



Millinocket

Maine's Biggest Small Town

FY 2020/2021 ANNUAL REPORT



TOWN OF MILLINOCKET

Richard Angotti, Town Manager

197 Penobscot Avenue, Millinocket, Maine 04462

Telephone 207-723-7000 FAX 207-723-7002

E-Mail manager@millinocket.org Web Site www.millinocket.org

To the Taxpayers and Residents of Millinocket:

I respectfully submit my second, annual report to you on the condition of the Town of Millinocket for Fiscal Year 2020 (July 1, 2020, to June 30, 2021). The year was eventful and had a number of highlights, some of which are noted below.

The biggest news of the year revolved around the Covid 19 Pandemic. This created many challenges to the community through locked doors, mask mandates, 6' distancing, long lines and vaccinations. But the residents of Millinocket rose to the challenge and worked to protect each other which has brought us through to where we have opened our doors again even though we are still masked. Unfortunately, we did lose a few of our residents to covid. Let us not forget this tragedy.

Our Katahdin is continuing to work on Development of the old mill site, and we are assisting them in any way physically possible. There were many hurdles to overcome and there will be many more, but I feel we are on our way to revitalizing the community we all affectionately call Millinocket the Magic City.

We weren't without our controversy as we saw two managers come and go as well as the shutting down of our Police Department. Moving to a contracted service with our neighbors in East Millinocket. We have struggled to make it work and because of the diligence and fortitude of many. We have overcome our adverse circumstances and are seeing an increase in the police presence in our community as well as a stronger relationship with our neighbors in East Millinocket.

With the announcement of the Nautilus Data center which will be located on the old Mill site. Now stop and think about this for a moment. In the early 1900s the potential was realized that this site with its natural resources could house a papermaking facility to create paper that was used to store data on. Now One Hundred years later the paper industry has gone and a new way to store Data electronically on this site using the natural resources will emerge in 2022 as the greenest data center in the World. Although this will not bring the large number of jobs that the paper company did, what it will do is start to revitalize our town and bring people back to live, work, and recreate in our small patch of heaven.

We need to continue to support development to survive. We need Tourism, Commercial Growth, and Industrial Development that gives us a balance to allow our community to flourish. Together we can make it happen. The Key is we must be able to work together meeting each other halfway for the betterment of Millinocket.

As a lifelong Resident of Millinocket and serving in the capacity of Interim Town Manager my bond with the residents has grown even stronger. We don't always agree with each other but that's what makes us the society that we are today. We need to look

Home to Mount Katahdin, Baxter State Park, and Your Successful Future

TOWN OF MILLINOCKET

Richard Angotti, Town Manager

197 Penobscot Avenue, Millinocket, Maine 04462

Telephone 207-723-7000 FAX 207-723-7002

E-Mail manager@millinocket.org Web Site www.millinocket.org

at both sides of the issues with open minds and place it alongside the laws and code for the Town of Millinocket, then if it fits come to a common ground that we can all live with. We need to follow the laws set forth by our forefathers to insure the future growth of Millinocket. We need to have respect of each other because you don't know what troubles the other person is going through so kindness is more powerful than negativizes. To those out there that feel they don't have a voice get involved with your town government and help move Millinocket forward.

Respectfully,
Richard Angotti Jr.
Interim Town Manager
Code Enforcement Officer
Town of Millinocket
Phone: 207-723-7000
Fax: 207-723-7002



STATE OF MAINE
OFFICE OF THE GOVERNOR
1 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0001

Dear Friends:

When I took the oath of office as Maine's 75th governor, I never imagined that we would face a deadly pandemic. But that is our reality, and it is my responsibility to guide our state through this time, to keep Maine people safe and healthy, and to put our economy on a path to recovery.

COVID-19 has wreaked havoc on our national economy, dealing heavy losses to businesses of all sizes, and leaving millions of people unemployed. Here in Maine it has taken the lives of hundreds of people and sickened many more. Since the arrival of the first vaccines in December 2020, we have been working to get as many shots into the arms of Maine people as quickly and efficiently as possible.

