

TOWN OF HOLDEN, MAINE
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

JUNE 30, 2019

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Maine Municipal Audit Services, PA

Mindy J. Cyr, CPA

Independent Auditors' Report

To the Town Council
Town of Holden
Holden, Maine

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

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to 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. 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 Holden, Maine, as of June 30, 2019, and the respective changes in financial position 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, schedule of employer's pension contribution and share of net pension liability, schedule of changes in net OPEB liability and related ratios, and budgetary comparison schedule, on pages 5-6, 30-31, 32 and 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Holden, Maine's basic financial statements. The combining and individual non-major fund financial statements, schedule of property valuation, and schedule of taxes receivable are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of property valuation, and schedule of taxes receivable 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 States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of property valuation, and schedule of taxes receivable are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maine Municipal Audit Services, PA

Levant, Maine
November 13, 2019

Town of Holden
Management's Discussion and Analysis
Fiscal Year ending June 30, 2019

Management of the Town of Holden offers this management's discussion and analysis report that will provide information that should be used in conjunction with the outside audit report for the fiscal year ending June 30th, 2019.

Overview of Financial Statements:

The discussion and analysis report is intended to serve as an introductory to the full audit report. The audit report consists of three components: government-wide financial statements; fund financial statements, and the notes to the financial statements. This report is intended to explain some of these financial statements in concise non-financial terminology.

Government-wide Financial Statements:

The government-wide financial statements present the Town's financial position as of a certain date using some common financial reporting tools and using the modified accrual basis of accounting. The governmental activities that are reported include: general government, public safety, public works, health, social services, education, cemetery, parks and recreation activities.

Fund Financial Statements:

A fund is a group of related accounts that have been grouped together to maintain control over activities that are segregated for specific purposes and objectives. These funds include general fund, special revenue fund, and permanent fund accounts.

Budget year Increases:

Increases from the previous fiscal year on the municipal portion of the overall budget was \$96,650. The major items that attributed to the increase were \$45,000 in additional Capital Improvement Plan funding, \$20,000 increase to workers compensation, health care coverage changes, and cost of living adjustment for employees.

Year Capital Expenditures:

The Town of Holden made three considerable purchases during the fiscal year. The first purchase was to upgrade the signage at the Town Office, for which the Town Council authorized up to \$35,000 on March 3rd, 2019. The second two purchases were for equipment in the Highway Department, replacement of the Pressure Washer with trailer and to purchase a straw thrower. Council gave authorization to expend up to \$20,500 for both purchases on June 17, 2019.

Notes to the Financial Statements:

The notes provide the reader with additional information about the Town that will help understand the financial data provided by our outside audit firm and our financial statements.

Government Wide Financial Analysis:

The audit report shows that the Town increase our net position by \$580,654 for the year ending in June 30th, 2019. Ending net position is \$6,538,515. The Town has long-term debt outstanding of \$1,007,354.

Differences between the original and final budget of the general fund are typically caused by the usage of assign and unassigned fund balances along with the applied revenues.

All the Town departments finished the year under budget. The general fund actual revenues totaled \$6,188,312, with actual expenditures totaling \$5,859,733.

Contacting the Town's Management:

If you have any questions about this report or need additional financial information, contact the Town Office at 570 Main Road, Holden, Maine, 04429

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

		Total Governmental Activities
ASSETS:		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 2,289,353	
Investments	733,640	
Accounts receivable	2,359	
Prepaid expense	20,808	
Inventory	18,760	
Tax acquired property	3,826	
Taxes receivable	827	
Tax liens receivable	137,463	
<i>Total current assets</i>		\$ 3,207,036
<i>Non-current assets:</i>		
Capital assets, net of accumulated depreciation	4,747,563	
<i>Total non-current assets</i>		4,747,563
TOTAL ASSETS		7,954,599
DEFERRED OUTFLOWS OF RESOURCES:		
Defined benefit pension plan	59,383	
OPEB related outflows	8,655	
TOTAL DEFERRED OUTFLOWS OF RESOURCES		68,038
		\$ 8,022,637
LIABILITIES:		
<i>Current liabilities:</i>		
Accounts payable	\$ 50,744	
Accrued liabilities	25,325	
Due to other governments	8,456	
Accrued interest payable	6,151	
Current portion of long-term debt	152,527	
<i>Total current liabilities</i>		\$ 243,202
<i>Non-current liabilities:</i>		
Non-current portion of long-term debt:		
Bonds payable	854,827	
Accrued compensated absences	47,472	
OPEB liabilities	75,586	
Net pension liability	165,936	
<i>Total non-current liabilities</i>		1,143,822
TOTAL LIABILITIES		1,387,024
DEFERRED INFLOWS OF RESOURCES:		
Prepaid property taxes	6,418	
Denfined benefit pension plan	45,828	
OPEB related inflows	44,851	
TOTAL DEFERRED INFLOWS OF RESOURCES		97,097
NET POSITION:		
Net investment in capital assets	3,740,209	
Restricted:		
Permanent funds	48,751	
Grant funds	153	
Inventory	18,760	
Unrestricted	2,730,642	
TOTAL NET POSITION		6,538,515
		\$ 8,022,637

The accompanying notes are an integral part of these statements.

