenue.

The following table presents a summary of expenses for the fiscal years ended June 30, 2018 and 2017:

	2018	2017
General government	\$ 302,271	\$ 339,060
Police department	344,670	343,404
Fire department	218,799	211,104
Health and welfare	3,203	3,983
Public works	-	68,779
Parks and recreation	3,798	784
Education	3,582,210	3,601,009
School food service	83,329	84,755
On-behalf payments	125,475	115,429
County tax	306,087	298,429
Tax increment financing	881,726	852,232
Special assessments	468,860	434,506
Debt service		
Principal	275,086	287,981
Interest and other charges	3,555	769
Capital outlay	639,168	481,463
Total governmental funds expenditures	<u>\$ 7,338,237</u>	<u>\$ 7,123,687</u>

The Town paid \$639,168 in capital outlays appropriations during the year. A portion of this was capitalized and is reflected in the \$365,800 total added to capital assets as of June 30, 2018.

Town of Veazie, Maine  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
June 30, 2018

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

	Balance 6/30/17	Additions/ Completions	Retirement	Balance 6/30/18
<b>Governmental Activities</b>				
Land	\$ 587,900	\$ -	\$ -	\$ 587,900
Land improvements	162,280	46,575	-	208,855
Infrastructure	7,583,581	-	-	7,583,581
Buildings	4,325,000	-	-	4,325,000
Building Improvements	709,468	286,086	-	995,554
Machinery and equipment	247,037	-	-	247,037
Vehicles	<u>1,214,126</u>	<u>33,139</u>	-	<u>1,247,265</u>
Total capital assets	14,829,392	365,800	-	15,195,192
Less accumulated				
Depreciation	<u>(10,097,095)</u>	<u>(422,506)</u>	-	<u>(10,519,601)</u>
Total capital assets, net	<u>\$ 4,732,297</u>	<u>\$ (56,706)</u>	<u>\$ -</u>	<u>\$ 4,675,591</u>

Additional information on the Town's capital assets can be found in the notes to the basic financial statements.

**LONG-TERM LIABILITIES ADMINISTRATION**

A summary of the Town's liabilities activity for the year ended June 30, 2018 is as follows:

	Balance 6/30/17	Additions	Principal Payments	Balance 6/30/18	Total Interest Paid
Bonds payable	\$ 269,150	\$ 300,000	\$(269,150)	\$ 300,000	\$ -
Capital lease obligation	9,150	-	(5,936)	3,214	233
Net OPEB liability	79,687	15,383	-	95,070	n/a
Net pension liability	439,526	44,096	(205,316)	278,306	n/a
Compensated absences	<u>253,681</u>	<u>76,775</u>	<u>(24,413)</u>	<u>306,043</u>	<u>n/a</u>
Total	<u>\$ 971,507</u>	<u>\$ 436,254</u>	<u>\$(504,815)</u>	<u>\$ 982,633</u>	<u>\$ 233</u>

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

Town of Veazie, Maine  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
June 30, 2018

**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 \$129,994.

Budgeted expenditures were higher than actual expenditures by \$505,037. This was mostly the result of over-budgeting TIF expenditures and education expenditures.

**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 Administration at 1084 Main Street, Veazie, Maine 04401.

**Town of Veazie, Maine**  
**Statement of Net Position**  
**June 30, 2018**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and equivalents	\$ 3,017,479
Investments	832,394
Taxes receivable	46,600
Due from other governments	130,719
Other receivables	56,499
Prepaid expenses	2,364
Inventories	3,077
Capital assets not being depreciated	587,900
Capital assets being depreciated, net of accumulated depreciation	4,087,691
<b>Total assets</b>	<b>8,764,723</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to OPEB	9,746
Deferred outflows related to pensions	215,982
<b>Total deferred outflows of resources</b>	<b>225,728</b>
<b>LIABILITIES</b>	
Accounts payable	26,243
Due to other governments	74
Accrued payroll and other accrued expenses	133,320
Long-term liabilities	
Due within one year	
Bonds payable	30,000
Capital leases payable	3,214
Due in more than one year	
Bonds payable	270,000
Net OPEB liability	95,070
Net pension liability	278,306
Compensated absences	306,043
<b>Total liabilities</b>	<b>1,142,270</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	170,133
<b>Total deferred inflows of resources</b>	<b>170,133</b>
<b>NET POSITION</b>	
Net investment in capital assets	4,372,377
Restricted, non-expendable for	
Permanent fund principal	82,188
Restricted, expendable for	
Permanent fund income	132,269
Education - regular	882,875
School food service	18,119
Capital Projects	100,952
Other purposes	683,911
Unrestricted	1,405,357
<b>Total net position</b>	<b>\$ 7,678,048</b>

See accompanying notes to basic financial statements.



**Town of Veazie, Maine**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
General government	\$ 318,559	\$ 30,772	\$ -	\$ -	\$ (287,787)
Police department	366,002	511	-	-	(365,491)
Fire department	292,079	1,174	-	-	(290,905)
Health and welfare	3,203	-	797	-	(2,406)
Roads maintenance	262,902	3,690	12,632	-	(246,580)
Parks and recreation	8,629	6,010	351	-	(2,268)
Education	3,736,339	-	1,350,691	-	(2,385,648)
School food service	83,329	20,905	29,025	-	(33,399)
On-behalf payments - State of Maine - Education	125,475	-	125,475	-	-
County tax	306,087	-	-	-	(306,087)
Cemetery	2,110	140	24,409	-	22,439
Tax increment financing	881,726	-	-	-	(881,726)
Special assessments	503,305	-	21,701	-	(481,604)
Interest on long-term debt	3,555	-	22,296	-	18,741
Capital outlay	379,252	-	1,172	20,317	(357,763)
Total governmental activities	<u>\$ 7,272,552</u>	<u>\$ 63,202</u>	<u>\$ 1,588,549</u>	<u>\$ 20,317</u>	<u>(5,600,484)</u>
General revenues					
Taxes					
Property taxes, levied for general purposes					5,138,192
Interest and lien costs					8,815
Excise taxes					420,437
Grants and contributions not restricted to specific programs					212,978
Interest and investment earnings					39,730
Miscellaneous					9,006
Contributions to permanent fund principal					<u>2,600</u>
Total general revenues and contributions to permanent fund principal					<u>5,831,758</u>
Change in net position					<u>231,274</u>
NET POSITION - BEGINNING					7,526,461
Restatement for OPEB reporting					<u>(79,687)</u>
NET POSITION - BEGINNING, RESTATED					<u>7,446,774</u>
NET POSITION - ENDING					<u>\$ 7,678,048</u>

**Town of Veazie, Maine**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	General Fund	Capital Projects Fund	Special Revenue Fund - School Categorical Grants	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,915,197	\$ -	\$ -	\$ 102,282	\$ 3,017,479
Investments	626,817	-	-	205,577	832,394
Taxes receivable	46,600	-	-	-	46,600
Due from other funds	129,300	337,236	-	20,876	487,412
Due from other governments	-	-	129,300	1,587	130,887
Other receivables	56,370	-	-	129	56,499
Prepaid expenses	2,364	-	-	-	2,364
Inventories	-	-	-	3,077	3,077
Total assets	<u>\$ 3,776,648</u>	<u>\$ 337,236</u>	<u>\$ 129,300</u>	<u>\$ 333,528</u>	<u>\$ 4,576,712</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 26,411	\$ -	\$ -	\$ -	\$ 26,411
Due to other governments	74	-	-	-	74
Due to other funds	358,112	-	129,300	-	487,412
Accrued payroll and other accrued expenses	133,320	-	-	-	133,320
Total liabilities	<u>517,917</u>	<u>-</u>	<u>129,300</u>	<u>-</u>	<u>647,217</u>
<b>Deferred inflows of resources</b>					
Unavailable property taxes	44,648	-	-	-	44,648
Total deferred inflows of resources	<u>44,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,648</u>
<b>Fund balances</b>					
<b>Nonspendable for</b>					
Prepaid expenses	2,364	-	-	-	2,364
Inventories	-	-	-	3,077	3,077
Permanent fund principal	-	-	-	82,188	82,188
<b>Restricted for</b>					
Trust purposes	-	-	-	132,269	132,269
Education	1,049,424	-	-	15,042	1,064,466
General town purposes	683,911	-	-	100,952	784,863
<b>Committed</b>					
Capital projects	-	337,236	-	-	337,236
General fund purposes	214,893	-	-	-	214,893
Assigned	653,105	-	-	-	653,105
Unassigned	610,386	-	-	-	610,386
Total fund balances	<u>3,214,083</u>	<u>337,236</u>	<u>-</u>	<u>333,528</u>	<u>3,884,847</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,776,648</u>	<u>\$ 337,236</u>	<u>\$ 129,300</u>	<u>\$ 333,528</u>	<u>\$ 4,576,712</u>

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

Total fund balance, governmental funds	\$ 3,884,847
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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.	4,675,591
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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	44,648
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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.