While our spirits are lifted and we share in a collective sense of relief, particularly for frontline health care workers who are exhausted and have been working around the clock to save lives, it will take months to administer the vaccine to all Maine people and we must keep our guard up. In the coming months, I look forward to working with you in fully opening our schools and businesses across the state. We will hasten our state's recovery if we wear our masks, watch our distance, avoid gatherings, and wash our hands.

My Administration, in collaboration with public health experts and business leaders across the state, developed a plan to gradually and safely restart Maine's economy. We also formed an Economic Recovery Committee charged with assessing the economic impacts of the pandemic on Maine's economy and providing recommendations for policy changes to deal with these impacts. Together, drawing on the hard work and resilience of Maine people, we will rebuild and strengthen our economy and rise from this unprecedented challenge to be a stronger, better state than ever.

I continue to be amazed by the strength and courage of the Maine people and businesses who have found different ways to do business and the brave first responders in your town and in our health care facilities. Thank you to the people of Maine who have demonstrated patience, kindness, and compassion during this difficult time.

Please take care,

A handwritten signature in black ink, appearing to read "Janet T. Mills", written over a horizontal line.

Janet T. Mills
Governor

P.S. For the latest information and guidance on Maine's response to COVID-19, as well as resources for assistance during this time, please visit www.maine.gov/covid19/.

SUSAN M. COLLINS
MAINE

113 DOWNEY STREET OFFICE BUILDING
WASHINGTON, DC 20510-1904
(202) 224-7523
(202) 774-2653 (TDD)

United States Senate
WASHINGTON, DC 20510-1904

COMMITTEES
SPECIAL COMMITTEE
ON AGING
COMMITTEE
ON APPROPRIATIONS
COMMITTEE
ON HEALTH, EDUCATION,
LABOR, AND PENSIONS
SELECT COMMITTEE
ON INTELLIGENCE

Dear Friends:

It is an honor to represent Maine in the United States Senate. I am grateful for the trust the people of our State have placed in me and welcome this opportunity to reflect on 2020, an incredibly challenging year for Maine families, small businesses, and communities.

When the pandemic struck, our country faced the specter of an overwhelmed health care system and devastation to our small businesses and the millions of people they employ. I immediately worked with Republicans and Democrats to pass multiple laws allocating approximately \$3 trillion to respond to this public health and economic crisis, including more than \$8 billion directed to Maine to support testing, schools, the economy, and other purposes — that is nearly double Maine's annual state budget.

I am especially proud of the bipartisan Paycheck Protection Program (PPP) I co-authored. This program has provided three out of four Maine small businesses with nearly \$2.3 billion in forgivable loans, which has helped sustain more than 250,000 Maine jobs. I have met thousands of Maine small employers and employees in all 16 counties who are surviving because of the PPP. As one small business owner told me, the PPP provided "exactly what we needed at exactly the right time." The PPP also allowed employers to maintain benefits, such as health care, during this challenging time. Another round of PPP is needed to sustain small businesses and their employees.

While the pandemic continues across Maine, our nation, and the world, I thank the first responders, health care professionals, teachers, grocery store employees, factory workers, farmers, truck drivers, postal employees, and so many others who continue to stay on the job during this difficult time. With the deployment of the first vaccines, better tests, and the incredible speed with which these life-saving responses were developed, I am hopeful we can emerge from this crisis in the next few months.

While providing relief to American families was my focus throughout 2020, other accomplishments include the passage of the Great American Outdoors Act, which provides full funding of the Land and Water Conservation Fund and addresses the maintenance backlog at our national parks, forests, and wildlife refuges. As Chairman of the Transportation Appropriations Subcommittee, in 2020 alone, I secured \$132 million to improve Maine's roads, bridges, airports, buses, rail, ferries, and seaports. Finally, as Chairman of the Aging Committee, I led the reauthorization of the Older Americans Act, which funds programs that improve the well-being, independence, and health of our nation's seniors and their caregivers, and I authored laws to reduce the cost of prescription drugs and protect individuals with Alzheimer's disease.