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
<i>Governmental activities:</i>						
General government	\$ 96,113	\$ 18,391	\$ -	\$ -	(77,722)	(77,722)
Administration	394,437	-	-	-	(394,437)	(394,437)
Police protection	417,040	-	-	-	(417,040)	(417,040)
Fire protection	481,636	-	-	-	(481,636)	(481,636)
Sanitation	113,385	-	-	-	(113,385)	(113,385)
Public works	484,143	-	34,492	-	(449,651)	(449,651)
Health and welfare	9,751	-	3,891	-	(5,860)	(5,860)
Education	2,855,405	-	-	-	(2,855,405)	(2,855,405)
County tax	403,853	-	-	-	(403,853)	(403,853)
Other	21,778	-	-	19,430	(2,348)	(2,348)
Interest on long-term debt	46,976	-	-	-	(46,976)	(46,976)
Depreciation	315,326	-	-	-	(315,326)	(315,326)
<i>Total governmental activities</i>	<i>\$ 5,639,841</i>	<i>\$ 18,391</i>	<i>\$ 38,383</i>	<i>\$ 19,430</i>	<i>(5,563,638)</i>	<i>(5,563,638)</i>
<i>General revenues:</i>						
Property taxes, levied for general purposes					4,747,966	4,747,966
Excise taxes					796,062	796,062
Interest and lien fees					20,349	20,349
Licenses and permits					44,366	44,366
<i>Grants and contributions not restricted to specific programs:</i>						
State revenue sharing					151,220	151,220
Other					148,171	148,171
Unrestricted investment earnings					17,776	17,776
Unrealized gain (loss) on investments					10,731	10,731
Miscellaneous revenues					207,651	207,651
<i>Total general revenues and transfers</i>					<i>6,144,292</i>	<i>6,144,292</i>
<i>Changes in net position</i>					<i>580,654</i>	<i>580,654</i>
NET POSITION - BEGINNING - RESTATED - SEE FOOTNOTES					5,957,861	5,957,861
NET POSITION - ENDING				\$	6,538,515	\$ 6,538,515

The accompanying notes are an integral part of these statements.

Town of Holden, Maine
Balance Sheets
Governmental Funds
June 30, 2019 and 2018

	General Fund	Other Governmental Funds	2019 Total Governmental Funds	2018 Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,289,353	\$ -	\$ 2,289,353	\$ 1,829,870
Investments	733,640	-	733,640	818,465
Accounts receivable	2,359	-	2,359	42,230
Due from other funds	-	48,904	48,904	50,227
Inventory	18,760	-	18,760	14,880
Prepaid expense	20,808	-	20,808	-
Tax acquired property	3,826	-	3,826	4,082
Taxes receivable	827	-	827	646
Tax liens receivable	137,463	-	137,463	136,235
TOTAL ASSETS	\$ 3,207,036	\$ 48,904	\$ 3,255,940	\$ 2,896,635
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Liabilities:</i>				
Accounts payable	\$ 50,744	\$ -	\$ 50,744	\$ 34,223
Due to other governments	8,456	-	8,456	-
Accrued liabilities	25,325	-	25,325	19,722
Due to other funds	48,904	-	48,904	50,227
<i>Total liabilities</i>	<i>133,429</i>	<i>-</i>	<i>133,429</i>	<i>104,171</i>
<i>Deferred inflows of resources:</i>				
Prepaid property taxes	6,418	-	6,418	17,856
Deferred property tax revenue	110,631	-	110,631	109,500
<i>Total deferred inflows of resources</i>	<i>117,049</i>	<i>-</i>	<i>117,049</i>	<i>127,356</i>
<i>Fund balances:</i>				
Non-spendable - inventory	18,760	-	18,760	14,880
Restricted -				
Permanent funds	-	48,751	48,751	48,266
Grant funds	-	153	153	-
Assigned	792,956	-	792,956	655,242
Unassigned	2,144,841	-	2,144,841	1,946,720
<i>Total fund balances</i>	<i>2,956,558</i>	<i>48,904</i>	<i>3,005,462</i>	<i>2,665,108</i>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,207,036	\$ 48,904	\$ 3,255,940	\$ 2,896,635

The accompanying notes are an integral part of these statements.