Deferred outflows related to pensions	215,982
Deferred inflows related to pensions	(170,133)
Deferred outflows related to OPEB	9,746

Some liabilities, (such as Capital Leases Payable, Bonds Payable, Net Pension and OPEB Liability, and Compensated Absences), 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.

	(982,633)
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Net Position of Governmental Activities in the Statement of Net Position	\$ 7,678,048
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**Town of Veazie, Maine**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	General Fund	Capital Projects Fund	Special Revenue Fund - School Categorical Grants	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 5,140,152	\$ -	\$ -	\$ -	\$ 5,140,152
Excise and miscellaneous taxes	420,437	-	-	-	420,437
Interest and lien costs	8,815	-	-	-	8,815
Licenses and permits	17,915	-	-	-	17,915
Intergovernmental					
Town funds	222,369	9,165	-	-	231,534
Education funds	1,055,023	-	158,826	29,016	1,242,865
On-behalf payments-State of Maine - Education	125,475	-	-	-	125,475
Charges for services	28,525	-	-	20,905	49,430
Investment and interest earnings, net of fees	51,071	-	-	25,361	76,432
Miscellaneous	75,109	11,152	2,000	9	88,270
<b>Total revenues</b>	<b>7,144,891</b>	<b>20,317</b>	<b>160,826</b>	<b>75,291</b>	<b>7,401,325</b>
<b>EXPENDITURES</b>					
Current					
General government	302,271	-	-	-	302,271
Police department	344,670	-	-	-	344,670
Fire department	218,799	-	-	-	218,799
Health and welfare	3,203	-	-	-	3,203
Parks and recreation	3,798	-	-	-	3,798
Education	3,421,383	-	160,826	-	3,582,209
School food service	-	-	-	83,329	83,329
On-behalf payments-State of Maine - Education	125,475	-	-	-	125,475
County tax	306,087	-	-	-	306,087
Tax increment financing	881,726	-	-	-	881,726
Fixed and variable special assessments	568,860	-	-	-	568,860
Debt service					
Principal	275,086	-	-	-	275,086
Interest and other charges	233	3,322	-	-	3,555
Capital outlay	62,614	576,554	-	-	639,168
<b>Total expenditures</b>	<b>6,514,205</b>	<b>579,876</b>	<b>160,826</b>	<b>83,329</b>	<b>7,338,236</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>630,686</b>	<b>(559,559)</b>	<b>-</b>	<b>(8,038)</b>	<b>63,089</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from long term debt	-	300,000	-	-	300,000
Transfers in	-	359,500	-	140,000	499,500
Transfers out	(499,500)	-	-	-	(499,500)
<b>Total other financing sources and (uses)</b>	<b>(499,500)</b>	<b>659,500</b>	<b>-</b>	<b>140,000</b>	<b>300,000</b>
<b>Net change in fund balances</b>	<b>131,186</b>	<b>99,941</b>	<b>-</b>	<b>131,962</b>	<b>363,089</b>
<b>FUND BALANCES - BEGINNING</b>	<b>3,082,897</b>	<b>237,295</b>	<b>-</b>	<b>201,566</b>	<b>3,521,758</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 3,214,083</b>	<b>\$ 337,236</b>	<b>\$ -</b>	<b>\$ 333,528</b>	<b>\$ 3,884,847</b>

**Town of Veazie, 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:	\$	363,089
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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		365,799
Depreciation expense		(422,506)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Deferred property taxes		(1,960)
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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 pensions and OPEB		(85,786)
Deferred inflows related to pensions		(55,923)

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 proceeds exceeded repayments.

Debt issued		(300,000)
Principal repaid		275,086

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 and pension liability		145,837
Change in accrued compensated absences		(52,362)

Change in net position of governmental activities	\$	<u>231,274</u>
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**Town of Veazie, Maine**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2018**

	<u>Agency Funds - Student Activity Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 15,986</u>
<b>LIABILITIES</b>	
Due to student groups	<u>\$ 15,986</u>

**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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

The Town of Veazie, Maine was incorporated in 1853 under the laws of the State of Maine. The Town operates under a town council form of government and provides the following services: general government services, public safety, health and welfare 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 Town has no business-type activities.

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.

**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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

**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 and fiduciary activities. The governmental 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.

**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.

*Capital Projects Fund*

The capital projects fund is used to account for all resources for the acquisition or construction of capital facilities or items by the Town as well as the resources held in reserves for future projects.

*Special Revenue Fund – School Categorical Grants*

The special revenue fund – school categorical grants 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 and state and local grants for specific purposes.

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

The Town has presented the following fiduciary funds:

*Agency Funds*

Agency funds account for assets held by the Town in a purely custodial capacity and include student activity funds. Since agency funds are custodial in nature, they do not involve the measurement of results of operations.

**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.



**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (CONTINUED)**

The government-wide statements and the fund financial statements for 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. 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.

Payments made by the State of Maine to the Maine Public Employees Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund in accordance with generally accepted accounting principles.

Generally, appropriations for the general fund lapse at year end, except for balances approved to be carried forward by Town Council. In accordance with legal requirements of the State of Maine all education balances are 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. Cash, Cash Equivalents and Investments**

For purposes of the statement of net position and balance sheet, the Town considers all highly liquid investments, except for money market mutual funds with a maturity of three months or less, to be cash equivalents. Investments are carried at fair value. Additional information, including the composition of cash, cash equivalents and investments, is presented in Note 2.

**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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

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

**2. Inventories**

Inventories of food and supplies for the school department's food service program are valued at the lower of cost or market value using the first in, first out method.

**3. 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".

**4. 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 have been eliminated.

**5. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. 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.

Estimated useful lives are as follows:

Buildings and improvements	15-30 years
Land improvements	10-30 years
Roads	30 years
Machinery and equipment	3-20 years
Vehicles	5-20 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.

**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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

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

**6. Long-term Debt**

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

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists of general obligation bonds, capital leases, net pension liability, 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 Town's and School department's vacation leave compensated absences are accrued to specified maximums as a liability as the benefits are earned by the employees if the leave is attributable to past service and it is probable that the employer will compensate the employees for the benefits through paid time off or cash payments at retirement. The School department's sick leave is accrued as a liability as the benefits are earned by the employees but only to the extent it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' retirement up to specified maximums. Compensated absences liability is reported in the government-wide financial statements. Governmental funds report only matured compensated absences payable to currently retiring employees not paid out before the fiscal year end.

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

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

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the total health plan, and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the respective plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**9. 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 Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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

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

**10. 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.

**11. 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 Town Council 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 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.

The Town 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 Town Council.

The Town's fund balance policy requires that 10% of the Town's latest year's total audited general fund unassigned revenues be maintained as fund balance assigned for working capital (see note 9), and which requires that an amount equal to the estimated dollars payable for future compensated absences be maintained as fund balance committed for sick/paid leave (see note 8).

**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

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

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

**12. Revenue Recognition - Property Taxes**

Property taxes were levied on assessed values of April 1, 2017, and were due on September 30, 2017. Interest was charged at 7% per annum as 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	\$ 138,620,900
Personal property	<u>144,974,100</u>
	\$283,595,000
Tax rate (per \$1,000)	<u>18.15</u>
Commitment	\$ 5,147,249
Less collections and abatements	<u>5,122,068</u>
Receivable at June 30, 2018	<u>\$ 25,181</u>
Collection rate	99.5%

**13. New Governmental Accounting Standards**

During the year ended June 30, 2018, the Town 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 Town 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 Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 1. POLICIES (CONTINUED)**

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

**14. 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 Town's financial statements is not known at this time.

**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, 2018, the Town reported deposits of \$3,033,465 with bank balances of \$3,509,194. Of the Town's total bank balance of \$3,509,194, none was exposed to custodial credit risk.