As the end of 2020 is approaching, I have cast more than 7,535 votes, never having missed one. In the New Year, my focus remains to work with colleagues to find common ground on policies to help support the health and safety of Mainers and the safe, responsible opening of our communities. If ever I or my staff can be of assistance to you, please do not hesitate to contact one of my state offices. May the coming year be a successful one for you, your family, your community, and our state.

Sincerely,



Susan M. Collins
United States Senator

130th Legislature
Senate of
Maine
Senate District 5

Senator James Dill
3 State House Station
Augusta, ME 04333-0003
(207) 287-1515
James.Dill@legislature.maine.gov

Dear Friends,

Thank you for the opportunity to continue serving as your State Senator. Representing our communities in Augusta and getting to know so many of you over the last few years has truly been the honor of a lifetime.

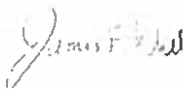
This past year, Mainers have faced challenges that we could have never imagined. We have confronted a global pandemic, an economic crisis, and mass unemployment, all while trying to go about our day-to-day lives to the best of our abilities. Unfortunately, these challenging times are still with us. Even though we see the light at the end of the tunnel with the rollout of the COVID-19 vaccines, I would encourage everyone to stay strong and do their part now to slow the spread of the virus and prevent further loss of life.

In the Legislature, I have been re-appointed as Chair of both the Agriculture, Conservation and Forestry Committee, and the Inland Fisheries and Wildlife Committee. These committees deal with many important issues, including hunting and fishing regulations, outdoor recreation activities, farming and more. As with everything else in our lives, the way we do our work will also be different this year. We will be doing much of it virtually, and only convening all-together in person when it's necessary. Our committee hearings and meetings will all be live-streamed and recorded, and can be seen online at www.legislature.maine.gov. In addition, folks will be able to participate and testify in these meetings live on camera or by calling into 1-800 numbers. I will make sure that even during these unusual times, the public always has ample access to see our work and can still add their voices to the process.

I also want to remind you that I am here as a resource to you or your family. Whether you have an issue with your unemployment benefits, need to contact a state agency or just have a question or comment, don't hesitate to reach out. You can send me an email at James.Dill@legislature.maine.gov or call my office at 287-1515.

I know these are still difficult times, but we will get through them and on to better days.

Sincerely,



Jim Dill
State Senator

TOWN OF MILLINOCKET
TOWN CLERK
197 PENOBSCOT AVENUE
MILLINOCKET, ME 04462



FY 20/21 ANNUAL REPORT

of the

Town Clerk

and

Registrar of Voters

Diana M. Lakeman
Town Clerk/Registrar of Voters

FY20/21

DIRECTORY OF MUNICIPAL OFFICERS AND OFFICIALS

TOWN COUNCIL

Steve Golieb	2018-2021
Randy D Jackson	2018-2021
Cody McEwen	2019-2022
Jane Danforth	2020-2023
Louis Pelletier	2020-2023
Charles Pray	2019-2022
Matthew Bragdon	2020-2023

SCHOOL BOARD

Richard W. Angotti Jr. *Term Expired	2017-2020
Hilary Emery	2019-2022
Michelle Brundrett	2020-2023
Kevin Gregory *Term Expired	2018-2020
Peter A. Jamieson	2019-2022
Matthew Ayotte *Resigned 8/9/2021	2020-2023
Warren Steward	2018-2021

TOWN MANAGER

Harold Davis Jr. *Term Ended 9/24/20	2015-2020
Annette Padilla *Int Mngr 11/2 - 2/1	2020-2021
Richard W. Angotti Jr. *Int Mngr 2/4	2021-Indef