Town of Holden, Maine
 Reconciliation of Fund Balance to Net Position
 Governmental Funds
 June 30, 2019

TOTAL FUND BALANCES	\$	3,005,462
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Amounts reported for governmental activities in the statement of net position (Stmnt. 1) are different because:

Depreciable and non-depreciable capital assets as reported in Stmnt. 1		4,747,563
Long-term liabilities, including bonds payable, as reported on Stmnt. 1		(1,007,354)
Accrued interest on long-term debt as reported on Statement 1		(6,151)
Net pension liability, as reported on Stmnt. 1		(165,936)
Deferred outflows related to pension plans		59,383
Deferred inflows related to pension plans		(45,828)
Accrued compensated absences		(47,472)
Deferred property taxes not reported on Stmnt. 1		110,631
Deferred outflows of resources - OPEB related expenditures		8,655
Deferred inflows of resources - OPEB related inflows		(44,851)
OPEB liabilities		(75,586)

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	6,538,515
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The accompanying notes are an integral part of these statements.

Town of Holden, Maine
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Years Ended June 30, 2019 and June 30, 2018

	General Fund	Other Governmental Funds	2019 Total Governmental Funds	2018 Total Governmental Funds
REVENUES:				
Property taxes	\$ 4,746,835	\$ -	\$ 4,746,835	\$ 4,473,952
Excise taxes	796,062	-	796,062	762,283
Intergovernmental revenue	337,774	19,430	357,204	348,516
Charges for services	18,391	-	18,391	101,662
Investment income	16,885	891	17,776	10,143
Interest and lien fees	20,349	-	20,349	24,936
Licenses and permits	44,366	-	44,366	34,262
Other revenue	207,651	-	207,651	122,049
<i>Total revenues</i>	6,188,312	20,321	6,208,634	5,877,802
EXPENDITURES:				
General government	142,093	-	142,093	129,808
Administration	394,437	-	394,437	362,130
Police protection	417,040	-	417,040	385,451
Fire protection	481,636	-	481,636	854,357
Sanitation	113,385	-	113,385	154,952
Public works	711,188	-	711,188	735,943
Health and welfare	9,751	-	9,751	5,170
Education	2,855,405	-	2,855,405	2,817,083
County tax	403,853	-	403,853	379,101
Debt service	200,161	-	200,161	210,969
Grant expenditures	-	19,277	19,277	12,403
Reserve accounts	130,786	-	130,786	210,318
<i>Total expenditures</i>	5,859,733	19,277	5,879,010	6,257,685
<i>Excess (deficiency) of revenues over expenditures</i>	328,579	1,044	329,623	(379,882)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	931	525	1,456	585
Operating transfers (out)	(525)	(931)	(1,456)	(585)
Issuance of long-term debt	-	-	-	300,000
Unrealized gain (loss) on investment	10,731	-	10,731	(23,322)
<i>Total other financing sources (uses)</i>	11,137	(406)	10,731	276,678
<i>Net change in fund balances</i>	339,716	638	340,354	(103,204)
FUND BALANCES - BEGINNING	2,616,842	48,266	2,665,108	2,768,312
FUND BALANCES - ENDING	\$ 2,956,558	\$ 48,904	\$ 3,005,462	\$ 2,665,108

The accompanying notes are an integral part of these statements.

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

Net change in fund balances - total governmental funds (Stmt. 4)	\$	340,354
<p>Amounts reported for governmental activities in the Statement of Activities (Stmt. 2) are different due to the following items:</p>		
Depreciation expense recorded on Statement of Activities, yet not required to be recorded as expenditures on governmental funds		(315,326)
Capital outlays expensed on the Governmental Funds report (Stmt. 4), yet not considered an expense for the purposes of Statement of Activities (Stmt. 2)		355,330
Revenues in the Statement of Activities (Stmt. 2) that do not provide current financial resources are not reported as revenues in the funds. More specifically, this amount represents the change in deferred property taxes.		1,131
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. More specifically, this represents the net amount of principal reduction in debt service made during the fiscal year.		153,638
Change in accrued compensated absences		1,938
Expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Specifically, this represents the change in deferred pension liability and changes in deferred inflows/outflows related to pensions		47,466
OPEB expenses under GASB #75 are not reported in the governmental fund statements		(3,424)
Change in accrued interest expense		(453)
<hr/>		
Changes in net position of governmental activities (see Stmt. 2)	\$	580,654

The accompanying notes are an integral part of these statements.

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Holden, Maine (the Town) was incorporated on April 13, 1852. The Town operates under a town council – town manager form of government and is incorporated under the laws of the State of Maine.

The accounting policies of the Town conform to U.S. generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*, and its amendments, established new financial reporting requirements for governments and caused the Town to restructure much of the information presented in the past. The more significant of the government’s accounting policies are described below.

In evaluating how to define the Town for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GASB Statement No. 14 *The Financial Reporting Entity* as amended by GASB Statement No. 39. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. Based on the criteria, it was determined that no other entities should be included in the Town’s financial statements.

B. Basis of Presentation

The Town’s basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

Government-Wide Financial Statements

The Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities and reports information on all of the non-fiduciary activities of the Town as a whole.