Deposits have been reported as follows:

Reported in governmental funds	\$ 3,017,479
Reported in fiduciary funds	<u>15,986</u>
Total deposits	<u>\$ 3,033,465</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 permanent 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.

The Town's investments and their level in the fair value hierarchy at June 30, 2018 are as follows:

Money market mutual funds	\$ 71,726	Level 1
Federal Home Loan Bank	102,406	Level 2
Equity mutual funds	133,851	Level 1
Brokered CDs	<u>524,411</u>	Level 1
Total investments	<u>\$ 832,394</u>	

**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments (continued)**

*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 does not have an investment policy for custodial credit risk. The Town's investments of \$102,406 in Federal Home Loan Bank are exposed to custodial credit risk as the investments are not in the Town's name. They are registered in the name of the Bank's custodian.

*Concentration of Credit Risk:* The Town has no investments that meet the criteria to be classified as a concentration of credit risk. The Town does not have a policy related to concentration of credit risk.

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

	<u>Due in less than one year</u>	<u>Due in 1-5 years</u>	<u>Due in more than five years</u>
Federal Home Loan Bank	\$ -	\$ 102,406	\$ -
Brokered CDs	<u>179,764</u>	<u>344,647</u>	<u>-</u>
Total	<u>\$ 179,764</u>	<u>\$ 447,053</u>	<u>\$ -</u>

Investments have been reported as follows:

Reported in governmental funds	<u>\$ 832,394</u>
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**Town of Veazie, 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:

	<u>Balance 6/30/17</u>	<u>Additions/ Completions</u>	<u>Retirements/ Dispositions</u>	<u>Balance 6/30/18</u>
<b>Governmental Activities</b>				
<i>Capital assets not being depreciated</i>	<u>\$ 587,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 587,900</u>
Land				
<i>Capital assets being depreciated</i>				
Land improvements	162,280	46,575	-	208,855
Infrastructure	7,583,581	-	-	7,583,581
Buildings	4,325,000	-	-	4,325,000
Building improvements	709,468	286,086	-	995,554
Machinery and equipment	247,037	-	-	247,037
Vehicles	<u>1,214,126</u>	<u>33,139</u>	<u>-</u>	<u>1,247,265</u>
Total capital assets being depreciated	<u>14,241,492</u>	<u>365,800</u>	<u>-</u>	<u>14,607,292</u>
<i>Less accumulated depreciation for</i>				
Land improvements	(148,976)	(3,766)	-	(152,742)
Infrastructure	(5,375,437)	(197,330)	-	(5,572,767)
Buildings	(3,275,000)	(116,667)	-	(3,391,667)
Building improvements	(256,251)	(25,693)	-	(281,944)
Machinery and equipment	(240,157)	(3,745)	-	(243,902)
Vehicles	<u>(801,274)</u>	<u>(75,305)</u>	<u>-</u>	<u>(876,579)</u>
Total accumulated depreciation	<u>(10,097,095)</u>	<u>(422,506)</u>	<u>-</u>	<u>(10,519,601)</u>
Total capital assets, being depreciated net	<u>4,144,397</u>	<u>(56,706)</u>	<u>-</u>	<u>4,087,691</u>
Governmental activities capital assets, net	<u>\$ 4,732,297</u>	<u>\$ (56,706)</u>	<u>\$ -</u>	<u>\$ 4,675,591</u>

Depreciation expense was charged to governmental activities as follows:

<i>Governmental activities</i>	
Administration	\$ 6,337
Police	19,025
Fire	64,624
Public works	199,456
Recreation	4,831
Education	<u>128,233</u>
Total	<u>\$ 422,506</u>



**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 3. LONG-TERM LIABILITIES**

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

	Balance June 30, 2017 restated	Increases	Decreases	Balance June 30, 2018	Portion due within one year
<b>General Obligation Bonds</b>					
<i>Maine Municipal Bond Bank</i>					
4.5-5.38% general obligation bond dated 1997, due November 2018 with annual principal and interest payments for school building	\$ 269,150	\$ -	\$ (269,150)	\$ -	\$ -
0% school revolving fund bond dated 2017, payment for school building renovations	-	60,209	(60,209)	-	-
<i>Katahdin Trust Bank</i>					
2.19% general obligation bond dated 2017, due October 2027 with annual principal and interest payments for municipal building	-	300,000	-	300,000	30,000
Total general obligation bonds	269,150	300,000	(269,150)	300,000	30,000
Capital Leases	9,150	-	(5,936)	3,214	3,214
Net OPEB liability	79,687	15,383	-	95,070	N/A
Net pension liability	439,526	44,096	(205,316)	278,306	N/A
Compensated absences	253,681	76,775	(24,413)	306,043	N/A
Total governmental long-term liabilities	<u>\$ 1,051,194</u>	<u>\$ 436,254</u>	<u>\$ (504,815)</u>	<u>\$ 982,633</u>	<u>\$ 33,214</u>

**General obligation bonds payable**

Future maturities of general obligation bonds payable are as follows

Year ended June 30	Principal	Interest
2019	\$ 30,000	\$ 6,329
2020	30,000	5,677
2021	30,000	4,997
2022	30,000	4,331
2023	30,000	3,665
2024-2028	150,000	8,338
	<u>\$ 300,000</u>	<u>\$ 33,337</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.

**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 4. LONG-TERM LIABILITIES**

**Capital leases payable**

The Town is the lessee of photocopiers under a capital lease expiring in 2019. 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 \$30,516 in equipment related to outstanding capital leases. Amortization of these assets is included with depreciation expense. Accumulated depreciation for these assets at June 30, 2018 is \$30,516.

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

2019	\$ 3,300
Less amount representing interest	(86)
Present value of minimum lease payments	<u>\$ 3,214</u>

**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 payables balances at June 30, 2018 arising from these transactions and interfund transfers were as follows:

	Receivables	Payables	Transfers In	Transfers Out
General fund	\$129,300	\$ 358,112	\$ -	\$ (499,500)
Capital projects fund	337,236	-	359,500	-
Special revenue – school grant funds	-	129,300	-	-
Other governmental funds	20,876	-	140,000	-
	<u>\$ 487,412</u>	<u>\$ 487,412</u>	<u>\$ 499,500</u>	<u>\$(499,500)</u>

The outstanding balances between funds result mainly from short-term cash flow needs that are funded by the general fund as it hold the Town's checking account. 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 revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorization. The Town's school department made transfers of \$40,000 and \$100,000 from the general fund to the other governmental funds school lunch fund and capital projects reserve fund. The Town made budgeted contributions of \$359,500 to 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 payable adding back any unspent proceeds. The Town's net investment in capital assets was calculated as follows at June 30, 2018:

Capital assets	\$ 15,195,192
Accumulated depreciation	(10,519,601)
Related bonds payable	(300,000)
Related capital leases payable	(3,214)
Total balance	<u>\$ 4,372,377</u>

**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 7. NET POSITION – RESTRICTED FOR GENERAL FUND PURPOSES**

At June 30, 2018, the general fund's restricted fund balance was comprised of the following:

Restricted for TIF	\$ 681,400
Restricted for Community Garden	1,305
Restricted for fire department grant	100
Restricted for police forfeiture	1,106
	<u>\$ 683,911</u>

**NOTE 8. FUND BALANCE – COMMITTED FOR GENERAL FUND PURPOSES**

At June 30, 2018, the general fund's committed fund balance was comprised of the following:

Insurance	\$ 64,709
Sick and vacation time	110,624
Unemployment	39,560
	<u>\$ 214,893</u>

**NOTE 9. FUND BALANCE – ASSIGNED FOR GENERAL FUND PURPOSES**

At June 30, 2018, the general fund's assigned fund balance was comprised of the following:

CPR class	\$ 339
Employee fund	341
Fire department donations	599
Government consultant	13,500
Hazardous tree removal	4,000
King fire grant	152
Legal fees	3,000
Police department donations	935
Public works capital	11,436
Riverview Park	1,448
Street and drain cleaning	10,000
Viking advertising	2,500
Veazie days	4,855
Working capital	600,000
	<u>\$ 653,105</u>

**NOTE 10. PENSION PLANS**

**Maine Public Employees Retirement System**

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's State Employee and Teacher (SET) Plan. The SET plan is a cost-sharing multiple employer defined benefit plan with a special funding situation, established by the Maine State legislature. The State of Maine is a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Eligible employees other than teachers 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.