TREASURER

Mary Alice Cullen	2015-Indef
-------------------	------------

SUPERINTENDENT OF SCHOOLS

Frank Boynton	2014-Indef
---------------	------------

ASSESSOR

Lorna Thompson	2019-Indef
----------------	------------

FIRE CHIEF

Thomas Malcolm	2019-Indef
----------------	------------

POLICE CHIEF

Craig Worster *Dept. Disbursed 12/21	2019-2020
Cameron McDunnah *Contr-12/21/20	2020-2022

TAX COLLECTOR

Jesse O. Dumais *Resigned 4/2021	2017- 2020
Bryant B Davis *Resigned 6/2020	2020-2020
Sharon Cyr *Hire 8/4/2020	2020-Indef

TOWN CLERK

Diana M. Lakeman	2017-Indef
------------------	------------

SEALER OF WEIGHTS & MEASURES

State of Maine

GENERAL ASSISTANCE DIRECTOR

Lori Santerre	1997-Indef
---------------	------------

BOARD OF APPEALS

Krystle Garand	2020-2023
Michael Jewers	2019-2022
Charles Cirame	2019-2022
Terrance Leavitt	2019-2022
Dan Bernard *Appt. 1/14/21	2021-2024

CEMETERY COMMITTEE

Joel Neal Sr	2017-2022
James Nyman	2017-2022
Linda Campbell	2017-2022
Francis Megno	2017-2022
David Manzo	2016-2021

BOARD OF ASSESSMENT REVIEW

Charles Cirame	2018-2021
George Martin Jr.	2019-2022
Amy Cyr	2019-2022

PERSONNEL APPEALS BOARD

Esther Gass *Resigned 2/2021	2019-2022
Anthony Filauo	2019-2022
James Lawrence *Appt 12/10/20	2020-2023
Randy Newcombe *Appt 2/11/21(fulfill)	2021-2022

PLANNING BOARD

Albert Berube	2016-2021
Charles Cirame	2019-2024
Jon Crawford (2015-2020)	2020-2025
Avern Danforth (2015-2020)	2020-2025
Anthony Filauo (Chair)	2019-2024
Thomas Malcom	2016-2021
Michael Crowley-ALT*Resigned 2/11/21	2020-2025
Michelle Anderson	2020-2025
Heidi Wheaton - ALT	2020-2025

DIRECTORY OF COMMITTEES AND COMMISSIONS

July 1, 2020 - June 30, 2021

Town Council: 7 Members/3 Year Term

Steve Golieb/Chair – 249-5786/ s.golieb@millinocket.org
Randy Jackson – 385-8008/ r.jackson@millinocket.org
Cody McEwen – 731-8023/ c.mcewen@millinocket.org
Charles Pray – 731-4017/ c.pray@millinocket.org
Louis Pelletier – 723-5460/ l.pelletier@millinocket.org
Matthew Bragdon – 447-0006/ m.bragdon@millinocket.org
Jane Danforth – 723-5288/ j.danforth@millinocket.org

School Board: 5 Members/3 Year Term

Warren Steward – 723-5491/ wsteward@millinocketschools.org
Hillary Emery – 290-7432/ hemery@millinocketschools.org
Peter Jamieson – 965-9603/ pjameson@millinocketschools.org
Michelle Brundrett – 356-8336/ mbrundrette@millinocketschools.org
RESIGNED Matthew Ayotte – 723-6156/ mayotte@millinocketschools.org
RESIGNED Richard Angotti - (8/2021) (Interim Town Manager)

Board of Assessment Review: 3 Members/3 Year Term

George Martin – 723-4078/447-1290/ georgehmartin@aol.com
Amy Cyr – 447-0780/ acyr3485@gmail.com
James Kelley, Jr. – 723-1749/ jim@kelleyfarms.com