The Statement of Net Position reports all financial and capital resources of the Town and reports the difference between assets and liabilities, as “net position” not fund balance or equity. The Statement of Activities shows the degree to which the direct expenses of a given function or segment are offset by program revenue and reflects the “net (expense) revenue” of the Town’s individual functions before applying general revenues. The Town has elected not to allocate indirect costs among programs. Program revenues include 1) charges to customers for services and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. The focus of governmental and proprietary fund financial statements is on major funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being aggregated and displayed in a single column. The General Fund is always a major fund.

Because of the basis of accounting and reporting differences, summary reconciliations to the Government-wide financial statements are presented at the end of each applicable fund financial statement.

C. Measurement Focus and Basis of Accounting

Governmental Fund Types

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

Special Revenue Fund – Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for a specified purpose.

Permanent Fund – This fund is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs. A permanent fund would be used, for example, to account for the perpetual care endowment of a municipal cemetery.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is a conceptual description of the timing of the accounting measurements made.

The Government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, in accordance with GASB #34. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a general rule, the effect of interfund activity has been eliminated from the Government-wide financial statements.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis concept, revenues are recognized when they become measurable (estimable as to the net amount to be collected) and available as current assets. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

When both restricted and unrestricted resources are available, it is the government's policy to use restricted resources first and then unrestricted resources as they are needed.

D. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for the general fund only. Annual operating budgets are adopted each fiscal year by the registered voters of the Town at their annual Town meeting. Budgets are established in accordance with generally accepted accounting principles. Budgetary control is exercised at the town council level. All unencumbered budget appropriations lapse at the end of the year unless specifically designated by the Town Council or required by law.

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses

Cash and Cash Equivalents

Cash and cash equivalents include currency on hand, demand deposits with financial institutions, and other accounts with an original maturity of three months or less when purchased. Investments are recorded at fair value.

Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical costs or estimated historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20-40
Infrastructure	30-50
Machinery and Equipment	3-15

Net Position and Fund Balances

In the Government-wide financial statements, the difference between the Town's total assets and total liabilities represents net position. Net position displays three components – invested in capital assets, net of related debt; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net assets available for future operations.

In the Fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. These designations are categorized as follows:

Non-spendable – Funds that are not in spendable form, such as funds that are legally required to be maintained in tact (corpus of a permanent fund).

Restricted – Funds that are restricted for use by an external group, the federal government, or other governing documents.

Assigned – Funds intended to be used for specific purposes set by the Town Council.

Unassigned – Funds available for any purpose.

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

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenue arises when the Town receives resources before it has legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Property Taxes

Property taxes for the current year were committed on July 13, 2017, on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. Payment of taxes was due on September 8, 2017 and March 8, 2018, with interest at 7% on all tax bills unpaid as of the due date.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$50,430.49 for the year ended June 30, 2018.

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

Risk Management

The Town pays insurance premiums to certain agencies to cover risks that may occur in normal operations. The Town purchases employee fidelity bond coverage. There have been no significant reductions in insurance coverage from the prior year. No settlements of claims have exceeded insurance coverage in the current year.

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 compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the Fund for its workers 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 Towns’ 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 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 \$200,000,000. Under the liability portion of the Pool, coverage is provided, after the deductible is met, to \$1,000,000.

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used to determine depreciation expense. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Typically, the Town invests funds in checking accounts, savings accounts, certificates of deposit, and U.S. government obligations (through an investment group owned by a financial institution). From time to time the Town's deposits and investments may be subject to risks, such as the following:

Custodial Credit Risk – Deposits - the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town uses only financial institutions that are insured by the FDIC or additional insurance. At June 30, 2019, cash deposits had a carrying value of \$2,289,353, all of which was covered by FDIC or collateralized.

Interest Rate Risk – The Town does not currently have a deposit policy for interest rate risk.

Credit Risk – The Town does not have a formal policy regarding credit risk. Maine statutes authorize the Town to invest in obligations of the U.S. Treasury, and U.S. Agencies and certain bonds, securities and real assets.

Custodial Credit Risk – Investments – the risk that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have an investment policy. None of the Town's investments were subject to custodial credit risk.

At June 30, 2019, the Town's investment balances were as follows:

	Fair value	Less than one year	1-5 years	More than 5 years
Cash & cash equivalents				
Federal obligations (Dreyfus Governmental Cash Management)	\$ 119,209	\$ 119,209	\$ 0	\$ 0
Fixed income				
Government bonds – Fixed, nonrated				
Federal Home Loan Bank	49,675		49,675	
Federal Natl Mtg Assn	99,824	99,824		
Federal Home Loan Mtg Corp	76,108		76,108	
Federal Farm Credit Bank	65,191	65,191		
Brokered CD				
American Express Bk	124,925	124,925		
Capital One Bank	198,708		198,708	
Total Investments	\$ 733,640	\$ 409,149	\$ 324,491	\$ 0

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

2. DEPOSITS AND INVESTMENTS (CONTINUED)

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. All investments held by the Town are Level 1 inputs.