**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 10. PENSION PLANS (CONTINUED)**

**Pension Benefits**

Benefit terms are established in Maine statute. 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. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions.

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 - SET Plan**

SET plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education (DOE) is required to contribute 11.08% of compensation for non-federally funded employees. The Town is required to contribute 3.97% of compensation to cover the normal costs for non-federally funded employees. The Town is also required to contribute 15.65% of compensation for federally funded employees.

The contributions for the year ended June 30, 2018 were as follows:

	<u>Covered Payroll</u>	<u>Contribution Percentage</u>	<u>Contribution Amount</u>
Employee contribution	\$ 1,150,103	7.65%	\$ 87,983
State DOE contribution for non-federally funded employees	1,097,830	11.08%	121,640
Employer contribution for normal costs of non- federally funded employees	1,097,830	3.97%	43,584
Employer contribution for federally funded employees	52,274	15.65%	8,181

**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 10. PENSION PLANS (CONTINUED)**

**PLD Plan – Contributions**

Participating employees are required to contribute either 8.0% or 9.5% of their annual salary to the Plan by State Statute. The Town is required to pay contributions 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 \$290,313 for the year ended June 30, 2018.

	Year ended June 30, 2018		Year ended June 30, 2017		Year ended June 30, 2018	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Employer	\$34,884	12.02%	\$30,968	11.19%	\$35,982	10.94%
Employee	27,271	9.39%	25,832	9.34%	28,541	8.68%

**Net Pension Liability**

The System separately accounts for the two groups within the SET plan, state employees being one group, and teachers the second group. Amounts disclosed for the SET plan reflect only the teachers' group portion, where applicable.

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

	SET Plan	PLD Plan
Plan collective total pension liability	\$ 8,721,778,572	\$ 3,016,660,721
Less plan net position	<u>(7,269,242,349)</u>	<u>(2,607,223,644)</u>
Plan collective net pension liability	<u>\$ 1,452,536,223</u>	<u>\$ 409,437,077</u>

At June 30, 2018, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town for contributions to the SET Plan. The amount recognized by the Town as its proportionate share of the net pension liability and the total portion of the net pension liability that was associated with the Town were as follows:

	SET Plan	PLD Plan
Town's proportionate share of the net pension liability	\$ 30,924	\$ 247,382
State's proportionate share of the net pension liability associated with the Town	<u>1,384,055</u>	<u>-</u>
Total	<u>\$ 1,414,979</u>	<u>\$ 247,382</u>

The net pension liability 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 SET Plan was

**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 10. PENSION PLANS (CONTINUED)**

**Net Pension Liability (Continued)**

0.060420%, allocated based on Unfunded Actuarial Liability (UAL) contributions to the plan. This percentage was 0.001641% at the prior measurement date of June 30, 2016. The Town's proportionate share percentage of the collective net pension liability for the PLD Plan was 0.077262%, allocated based on adjusted contributions to the plan for the year ended June 30, 2017. This percentage was 0.077262% at the prior measurement date of June 30, 2016.

**Pension Expense and Revenue**

For the year ended June 30, 2018, the Town recognized pension expense of \$44,182 related to the SET Plan, made up of the Town's proportionate share of plan pension expense \$3,203, pension expense related to specific liabilities of individual employers 38,843, and net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions \$2,136, and recognized revenue of \$104,460 for support provided by the State.

For the year ended June 30, 2018, the Town recognized pension expense of \$31,648 related to the PLD Plan, made up of the Town's proportionate share of plan pension expense \$42,048, pension expense related to specific liabilities of individual employers (\$175), and net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions (\$10,225).

**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:

	SET Plan		PLD Plan	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 1,300	\$ -	\$ -	\$ 11,884
Changes of assumptions	-	483	21,050	-
Net difference between projected and actual investment earnings on pension plan investments	8,627	9,082	85,255	92,058
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,881	-	9,407	56,626
Employer's contributions to plan subsequent to measurement date of collective net pension liability	<u>50,578</u>	<u>-</u>	<u>34,884</u>	<u>-</u>
Total	<u>\$ 65,386</u>	<u>\$ 9,565</u>	<u>\$ 150,596</u>	<u>\$ 160,568</u>

**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 10. PENSION PLANS (CONTINUED)**

**Deferred Outflows and Inflows of Resources (Continued)**

\$85,462 reported as deferred outflows related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows and outflows will be recognized as pension expense as follows:

Year ended June 30	SET Plan Amount	PLD Plan Amount
2019	\$ 2,147	\$ (23,763)
2020	4,547	(5,910)
2021	207	1,660
2022	<u>(1,658)</u>	<u>(16,843)</u>
	<u>\$ 5,243</u>	<u>\$ (44,856)</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.mainebers.org/Publications/Publications.htm#Annual Reports](http://www.mainebers.org/Publications/Publications.htm#Annual Reports).

**Deferred Compensation Plan – ICMA**

The Town also provides a 457 Deferred Compensation Plan and other retirement plans. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The Town contributes 8% of base pay for participating employees. Employees may elect to contribute from 2% up to 10% of earnings. The Town made contributions of \$6,347 and employees elected to defer \$1,235 for a contribution of \$7,582 for the year ended June 30, 2018.

**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 11. DEFINED BENEFIT OPEB PLANS**

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

The Group Life Insurance Plan for Retired State Employees and Teachers (the SET Plan) is a multiple-employer cost sharing plan with a special funding situation. The State is also a non-employer contributing entity in that the State pays contributions for retired public school teachers in the 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. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution.

**Net OPEB Liability**

The System separately accounts for the two groups within the SET plan, state employees being one group, and teachers the second group. Amounts disclosed for the SET plan reflect only the teachers' group portion, where applicable.

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

	<u>SET Plan</u>
Plan collective total OPEB liability	\$ 90,479,201
Less plan net fiduciary position	<u>(54,387,771)</u>
Plan collective net OPEB liability	<u>\$ 36,091,430</u>

The total portion of the net OPEB liability that was associated with the Town were as follows:

	<u>SET Plan</u>
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>42,319</u>
Total	<u>\$ 42,319</u>



**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 11. DEFINED BENEFIT OPEB PLANS (CONTINUED)**

**Net OPEB Liability (Continued)**

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. Because of the special funding situation in which the State pays the total dollar amount of each year's annual required contribution, the Town's proportionate share percentage of the collective net OPEB liability for the SET Plan was 0.0%, and the entire net OPEB liability is reported by the State of Maine.

**OPEB Expense and Revenue**

For the year ended June 30, 2018, the Town recognized OPEB expense of \$8,544 related to the SET Plan and recognized revenue of \$8,544 for support provided by the State, and recognized offsetting revenue and expense of \$3,835 for payments made by the State on-behalf of the Town pursuant to the special funding situation of the SET Plan.

**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.maineopers.org/Publications/Publications.htm#Annual Reports](http://www.maineopers.org/Publications/Publications.htm#Annual%20Reports).

**Town OPEB Health 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 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.

**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 11. DEFINED BENEFIT OPEB PLANS (CONTINUED)**

*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	2
Inactive employee entitled to but not yet receiving benefits	-
Active employees	<u>8</u>
Total	<u>10</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 \$95,070 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, 2017	<u>\$ 79,687</u>
Changes for the year:	
Service Cost	3,498
Interest	3,100
Changes of benefit terms	-
Differences between expected and actual experience	3,218
Changes in assumptions or other inputs	7,920
Benefit payments	<u>(2,353)</u>
Net changes	<u>15,383</u>
Balance at June 30, 2018	<u>\$ 95,070</u>

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 \$5,637 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,816	\$ -
Changes in assumptions or other inputs	<u>6,930</u>	<u>-</u>
Total	<u>\$ 9,746</u>	<u>\$ -</u>

**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 11. DEFINED BENEFIT OPEB PLANS (CONTINUED)**

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	\$ 1,392
2020	1,392
2021	1,392
2022	1,392
2023	1,392
Thereafter	<u>2,786</u>
Total	<u>\$ 9,746</u>

**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	\$ 109,602	\$ 95,070	\$ 83,321
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 109,602</u>	<u>\$ 95,070</u>	<u>\$ 83,321</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 15.3%. A one percent increase in the discount rate decreases the NOL by approximately 12.4%.