Board of Appeals: 5 Members/3 Year Term

Charles Cirame – 723-8700/ charlie1@beeline-online.net
Michael Jewers – 723-9627
Terrance Leavitt – 723-1169 day/723-8845 night
Krystle Garand – 731-4563/ krystlelee59@gmail.com
Dan Bernard – 447-9704/ dancmamaine@gmail.com

Planning Board: 7 Members/2 Alternates/5 Year Term

Anthony Filastro – 723-9401/ filastroa@yahoo.com
Tom Malcolm – 447-0911/ chiefmalcolm@millinocket.org
Albert Berube – 723-8490/ berubealbertnmw@gmail.com
Jon Crawford – 447-1628/ jonyac@aol.com
Avern Danforth – 723-9536/ danforthab@myfairpoint.net
Charles Cirame – 723-8700/ charlie1@beeline-online.net
Michelle Anderson – 447-8028/ mbanderson@startmail.com
RESIGNED Michael Crowley (ALT) -723-7419/ mcrowley@mrhme.org
Heidi Wheaton (ALT) - 254-9653/ heidiwheaton@yahoo.com
Alternate - Vacant Seat

Personnel Appeals Board: 3 Members/3 Year Term

RESIGNED Esther Gass – 723-6206/ esther@millinocketmemoriallibrary.org
Anthony Filastro – 723-9401/ filastroa@yahoo.com
James Lawrence – 380-3624/ jigmaring@outlook.com
Randy Newcombe – 207-992-2222/ ydnar723@gmail.com

REPORT OF THE TOWN CLERK

The following Vital Records were recorded during Fiscal Year 2020/2021:

BIRTHS TO MILLINOCKET RESIDENTS: 30

In Bangor: 27

In Millinocket: 1

In Waterville: 1

Non-Residents in Millinocket:

Mattawamkeag: 1

DEATHS: 92

Residents in Millinocket: 57

Residents in Bangor: 5

Residents in Bucksport: 1

Residents in Ellsworth: 1

Residents in Howland: 2

Residents in Houlton: 3

Residents in Lewiston: 1

Residents in Lincoln: 1

Residents in Machias: 1

Residents in Old Town: 1

Residents in Orono: 1

Residents in Portland: 1

Residents in Sidney: 1

Residents in Springfield: 1

Residents in Togus USVA: 0

Non-Residents in Millinocket:

East Millinocket: 5

Lee: 1

Island Falls: 2

Medway: 2

Sherman: 1

Stacyville: 1

Winn: 1

Walkersville, MD: 1

Unknown: 1


REPORT OF THE REGISTRAR OF VOTERS

Voter registration enrollments were accepted during regular business hours as well as when the polls were open.

Three elections were held during FY20/21. The Primary and Referendum election was held on July 14th, 2020, the School Budget Validation Referendum election was held July 28th, 2020, and the General and Municipal Elections were held on November 3rd, 2020. The breakdown as of June 30, 2021, of the total number of Registered Voters for the Town of Millinocket and the Penobscot and Piscataquis Unorganized Territories is as follows:

RESIDENTS OF:	<u>TOWN OF MILLINOCKET</u>	<u>UNORGANIZED TOWNSHIPS</u>
Democratic Party	1115	106
Republican Party	950	98
Green Independent	97	5
Un-enrolled Voters	1121	123
<hr/>	<hr/>	<hr/>
Total Registered Voters	3283	332

Respectfully submitted,



Diana M. Lakeman
Town Clerk

**Report of the Tax Collector
FY 21**

Tax Commitment (Revenues by dept Trio Report)

Real estate	\$ 3,970,387.40
Personall Property	\$ 1,363,975.96
Total	\$ 5,334,363.36

<u>Collections</u>	\$ 5,147,097.10 (A)-(B)
---------------------------	--------------------------------

Ending Balance(General(Ledger Detail Report)

Real Estate	\$ 29,522.40
Real Estate Lien	\$ 137,846.92
Personal Property	\$ 11,413.18
Total Uncollected	\$ 178,800.50

Supplemental (Revenues by Trio Report)