3. CAPITAL ASSETS

Governmental activities:	Balance 7/1/18	Additions	Deletions	Balance 6/30/19
Capital assets not being depreciated:				
Land	\$ 622,150	\$ -	\$ -	\$ 622,150
Capital assets being depreciated:				
Buildings & improvements	1,604,233	51,681	-	1,655,914
Equipment	578,902	20,000	-	598,902
Vehicles	1,893,366	56,604	(54,687)	1,895,283
Infrastructure	2,402,358	227,045	-	2,629,403
Total capital assets	7,101,009	355,330	(54,687)	7,401,652
Less accumulated depreciation				
Buildings/impr.	(672,230)	(43,045)	-	(715,275)
Equipment	(403,396)	(40,605)	-	(444,001)
Vehicles	(684,495)	(127,256)	54,687	(757,064)
Infrastructure	(633,329)	(104,420)	-	(737,749)
Total accumulated depreciation	(2,393,450)	(315,326)	54,687	(2,654,089)
Total capital assets, net	4,707,559	40,004	-	4,747,563
Governmental activities Capital assets, net	\$ 4,707,559	\$ 40,004	\$ -	\$ 4,747,563

Depreciation expense can be allocated to departments as follows:

Public safety	\$ 102,771
Public works	207,950
Town wide	<u>4,605</u>
	\$ 315,326

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

4. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2019, was as follows:

Description	Balance 7/1/2018	Additions	(Reductions)	Balance 6/30/2019
Governmental activities:				
Camden National Bank, 2.63% dated 10/20/14, payable annually Due 2024	\$ 283,872	\$ -	\$ (40,553)	\$ 243,319
Bond issued 5/27/99, annual payments, varied interest 4.039%-5.289%	613,247	-	(42,088)	571,159
People's United Bank, 2.8%, dated 2010, due monthly until 2019	20,447	-	(12,759)	7,688
Lease purchase agreement. \$300,000 3.041%, due annually through 2022	243,426	-	(58,237)	185,189
Accrued compensated absences	49,411	-	(1,939)	47,472
Total	\$ 1,210,403	\$ -	\$ (155,576)	\$ 1,054,827

The annual future principal payment requirement for bonds payable outstanding as of June 30, 2019, is as follows:

Year ending June 30,	Governmental Activities		Total
	Principal	Interest	
2020	\$ 152,527	\$ 17,270	\$ 169,797
2021	148,979	10,170	159,149
2022	153,313	18,595	171,908
2023	92,440	25,565	118,005
2024	95,238	23,112	118,350
2025-2029	364,857	55,955	420,812
Accrued absences	47,472	-	47,472
Total	\$ 1,054,826	\$ 150,667	\$ 1,205,493

5. PENDING LITIGATION

According to Town management, there are no matters that would result in adverse losses, claims, or assessments against the Town through the date of the audit report.

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

6. ASSIGNED BALANCES

The Town Council has the authority to assign amounts for specific future purposes. Approved assigned balances at June 30, 2019 consist of:

Account	Balance 7/1/2018	Total Revenue/ Receipts	Total Appropriations/Uses	Balance 6/30/2019
Conservation commission	\$ 2,667	\$ 50	\$ -	\$ 2,717
Fire department	78,582	89,078	-	167,660
Equipment/grant match	-	20,140	-	20,140
Revaluation	10,527	15,302	-	25,829
Admin department	13,450	1,761	-	15,211
Police department	13,857	22,413	-	36,270
Road improvement	-	10,070	-	10,070
Highway department	146,832	86,275	(70,098)	163,009
General reserve	54,557	5,961	(12,873)	47,645
Municipal building	147,647	39,233	(4,245)	182,635
Cemetery interest	538	10	-	548
Economic development	136,412	2,547	(28,172)	110,787
Cemetery reserve	44,601	2,325	(40,481)	6,445
Holden veteran's memorial	5,573	117	(1,700)	3,990
Totals	\$ 655,243	\$ 295,282	\$ (157,569)	\$ 792,956

7. EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2019, there were the following departments had expenditures that exceeded appropriations:

Health and welfare	\$ 3,751
Debt service	76

8. SUBSEQUENT EVENTS

Management has made an evaluation of subsequent events to and including the audit report date, which was the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

9. DEFINED BENEFIT PENSION PLAN

Plan Description

Full-time Town employees are eligible to participate in the Maine Public Employees Retirement System (MainePERS), a cost sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title V of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (800) 451-9800

Benefits Provided

The MainePERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below his/her normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

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

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule. The Town's participants contributed 8% of their wages to the plan for the fiscal year ended June 30, 2019.

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

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

Actuarial Cost Method

The entry age normal actuarial funding method is used to figure costs. Using this method, the total employer contribution rate contains two elements – the normal cost rate and the unfunded actuarial liability (UAL) rate.