**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 11. DEFINED BENEFIT OPEB PLANS (CONTINUED)**

**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>\$ 82,851</u>	<u>\$ 95,070</u>	<u>\$ 110,595</u>

A one percent decrease in the healthcare trend rate decreases the NOL by approximately 12.9%. A one percent increase in the healthcare trend rate increases the NOL by approximately 16.3%.

**NOTE 12. 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 is a member of the Maine Municipal Association - Worker Compensation Trust 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 worker's compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker's compensation coverage. The Town's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies reinsurance contracts, individual stop loss coverage for member Town's for claims in excess of \$400,000 with an excess limit of \$2,000,000.

The Town is a member of the Maine Municipal Association - Property and Casualty Pool ("Pool"). The Pool was created to obtain lower rates for its members. The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the Pool, coverage is provided after the deductible is met, to \$1,000,000. Under the liability portion of the Pool, coverage is provided after the deductible is met, to \$2,000,000.

The Town's school department is a member of the Maine School Management Association - Property and Casualty Trust Pool ("Pool"). The Pool was created to obtain lower rates for its members. The school department pays an annual premium for its property and liability coverage. Under the property coverage portion of the Pool, coverage is provided after the deductible is met, to \$1,000,000. Under the liability portion of the Pool, coverage is provided after the deductible is met, to \$3,000,000.

The Town's school department is a member of the Maine School Management Association - Worker Compensation Trust 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 worker's compensation coverage and develop a comprehensive loss control program. The school department pays an annual premium to the Fund for its worker's compensation coverage. The school department's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will provide, through commercial companies reinsurance contracts, individual stop loss coverage for member school units for claims in excess of \$500,000 with an excess limit of \$25,000,000.

**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 13. COMMITMENTS**

At June 30, 2018, the Town was committed to \$175,000 for its snowplowing contract; and the Town's school department is committed to \$80,000 for cleaning services, and \$51,051 for a maintenance contract for total commitments of \$306,051.

**NOTE 14. 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 and the Town's school department participate 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 requirements 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 15. SIGNIFICANT TAXPAYER**

For the year ending June 30, 2018, the Town of Veazie received approximately 51.7% of property tax revenue from Casco Bay Energy.

**NOTE 16. JOINT VENTURE**

**Penobscot Energy Recovery Company**

Under terms of a waste disposal agreement, the Town has guaranteed certain amount of tons of acceptable waste per year to be hauled from Veazie 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 0.4313%. For the year ended June 30, 2018, the Town paid \$44,240 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. JOINTLY GOVERNED ORGANIZATION**

The Town and various entities in the region have jointly agreed to operate a vocational education school. A separate legal entity known as the United Technologies Center (UTC) was established by State law and is governed by a ten member board, of which one member represents the Town. Complete financial statements for the UTC can be obtained from the United Technologies Center, 200 Hogan Road, Bangor, Maine, 04401.

The Town's school department is assessed a fee for vocational education and adult education services provided to students in the Town. For the fiscal year ended June 30, 2018, UTC assessed the school department \$25,211 for these services.

**Town of Veazie, Maine**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 18. 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. As a result of implementing these new principles, the Town restated its beginning net position on the government-wide statements by (\$79,687), to record net OPEB liability.

**NOTE 19. 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 \$881,726 under this program, including the following tax abatement agreements.

Casco Bay Energy Company received a property tax abatement of all taxes in excess of \$1,800,000 for locating its business in the Town and for making certain additional income generating improvements. The abatement amounted to \$860,672. As part of this agreement, the Town committed to undertake certain capital projects and make certain improvements to the Town's infrastructure and services, such as fire station equipment replacement, Community Center improvements or reconstruction, and extension of natural gas lines.

Veazie Village Senior Housing received a 100 percent property tax abatement for locating its senior housing development in the Town and for making certain improvements to the development. The abatement amounted to \$21,054.

**NOTE 20. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 30, 2019, the date on which the financial statements were available to be issued.

**Town of Vezie, Maine**  
**Budget and Actual (with Budget to GAAP Differences)**  
**General Fund**  
**For the year ended June 30, 2018**

	Budgeted Amounts			Actual Amounts, Budgetary Basis	Budget to GAAP Differences**	Actual Amounts, GAAP Basis
	Original	Changes*	Final			
<b>REVENUES</b>						
Property taxes	\$ 5,147,249	\$ -	\$ 5,147,249	\$ 5,140,152	\$ -	\$ 5,140,152
Excise and miscellaneous taxes	352,000	-	352,000	420,437	-	420,437
Interest and lien costs	10,000	-	10,000	8,815	-	8,815
Licenses and permits and fees	25,160	-	25,160	17,915	-	17,915
Intergovernmental	1,289,491	1,172	1,290,663	1,277,392	-	1,277,392
On-behalf payments-State of Maine - Education	-	-	-	-	125,475	125,475
Charges for services	35,040	-	35,040	28,525	-	28,525
Interest and investment earnings	15,000	-	15,000	51,071	-	51,071
Miscellaneous	14,311	-	14,311	75,109	-	75,109
Total revenues	<u>6,888,251</u>	<u>1,172</u>	<u>6,889,423</u>	<u>7,019,416</u>	<u>125,475</u>	<u>7,144,891</u>
<b>EXPENDITURES</b>						
Current						
General government	311,050	6,883	317,933	305,141	(2,870)	302,271
Police department	344,900	-	344,900	344,670	-	344,670
Fire department	231,300	2,576	233,876	218,799	-	218,799
Health and welfare	10,000	-	10,000	3,203	-	3,203
Culture and recreation	12,500	(6,358)	6,142	3,798	-	3,798
Education	4,056,939	-	4,056,939	3,693,832	(272,449)	3,421,383
On-behalf payments-State of Maine - Education	-	-	-	-	125,475	125,475
County tax	306,088	-	306,088	306,087	-	306,087
Tax increment financing	967,661	-	967,661	881,726	-	881,726
Fixed and variable costs	567,980	19,584	587,564	568,860	-	568,860
Debt service						
Principal	-	-	-	-	275,086	275,086
Interest and other charges	-	-	-	-	233	233
Capital outlay and community investments	30,000	32,664	62,664	62,614	-	62,614
Total expenditures	<u>6,838,418</u>	<u>55,349</u>	<u>6,893,767</u>	<u>6,388,730</u>	<u>125,475</u>	<u>6,514,205</u>
Excess (deficiency) of revenues over expenditures	<u>49,833</u>	<u>(54,177)</u>	<u>(4,344)</u>	<u>630,686</u>	<u>-</u>	<u>630,686</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Use of unassigned fund balance	-	100,000	100,000	-	-	-
Use of assigned fund balance	-	10,929	10,929	-	-	-
Use of committed fund balance	-	25,584	25,584	-	-	-
Use of restricted fund balance	270,000	135,164	405,164	-	-	-
Overlay	(37,833)	-	(37,833)	-	-	-
Transfers out	(282,000)	(217,500)	(499,500)	(499,500)	-	(499,500)
Total other financing sources and uses	<u>(49,833)</u>	<u>54,177</u>	<u>4,344</u>	<u>(499,500)</u>	<u>-</u>	<u>(499,500)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>131,186</u>	<u>-</u>	<u>131,186</u>
<b>FUND BALANCES - BEGINNING</b>				<u>3,082,897</u>	<u>-</u>	<u>3,082,897</u>
<b>FUND BALANCES - ENDING</b>				<u>\$ 3,214,083</u>	<u>\$ -</u>	<u>\$ 3,214,083</u>

\* Adjustments necessary to reflect the use of additional revenues and fund balance

\*\*The Town's school department does not budget for the on-behalf payments from the State of Maine.

The Town's school department prepares its budget in accordance with State Law and therefore budgets only major projects' debt as debt service.

The Town's school department does not budget for the receipt or expenditure of capital leases.