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

Experience gains (losses) – increases or decreases in liabilities and in assets when actual experience is different from the actuarial assumptions – affect the unfunded actuarial accrued liability.

Asset Valuation Method

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

Amortization

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

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

Investment Rate of Return – 6.75% per annum, compounded annually

Salary Increases, Merit and Inflation – 2.75%-9%

Cost of Living Benefit Increases – 1.91%

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

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

At June 30, 2019, the Town reported a liability of \$165,936 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating entities, actuarially determined. The Town's proportion was 0.060631%, which was a decrease of 0.007171% from its proportion measured as of the prior year.

For the year ended June 30, 2019, the Town recognized pension expense of \$47,466. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
Difference between expected and actual experience	\$ 520	\$ 1,823
Net difference between projected and actual earnings on pension plan investments	-	40,066
Changes of assumptions	26,484	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	32,379	3,939
	\$ 59,383	\$ 45,828

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2020	\$ 40,516
2021	10,651
2022	(27,257)
2023	(10,356)

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method where best-estimate ranges of expected future real rates of return are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized below:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-term Expected Real Rate of Return</i>
Public equities	30%	6.0 %
US government	7.5	2.3
Private equity	15	7.6
Real assets:		
Real estate	10	5.2
Infrastructure	10	5.3
Natural resources	5	5.0
Traditional credit	7.5	3.0
Alternative credit	5	4.2
Diversifiers	10	5.9

Discount Rate

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

The following table shows how the collective net pension liability/(asset) would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate.

1% Decrease 5.75%	Current Discount Rate 6.75%	% Increase 7.75%
\$ 391,089	\$ 165,936	\$ (44,520)

Pension Plan Financial and Actuarial Information

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

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

10. DEFERRED COMPENSATION PLAN

The Town offers full-time employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401 through ICMA Retirement Corporation. The plan permits salary deferral to future years. Participation in the plan is optional. As of June 30, 2019, eight employees were enrolled in the plan. The deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

The Town has amended its plan in accordance with Internal Revenue Section 457(g); therefore, the Town no longer owns the deferred amounts and they have been removed from the Town's financial statements.

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

11. OPEB OBILIGATIONS

Plan Description

The Town provides health insurance to its employees through Maine Municipal Employees Health Trust (MMEHT). The Town does not provide postemployment or postretirement health benefits, but it is subject to an implicit benefit for its members in MMEHT.

Accounting Policies

The impact of experience gains or losses and assumption changes on the Total OPEB Liability (TOL) are recognized in the OPEB expense over the average expected remaining service life of all active and inactive members of the Plan. As of the beginning of the measurement period, this average was 9 years.

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

11. OPEB OBLIGATIONS (CONTINUED)

The table below shows changes in the change in Net OPEB Liability during the 2019 measurement year:

	Net OPEB Liability (a)	<i>Increase (Decrease)</i> Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances 1/1/2018 (Reporting 12/31/2018)	\$ 76,094	\$ -	\$ 76,094
Changes for the year:			
Service cost	5,633	-	5,633
Interest	2,810	-	2,810
Changes of assumptions	(8,876)	-	(8,876)
Contributions – employer	-	75	(75)
Benefit payments	(75)	(75)	-
Net changes	(508)	-	(508)
Balances 1/1/2019 (Reporting 12/31/2019)	\$ 75,586	\$ -	\$ 75,586

The table below summarizes the current balances of deferred outflows and deferred inflows of resources along with the net recognition over the next 5 years, and thereafter:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 36,886
Changes in assumptions	8,655	7,890
Net difference between projected & actual earnings on OPEB plan investments	-	-
Total	\$ 8,655	\$ 44,776

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:

2020	(5,019)
2021	(5,019)
2022	(5,019)
2023	(5,019)
2024	(5,019)
Thereafter	(11,026)

As of January 1, 2018, the plan membership data is comprised of 13 active members with only an implicit benefit.

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

11. OPEB OBLIGATIONS (CONTINUED)

Key Economic Assumptions:

Measurement date: January 1, 2019

Discount rates: 4.10% per annum for year end 2019 reporting
3.44% per annum for year end 2018 reporting

Trend assumptions: *Pre-Medicare Medical* – Initial trend of 8.20% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Pre-Medicare Drug – Initial trend of 9.60% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Medical – Initial trend of 4.93% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Drug – Initial trend of 9.60% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Administrative and claims expense – 3% per annum.

Future Plan Changes

It is assumed that the current plan and cost-sharing structure remains in place for all future years.

Demographic Assumptions:

Retiree continuation: Retirees who are current Medicare participants – 100%
Retirees who are Pre-medicare, active participants – 75%
Spouses who are Pre-medicare, spouse is active participant – 50%

Rate of mortality: Based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Marriage assumptions: A husband is assumed to be 3-years older than his wife.

Assumed rate of retirement: For employees hired prior to July 1, 2014
Age 55-58 – 5%
Age 59-64 – 20%
Age 65-69 – 25%
Age 70+ – 100%
For employees hired after July 1, 2014
Age 55-63 – 5%
Age 64-69 – 20%
Age 70+ – 100%

Salary increases: 2.75% per year

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

11. OPEB OBILIGATIONS (CONTINUED)

Discount Rate

The discount rate used to measure the TOL was 4.10% based on a measurement date of January 1, 2019. This 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.

The following table shows how the net OPEB liability as of June 30, 2019 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 4.10%.

1% Decrease 3.10%	Current Rate 4.10%	1% Increase 5.10%
\$ 89,576	\$ 75,586	\$ 64,370

Changes in the healthcare trend affect the measurement of the TOL. Lower healthcare trend rates produce a lower TOL and higher healthcare trend rates produce a higher TOL. The table below shows the sensitivity of the TOL to the healthcare trend rates.

1% Decrease	Healthcare Trend Rates	1% Increase
\$ 63,096	\$ 75,586	\$ 91,714

A 1% decrease in the healthcare trend rate decreases the NOL by approximately 16.5%. A 1% increase in the healthcare trend rate increases the NOL by approximately 21.3%.

12. RESTATEMENT OF NET POSITION

The Town's opening net position has been restated to account for the effects of the implementation of GASB #75 as follows:

Beginning net position – as originally stated	\$ 6,066,219
Net OPEB liability as of June 30, 2018	<u>(108,358)</u>
Net position July 1, 2018 - restated	\$ 5,957,861

**TOWN OF HOLDEN, MAINE
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019**

Date	Contractually Required Contribution	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 15,843	\$ 211,245	7.5%
2016	20,159	251,992	8.0%
2017	25,076	313,454	8.0%
2018	26,538	331,727	8.0%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**TOWN OF HOLDEN, MAINE
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019**

	2018	2017	2016	2015
Employer's proportion of the Net Pension Liability (asset)	0.060631%	0.053460%	0.056437%	0.041296%
Employer's proportionate share of the Net Pension Liability (asset)	\$ 165,936	\$218,881	\$299,867	\$131,750
Employer's Covered Payroll	\$331,727	\$313,454	\$251,992	\$211,245
Employer's proportionate share of the Net Pension Liability (asset) as a percentage of its covered employee payroll	50.0%	69.8%	118%	62.3%
Plan fiduciary net position as a percentage of the total pension liability	91.1%	86.4%	81.6%	88.3%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**TOWN OF HOLDEN, MAINE
NOTES TO GASB #68 REQUIRED SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2019**

Valuation Date:

Only fiscal years 2014-2018 are reported. The Town will continue to present information until a full ten-year trend is compiled.

Changes of Benefit Terms include:

There were no benefit changes for the Town employees in the employees' retirement plan.

Changes of Assumptions include:

The discount rate was changed from 6.875% to 6.75% and the cost-of-living benefit increase was changed from 2.20% to 1.91%. The rate of inflation was 2.75%, 2.75% was also used by MainePers in its year ended June 30, 2018.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal.
Amortization method	A level percentage of payroll using a method where a separate twenty-year closed period is established.
Asset valuation method	One-third of the investment return that is different from the actuarial assumption for investment return.
Retirement age	60 or 65, depending on years of creditable service at certain dates.
Mortality	RP2014 Total Dataset Health Annuitant Mortality Table for males and females is used.

TOWN OF HOLDEN, MAINE
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019

Schedules of Required Supplementary Information start with one year of information as of the implementation of GASB No. 75, but eventually will build up to 10 years of information. The schedule below shows changes in total OPEB liability and related ratios required by GASB No. 75.

	FYE 2019	FYE 2018
Total OPEB Liability		
Service cost (BOY)	\$ 5,633	\$ 3,777
Interest (includes interest on service cost)	2,810	4,103
Changes of benefit terms	0	0
Differences between expected and actual experience	0	(47,424)
Changes of assumptions	(8,876)	11,127
Benefit payments, including refunds of member contributions	(75)	(502)
Net change in total OPEB liability	\$ (508)	\$ (28,919)
Total OPEB liability – beginning	\$ 76,094	\$ 105,013
Total OPEB liability – ending	\$ 75,586	\$ 76,094
<u>Plan fiduciary net position</u>		
Contributions – employer	75	502
Contributions – member	0	0
Net investment income	0	0
Benefit payments, including refunds of member contributions	(75)	(502)
Administrative expenses	0	0
Net change in plan fiduciary net position	0	0
Plan fiduciary net position – beginning	0	0
Plan fiduciary net position – ending	0	0
Net OPEB liability – endings	\$ 75,586	\$ 76,094
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%
Covered employee payroll	\$ 611,413	\$ 611,413
Net OPEB liability as a percentage of covered employee payroll	12.4%	12.4%