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

	<b>Budgeted Amounts</b>			<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Changes*</b>	<b>Final*</b>		
<b>REVENUES</b>					
Property taxes	\$ 5,147,249	\$ -	\$ 5,147,249	\$ 5,140,152	\$ (7,097)
Excise and miscellaneous taxes	352,000	-	352,000	420,437	68,437
Interest and lien costs	10,000	-	10,000	8,815	(1,185)
Licenses and permits and fees	25,160	-	25,160	17,915	(7,245)
Intergovernmental	1,289,491	1,172	1,290,663	1,277,392	(13,271)
Charges for services	35,040	-	35,040	28,525	(6,515)
Interest and investment earnings	15,000	-	15,000	51,071	36,071
Miscellaneous	14,311	-	14,311	75,109	60,798
Total revenues	<u>6,888,251</u>	<u>1,172</u>	<u>6,889,423</u>	<u>7,019,416</u>	<u>129,993</u>
<b>EXPENDITURES</b>					
<b>Current</b>					
General government	311,050	6,883	317,933	305,141	12,792
Police department	344,900	-	344,900	344,670	230
Fire department	231,300	2,576	233,876	218,799	15,077
Health and welfare	10,000	-	10,000	3,203	6,797
Roads maintenance	-	-	-	-	-
Culture and recreation	12,500	(6,358)	6,142	3,798	2,344
Education	4,056,939	-	4,056,939	3,693,832	363,107
County tax	306,088	-	306,088	306,087	1
Tax increment financing	967,661	-	967,661	881,726	85,935
Fixed and variable costs	567,980	19,584	587,564	568,860	18,704
Capital outlay and community investments	30,000	32,664	62,664	62,614	50
Total expenditures	<u>6,838,418</u>	<u>55,349</u>	<u>6,893,767</u>	<u>6,388,730</u>	<u>505,037</u>
Excess (deficiency) of revenues over expenditures	<u>49,833</u>	<u>(54,177)</u>	<u>(4,344)</u>	<u>630,686</u>	<u>635,030</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Use of unassigned fund balance	-	100,000	100,000	-	(100,000)
Use of assigned fund balance	-	10,929	10,929	-	(10,929)
Use of committed fund balance	-	25,584	25,584	-	(25,584)
Use of restricted fund balance	270,000	135,164	405,164	-	(405,164)
Overlay	(37,833)	-	(37,833)	-	37,833
Transfers out	(282,000)	(217,500)	(499,500)	(499,500)	-
Total other financing sources and uses	<u>(49,833)</u>	<u>54,177</u>	<u>4,344</u>	<u>(499,500)</u>	<u>(503,844)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>131,186</u>	<u>\$ 131,186</u>
<b>FUND BALANCES - BEGINNING</b>				<u>3,082,897</u>	
<b>FUND BALANCES - ENDING</b>				<u>\$ 3,214,083</u>	

\* Adjustments necessary to reflect the use of additional revenues and fund balance



Town of Veazie, Maine School Department  
 Schedule of the School Department's Proportionate Share of the Net Pension Liability  
 State Employees and Teachers Plan  
 Last 10 Fiscal Years\*  
 For the years ended June 30,

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
School Department's proportion of the net pension liability	0.002129%	0.001642%	0.001603%	0.001677%						
School Department's proportionate share of the net pension liability	\$ 30,924	\$ 29,009	\$ 21,642	\$ 18,117						
State's proportionate share of the net pension liability associated with the School Department	1,384,055	1,931,146	1,713,064	1,191,950						
Total	\$ 1,414,979	\$ 1,960,155	\$ 1,734,706	\$ 1,210,067						
School Department's covered-employee payroll	\$ 1,177,950	\$ 1,302,475	\$ 1,472,510	\$ 1,322,819						
School Department's proportionate share of the net pension liability as a percentage of its covered-employee payroll	2.63%	2.23%	1.47%	1.37%						
Plan fiduciary net position as a percentage of the total pension liability **	83.35%	79.05%	83.55%	86.46%						

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

\*\* Plan net position and collective net pension liability reflect only the teachers' group portion of the SET plan

Town of Veazie, Maine School Department  
Schedule of School Department Contributions  
State Employees and Teachers Plan  
Last 10 Fiscal Years\*  
For the years ended June 30,

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 42,181	\$ 45,701	\$ 41,447	\$ 37,560						
Contributions in relation to the contractually required contribution	(42,181)	(45,701)	(41,447)	(37,560)						
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -						
School Department's covered-employee payroll	\$ 1,177,950	\$ 1,302,475	\$ 1,472,510	\$ 1,322,819						
Contributions as a percentage of covered-employee payroll	3.58%	3.51%	2.81%	2.84%						

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

Town of Veazie, 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,

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Town's proportion of the net pension liability	0.060420%	0.077262%	0.084763%	0.072136%	0.060871%					
Town's proportionate share of the net pension liability	\$ 247,382	\$ 410,517	\$ 270,434	\$ 187,640	\$ 111,004					
Town's covered-employee payroll	\$ 276,677	\$ 328,905	\$ 322,988	\$ 292,182	\$ 276,187					
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	89.41%	124.81%	83.73%	64.22%	40.19%					
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 Veazie, Maine  
Schedule of Town Contributions  
Participating Local Districts Plan  
Last 10 Fiscal Years\*  
For the years ended June 30,

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 30,968	\$ 35,982	\$ 34,608	\$ 28,771	\$ 21,941					
Contributions in relation to the contractually required contribution	(30,968)	(35,982)	(34,608)	(28,771)	(21,941)					
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -					
Town's covered-employee payroll	\$ 276,677	\$ 328,905	\$ 322,988	\$ 292,182	\$ 276,187					
Contributions as a percentage of covered-employee payroll	11.19%	10.94%	10.71%	9.85%	7.94%					

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

**Town of Veazie, Maine School Department**  
**Schedule of the School Department's Proportionate Share of the Net OPEB Liability**  
**State Employees and Teachers Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u><b>2018</b></u>
School Department's proportion of the net OPEB liability	0.000000%
School Department's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the School Department	<u>42,319</u>
<b>Total</b>	<u><b>\$ 42,319</b></u>
 School Department's covered-employee payroll	 \$ 374,700
 School Department's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	 0.00%
Plan fiduciary net position as a percentage of the total OPEB liability **	60.11%

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

\*\* Plan net position and collective net OPEB liability reflect only the teachers' group portion of the SET plan

**Town of Veazie, Maine School Department**  
**Schedule of School Department OPEB Contributions**  
**State Employees and Teachers Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2018</u>
Contractually required contribution	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
 School Department's covered-employee payroll	 \$ 374,700
Contributions as a percentage of covered-employee payroll	0.00%

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

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

	Year Ended June 30, 2018 Actuarial Valuation Date <u>January 1, 2018</u>
<b><u>Total OPEB Liability</u></b>	
Service cost (BOY)	\$ 3,498
Interest (includes interest on service cost)	3,100
Differences between expected and actual experience	3,218
Changes in assumptions	7,920
Benefit payments, including refunds of member contributions	<u>(2,353)</u>
<b>Net change in total OPEB liability</b>	<b>\$ 15,383</b>
 <b>Total OPEB liability - beginning</b>	 <b>\$ 79,687</b>
<b>Total OPEB liability - ending</b>	<b><u>\$ 95,070</u></b>
 <b><u>Plan fiduciary net position</u></b>	
Contributions - employer	2,353
Benefit payments, including refunds of member contributions	<u>(2,353)</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>\$ 95,070</u></b>
 <b>Covered employee payroll</b>	 <b><u>\$ 374,700</u></b>
<b>Net OPEB liability as a percentage of covered employee payroll</b>	<b><u>25.4%</u></b>

**Town of Veazie, Maine**  
**Balance Sheet -**  
**Nonmajor Governmental Funds**  
**June 30, 2018**

	Special Revenue Fund - School Lunch	Capital Projects Fund - School Department - Other	Permanent Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 100,952	\$ 1,330	\$ 102,282
Investments	-	-	205,577	205,577
Due from other funds	13,326	-	7,550	20,876
Due from other governments	1,587	-	-	1,587
Other receivables	129	-	-	129
Inventories	3,077	-	-	3,077
Total assets	<u>\$ 18,119</u>	<u>\$ 100,952</u>	<u>\$ 214,457</u>	<u>\$ 333,528</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances				
Nonspendable	3,077	-	82,188	85,265
Restricted	15,042	-	132,269	147,311
Committed	-	100,952	-	100,952
Total fund balances	<u>18,119</u>	<u>100,952</u>	<u>214,457</u>	<u>333,528</u>
Total liabilities and fund balances	<u>\$ 18,119</u>	<u>\$ 100,952</u>	<u>\$ 214,457</u>	<u>\$ 333,528</u>