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 4,753,899	\$ 4,753,899	\$ 4,746,835	\$ (7,064)
Excise taxes	684,000	684,000	796,062	112,062
Intergovernmental revenue	361,602	361,602	337,774	(23,828)
Charges for services	16,100	16,100	18,391	2,291
Investment income	8,000	8,000	16,885	8,885
Interest and lien fees	20,000	20,000	20,349	349
Licenses and permits	28,800	28,800	44,366	15,566
Other revenues	118,900	118,900	207,651	88,751
<i>Total revenues</i>	<u>5,991,301</u>	<u>5,991,301</u>	<u>6,188,312</u>	<u>197,011</u>
EXPENDITURES:				
General government	167,920	167,920	142,093	25,827
Administration	416,255	416,255	394,437	21,818
Police protection	447,020	447,020	417,040	29,980
Fire protection	519,490	519,490	481,636	37,854
Sanitation	169,900	169,900	113,385	56,515
Public works	761,775	761,775	711,188	50,587
Health and welfare	6,000	6,000	9,751	(3,751)
Education	2,855,406	2,855,406	2,855,405	1
County tax	403,853	403,853	403,853	-
Debt service	200,085	200,085	200,161	(76)
Reserve accounts	268,500	923,742	130,786	792,956
<i>Total expenditures</i>	<u>6,216,204</u>	<u>6,871,446</u>	<u>5,859,733</u>	<u>1,011,713</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(224,903)</u>	<u>(880,145)</u>	<u>328,579</u>	<u>814,702</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	931	931
Operating transfers (out)	-	-	(525)	(525)
Unrealized gain (loss) on investments	-	-	10,731	10,731
<i>Total other financing sources</i>	<u>-</u>	<u>-</u>	<u>11,137</u>	<u>11,137</u>
<i>Net changes in fund balances</i>			<u>339,716</u>	
FUND BALANCES - BEGINNING			<u>2,616,842</u>	
FUND BALANCES - ENDING			<u>\$ 2,956,558</u>	

Town of Holden, Maine
Combining Balance Sheet - All Other Non-Major Governmental Funds
June 30, 2019

	<i>Special Revenue Fund</i>	<i>Permanent Fund</i>	<i>Total Other Governmental Funds</i>
ASSETS:			
Interfund Receivables	\$ 153	\$ 48,751	\$ 48,904
TOTAL ASSETS	\$ 153	\$ 48,751	\$ 48,904
 LIABILITIES AND FUND BALANCE:			
<i>Liabilities:</i>			
Interfund Payables	\$ -	\$ -	\$ -
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance:</i>			
Restricted	153	48,751	48,904
<i>Total fund balance</i>	<u>153</u>	<u>48,751</u>	<u>48,904</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 153	\$ 48,751	\$ 48,904

Town of Holden, Maine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
All Other Non-Major Governmental Funds
For the Year Ended June 30, 2019

	<i>Special Revenue Fund</i>	<i>Permanent Fund</i>	<i>Total Other Governmental Funds</i>
REVENUES:			
Intergovernmental	\$ 19,430	\$ -	\$ 19,430
Interest revenue	-	891	891
<i>Total revenues</i>	19,430	891	20,321
EXPENDITURES:			
Grant expenditures	19,277	-	19,277
<i>Total expenditures</i>	19,277	-	19,277
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	153	891	1,044
OTHER FINANCING SOURCES (USES) OF FUNDS:			
Transfers in	-	525	525
Transfers (out)	-	(931)	(931)
<i>Total other financing sources (uses)</i>	-	(406)	(406)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	153	485	638
FUND BALANCE - BEGINNING OF YEAR	-	48,266	48,266
FUND BALANCE - END OF YEAR	\$ 153	\$ 48,751	\$ 48,904

Town of Holden, Maine
Schedule of Property Valuation, Assessment and Appropriations
For the Year Ended June 30, 2019

<i>Assessed Valuation:</i>	
Real estate valuation	\$ 293,390,969
Personal property valuation	<u>2,627,096</u>
Total valuation	<u>296,018,065</u>
<i>Tax Commitment:</i>	
Tax assessment at \$16.65 per thousand	<u>4,753,899</u>
<i>Reconciliation of Commitment with Appropriation:</i>	
Current year tax commitment, as above	4,753,899
Appropriated from fund balance	282,200
Estimated revenues	<u>1,237,402</u>
Appropriations per original budget	<u>6,273,501</u>
<i>Overlay</i>	<u>(57,297)</u>
TOTAL APPROPRIATIONS	<u><u>\$ 6,216,204</u></u>

Town of Holden, Maine
Schedule of Taxes and Tax Liens Receivable
June 30, 2019

<i>Taxes receivable</i>			
Personal property	\$ 827	\$	827
<i>Tax liens receivable</i>			
2018	84,528		
2017	52,934		
			137,463
 TOTAL TAXES AND TAX LIENS RECEIVABLE		 \$	 <u><u>138,289</u></u>