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

	<b>Special Revenue Fund - School Lunch</b>	<b>Capital Projects Fund - School Department - Other</b>	<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>				
Intergovernmental revenue	\$ 29,016	-	\$ -	\$ 29,016
Charges for services	20,905	-	-	20,905
Investment earnings	-	952	24,409	25,361
Miscellaneous	9	-	-	9
Total revenues	<u>49,930</u>	<u>952</u>	<u>24,409</u>	<u>75,291</u>
<b>EXPENDITURES</b>				
Current				
Food Service	83,329	-	-	83,329
Excess (deficiency) of revenues over expenditures	<u>(33,399)</u>	<u>952</u>	<u>24,409</u>	<u>(8,038)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	40,000	100,000	-	140,000
Net change in fund balances	6,601	100,952	24,409	131,962
<b>FUND BALANCES - BEGINNING</b>	<u>11,518</u>	<u>-</u>	<u>190,048</u>	<u>201,566</u>
<b>FUND BALANCES - ENDING</b>	<u><u>\$ 18,119</u></u>	<u><u>\$ 100,952</u></u>	<u><u>\$ 214,457</u></u>	<u><u>\$ 333,528</u></u>

**Town of Veazie, Maine School Department**  
**Budget and Actual (with Variances)**  
**General Fund**  
**For the year ended June 30, 2018**

	<b>Budgeted Amounts</b>			<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Changes*</b>	<b>Final</b>		
<b>REVENUES</b>					
Local assessments	\$ 2,766,047	\$ -	\$ 2,766,047	\$ 2,766,047	\$ -
Intergovernmental	1,062,652	-	1,062,652	1,055,023	(7,629)
Tuition	-	-	-	2,353	2,353
Investment earnings	-	-	-	11,340	11,340
Miscellaneous	-	-	-	43,032	43,032
<b>Total revenues</b>	<b>3,828,699</b>	<b>-</b>	<b>3,828,699</b>	<b>3,877,795</b>	<b>49,096</b>
<b>EXPENDITURES</b>					
Current					
Regular instruction	2,041,913	(17,324)	2,024,589	1,822,660	201,929
Special education	678,978	-	678,978	611,597	67,381
Career and technical education	25,080	131	25,211	25,211	-
Other instruction	36,095	1,494	37,589	37,589	-
Student and staff support	208,228	-	208,228	181,682	26,546
System administration	139,978	3,238	143,216	143,216	-
School administration	104,517	12,461	116,978	112,818	4,160
Transportation	143,300	-	143,300	124,015	19,285
Facilities maintenance	409,685	-	409,685	364,452	45,233
Adult education	1,760	-	1,760	1,441	319
Debt service					
Principal	268,297	-	268,297	268,297	-
Interest and other charges	868	-	868	853	15
<b>Total expenditures</b>	<b>4,058,699</b>	<b>-</b>	<b>4,058,699</b>	<b>3,693,831</b>	<b>364,868</b>
Excess (deficiency) of revenues over expenditures	(230,000)	-	(230,000)	183,964	413,964
<b>OTHER FINANCING SOURCES (USES)</b>					
Use of carryover fund balances	270,000	-	270,000	-	(270,000)
Transfers out	(40,000)	-	(40,000)	(140,000)	(100,000)
<b>Total other financing sources and uses</b>	<b>230,000</b>	<b>-</b>	<b>230,000</b>	<b>(140,000)</b>	<b>(370,000)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>43,964</b>	<b>\$ 43,964</b>
<b>FUND BALANCES - BEGINNING</b>				<b>1,006,910</b>	
<b>FUND BALANCES - ENDING</b>				<b>\$ 1,050,874</b>	

\* - Allowed adjustment to budget between cost centers for budget overages

Town of Veazie, Maine  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Capital Projects Funds  
For the Year Ended June 30, 2018

	Municipal Building	Municipal Building Renovation	Police Cruiser	PD Safety Equipment	Tennis Court Maintenance	Community Investment	Municipal Credit	Tree Fund	Economic Development	Cable Fund	Conservation
<b>REVENUES</b>											
Grants income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,300
Other income	-	9,520	100	750	-	-	-	-	-	-	-
<b>Total revenues</b>	-	9,520	100	750	-	-	-	-	-	-	3,300
<b>EXPENDITURES</b>											
Special projects	3,322	228,896	42,037	1,500	15,903	-	-	-	1,866	-	5,436
<b>Excess (deficiency) of revenues over expenditures</b>	(3,322)	(217,376)	(41,937)	(750)	(15,903)	-	-	-	(1,866)	-	(2,136)
<b>OTHER FINANCING SOURCES (USES)</b>											
Proceeds from loan	10,000	300,000	-	-	9,000	-	-	-	2,500	-	-
Operating transfers in (out)	-	-	26,569	(2,229)	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	10,000	300,000	26,569	(2,229)	9,000	-	-	-	2,500	-	-
<b>Net change in fund balance</b>	6,678	82,624	(15,368)	(2,979)	(6,903)	-	-	-	634	-	(2,136)
<b>FUND BALANCE - BEGINNING</b>	2,197	-	15,368	7,323	18,400	4,200	10,000	3,335	5,691	261	15,964
<b>FUND BALANCE - ENDING</b>	\$ 8,875	\$ 82,624	\$ -	\$ 4,344	\$ 11,497	\$ 4,200	\$ 10,000	\$ 3,335	\$ 6,325	\$ 261	\$ 13,828

Town of Veazie, Maine  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Capital Projects Funds  
For the Year Ended June 30, 2018

	Sidewalks/ Highway Projects	Public Safety Grant Match	Traffic Light	VEMA	Comprehensive Plan	Police Department	Fire Department	Historical Society	Executive Department	Totals
<b>REVENUES</b>										
Grants income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,300
Other income	-	-	-	5,115	-	-	-	-	1,532	17,017
<b>Total revenues</b>	-	-	-	5,115	-	-	-	-	1,532	20,317
<b>EXPENDITURES</b>										
Special projects	259,765	-	-	9,620	3,231	3,045	7,255	-	-	579,876
Excess (deficiency) of revenues over expenditures	(259,765)	-	-	(4,505)	(3,231)	(3,045)	(7,255)	-	1,532	(559,559)
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from loan	306,000	(10,000)	2,000	660	-	5,000	5,000	-	5,000	300,000
Operating transfers in (out)	306,000	(10,000)	2,000	660	-	5,000	5,000	-	5,000	359,500
<b>Total other financing sources (uses)</b>	46,235	(10,000)	2,000	(3,845)	(3,231)	1,955	(2,255)	-	6,532	99,941
Net change in fund balance	64,600	25,000	12,075	3,845	13,666	4,419	17,062	10,852	3,037	237,295
<b>FUND BALANCE - BEGINNING</b>	\$ 110,635	\$ 15,000	\$ 14,075	\$ -	\$ 10,435	\$ 6,374	\$ 14,807	\$ 10,852	\$ 9,568	\$ 337,236
<b>FUND BALANCE - ENDING</b>										

**Town of Veazie, Maine**  
**Combining Schedule of Special Revenue Fund - School Categorical Grants Activity**  
**For the Year Ended June 30, 2018**

	<b>Balances</b>			<b>Balances</b>
	<b>July 1,</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>June 30,</b>
	<b>2017</b>			<b>2018</b>
Title IA disadvantaged	-	30,106	30,106	-
Local entitlement	-	78,533	78,533	-
Preschool handicapped	-	214	214	-
Title IIA	-	17,578	17,578	-
Title IVA	-	7,457	7,457	-
Small Rural School Achievement		21,938	21,938	-
Cole Foundation	-	2,000	2,000	-
MCA fast track	-	3,000	3,000	-
	<u>-</u>	<u>          </u>	<u>          </u>	<u>-</u>
<b>Totals</b>	<b>\$ -</b>	<b>\$ 160,826</b>	<b>\$ 160,826</b>	<b>\$ -</b>

**Town of Veazie, Maine**  
**Combining Schedule of Agency Fund Activity**  
**For the Year Ended June 30, 2018**

	<b>Balances</b>				<b>Balances</b>
	<b>July 1,</b>				<b>June 30,</b>
	<b>2017</b>	<b>Receipts</b>	<b>Disbursements</b>		<b>2018</b>
Coffee and soda	\$ 1,522	\$ -	\$ 108	\$	1,414
Health	866	-	-		866
Library	(51)	1,503	1,503		(51)
Miscellaneous	10,678	5,238	5,362		10,554
Science	245	-	-		245
Student activities	1,168	-	319		849
Student council	(150)	-	-		(150)
Sunshine fund	180	-	146		34
Yearbook	2,219	1,315	1,309		2,225
	<u>2,219</u>	<u>1,315</u>	<u>1,309</u>		<u>2,225</u>
<b>Total</b>	<b>\$ 16,677</b>	<b>\$ 8,056</b>	<b>\$ 8,747</b>	<b>\$</b>	<b>15,986</b>

**Town of Veazie, Maine**  
**Property Valuation, Assessments, and Appropriations**  
**General Fund**  
**Year ended June 30, 2018**

Assessed Valuation	
Real estate	\$ 138,620,900
Personal property	<u>144,974,100</u>
Total assessed valuation	<u>\$ 283,595,000</u>

Tax Commitment	
Total assessment at \$18.15 per thousand	<u>\$ 5,147,249</u>

Reconciliation of Commitment with Appropriation	
Current year tax commitment, as above	\$ 5,147,249
Estimated revenues	<u>1,742,173</u>
	6,889,422

Add:	
Committed fund balance budgeted activity	25,584
Restricted fund balance budgeted activity	405,164
Unrestricted fund balance budgeted activity	100,000
Assigned fund balance budgeted activity	10,929
Less:	
Overlay	<u>(37,833)</u>
Total appropriations	<u>\$ 7,393,266</u>

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Email: bta@btacpa.com

**Report on Compliance  
With the Requirements of the  
Maine School Finance Act**

Town Council  
Town of Veazie, Maine

We audited the financial statements of Town of Veazie, Maine as of and for the year ended June 30, 2018, and have issued our report thereon dated January 30, 2019.

The management of Town of Veazie, Maine is responsible for the School Department's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the School Department's compliance with laws and regulations, noncompliance with which could have a material effect on the financial statements of Town of Veazie, Maine.

Title 20-A Sec 6051 requires certain written assurances with respect to school audits. Our audit of compliance with laws and regulations consisted of, at a minimum, the following:

1. The audit has been conducted in accordance with applicable state and federal laws relating to financial and compliance audits as indicated in federal Office of Management and Budget circulars.
2. Budgetary controls were in place.
3. A determination of whether or not the annual financial data submitted to the department is correct.
4. A determination of whether or not the School Department has exceeded its authority to expend funds as provided by the total budget summary article.
5. The School Department has complied with applicable provisions of the Essential Services and Program Funding Act.
6. A determination of whether the School Department has complied with the applicable provisions of the unexpended balances requirements established under section 15004.
7. The School Department has complied with transfer limitations between budget cost centers pursuant to section 1485, subsection 4.
8. The School Department has complied with budget content requirements pursuant to section 15693, subsection 1 and cost center summary budget format requirements pursuant to sections 1305C, 1485, 1701C and 2307.

The results of our tests indicate that, for the items tested, Town of Veazie, Maine complied with those provisions of Maine laws and regulations. Nothing came to our attention that caused us to believe that, for the items not tested, Town of Veazie, Maine was not in compliance with Maine laws and regulations.

*Brantner Thibodeau & Associates*

January 30, 2019



**Town of Veazie, Maine School Department  
Reconciliation of Audit Adjustments to the Annual Financial Data  
Submitted to Maine Education Financial System  
For the Year Ended June 30, 2018**

	<b>General Fund</b>	<b>Capital Project Funds</b>	<b>Special Revenue Funds</b>	<b>School Lunch Program</b>	<b>Totals</b>
<i>June 30 balance as per Maine Education Financial System</i>	\$ 1,032,271	\$ 100,952	\$ 1	\$ 16,715	\$ 1,149,939
<i>Beginning balance adjustments</i>	8,067	-	-	(363)	7,704
<i>Revenue adjustments</i>	-	-	-	1,593	1,593
<i>Expense adjustments</i>	<u>10,536</u>	<u>-</u>	<u>(1)</u>	<u>174</u>	<u>10,709</u>
<i>Audited GAAP Basis Fund Balance</i>	<u>\$ 1,050,874</u>	<u>\$ 100,952</u>	<u>\$ -</u>	<u>\$ 18,119</u>	<u>\$ 1,169,945</u>

**Town of Veazie, Maine**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Grantor Number</b>	<b>Expenditures</b>
U.S. Department of Education			
Direct			
Rural education achievement program	84.358	unknown	\$ 21,938
<i>Passed through State of Maine Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	013-05A-3057-13	30,106
Title IIA - Improving teacher quality	84.367	013-05A-3042-11	17,578
Title IVA - Elementary and secondary education	84.242	013-05A-3345-66	7,457
<i>Special Education Cluster</i>			
Special Education - Grants to States	84.027	013-05A-3046-12	78,533
Special Education - Preschool Grant	84.173	013-05A-6241-23	214
<i>Total Special Education Cluster</i>			<u>78,747</u>
Total U.S. Department of Education			<u>155,826</u>
U.S. Department of Agriculture			
<i>Passed through State of Maine Department of Education</i>			
<i>Child Nutrition Cluster</i>			
National school lunch program	10.555	013-05A-3024-05	21,667
National school lunch program - donated commodities	10.555	013-05A-3024-05	4,441
School breakfast program	10.553	013-05A-3014-05	6,493
<i>Total Child Nutrition Cluster</i>			<u>32,601</u>
Total U.S. Department of Agriculture			<u>32,601</u>
U.S. Housing and Urban Development			
Underage Drinking Enforcement Grant	16.727	Unknown	<u>1,000</u>
Total expenditures of federal awards			<u>\$ 189,427</u>

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Email: bta@btacpa.com

**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***

Town Council  
Town of Veazie, Maine

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Veazie, 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 Veazie, Maine's basic financial statements, and have issued our report thereon dated January 30, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Veazie, 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 Veazie, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Veazie, 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. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Veazie, 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.

*Bartrur Thibodeau & Associates*

January 30, 2019

# **Manager's Report For February 11, 2019 Council Meeting**

Since the last Council meeting here are some things I've been working on as well as things occurring around Town.

Principal Cyr and I met with the Editor of the Viking to begin putting the February Issue together. Several local businesses were contacted and have agreed to purchase ads in the Viking for the upcoming year.

I was able to attend two separate retirements at the Bangor Fire Department. One was for A/C Costello and the other was for A/C Cyr.

Assessor Birch and I met with Representatives from Penquis Cap and Orono Housing to review the Graham Senior Housing assessment. As mentioned in a previous Manager's report this year, the TIF ended for one of the properties so we are working on a supplemental tax bill. We have scheduled a future meeting to continue the discussion.

I attended a PRCC Board meeting where numerous topics were discussed. I also attended a meeting regarding the replacement of the county wide radio system. Once additional information is obtained, we will move forward with the RFP for the replacement.

I continue to work with Stillwater Environmental to prepare for the audit of our MS4 permit. At this time I feel we will be well prepared for this audit whenever it occurs.

We had a surprise inspection by the Bureau of Labor for the municipal building. We will receive the report in a few weeks but overall, we did very well. Special thanks to A/C Metcalf, Sgt. Fizell and Julie Strout who assisted with providing the requested documentation.

## **Attachments:**

1. Letter from Sewer District



# VEAZIE SEWER DISTRICT

34 HOBSON AVENUE

VEAZIE, MAINE 04401

PHONE 942-1536 FAX 942-0011

February 1, 2019

Town of Veazie  
1076 Main Street  
Veazie ME 04401

Re. Planning Board - Buck Hill Subdivision

Dear Mr. Donald MacKay,

It has come to the attention of the Sewer District Trustees that the recent Buck Hill Subdivision Addition has been approved by the town without consulting with the district on the sewage disposal needs.

It appears that there will need to be a sewer extension to serve the new additional lots.

Prior to town granting approval the sewer extension needs to be reviewed and authorized by the district trustees.

In the future such approvals should not be given to the developer until such developer has Sewer District Approval for any needed sewer main extensions.

The Sewer District Trustees appreciate your attention to this matter.

Sincerely,

Rob Tomilson, Veazie Sewer District

Cc: Mark Leonard, Veazie Town Manager