Real Estate Supplemental	\$ 3,141.00
Personal Property	\$ -
Total	\$ 3,141.00

Abatements (Payments Activity Report)

Real Estate Tax Abatement	\$ 10,335.40
Persponal Property Tax Abatements	\$ 1,271.36
Total	\$ 11,606.76 (B)

Taxes Collected for Motor Vehicle and Boats Excise

Motor Vehicle	\$ 872,098.55
Boats	\$ 5,765.20
Total	\$ 877,863.75

Collections & Abatements =	5,158,703.86 (A)
Tax Commit +Supplemental - Uncollected	

**Tax Collector
Sharon Cyr**

2021 UNPAID REAL ESTATE TAXES AS OF 6/30/21

ACHORN, RANDY L	93.26	GROELLY, LISA RITA	924.56
AFRIDI, ASAD KHAN	815.76	GROELLY, LISA RITA	1,675.96
AINSWORTH, WALTER	298.96	GUREWICZ, EUGENE	999.36
ALLEN, LYNN & MELVIN	1,682.76	HAINES, DIANE	251.36
ARROW TRUST	1,227.16	HARMON, RICHARD	1,155.76 *
BAKER, DARIA HEIRS	1,567.16 *	HARRIS, CONNIE	581.16
BECKER, CHRISTOPHER	90.02 *	HARTLEY, JASON	468.96
BLANCHETTE, ERIC	496.16	HARVILLE, THOMAS	1,713.36
BLUE BIRCH PROPERTIES, LLC	1,356.36	HASKELL, LAWRENCE	600.52 *
BONA, THERESA	234.77	HAYES, ELIZABETH	370.36 *
BOUCHARD, LAWRENCE	1,063.96 *	HERSEY, KRIS	744.36
BOUCHARD, PEGGY	1,121.76	HEWES, MARY	1,247.56
BOYINGTON, WILLIAM	1,233.96	INDERMUEHLE, ANTHONY HEIF	2,071.69 *
BOYNTON, DAWN	2,672.16	ISSAC, PAMELA	2,071.69
BOYNTON,, JILL DEVISEES	1,319.23 *	JONES, THOMAS	2,107.76
BOYNTON, JILL DEVISEES	764.40 *	KEYDOM DEVELOPMENT LLC	1,624.96
BOYNTON, MARK	1,250.96 *	KINNEY, COREY	999.81 *
BOYNTON, WALDON	898.93	KWW HOLDING GROUP, LLC	1,784.79
BROSNAN, TERENCE	1,046.96 *	LAMSON REALITY LLC	6,537.96 *
BRUNETTE, VINCENT	526.76	LAPLANTE, GARY HEIRS	428.16
BURKE, WILLIAM III	453.66	LOWRY, BRIAN	1,036.76 *
BURNETT, MICHAEL	764.76 *	MAC'S CONVENIENCE STORE	139.34 *
BURNETT, MICHAEL	64.36 *	MAGIC CITY PROPERTIES LLC	2,791.16 *
BURNETT, MICHAEL	720.56 *	MAGIC CITY PROPERTIRS LLC	4,591.04 *
CAMPBELL, SHAWN	523.36	MAGIC CITY PROPERTIRS LLC	64.36 *
CAMPBELL, SHAWN	207.75	MAGIC CITY PROPERTIES LLC	1,771.16 *
CARR, VALERIE HEIRS	1,138.76	MAGIC CITY PROPERTIES LLC	3,753.36 *
CHASSE, MICHAEL	1,958.16	MAGLIARDITTI, JOSEPH	934.76 *
CLEMENS, SEAN	1,774.56	MAINE WOODS RESORTS LLC	3,420.53 *
COTE, RODERICK	955.16	MANZO, CHRIS	751.16 *
COUSINS, LOUIS	1,464.44 *	MANZO, EUGENE III	1,601.16
CUMMINGS, JUSTIN	1,601.16	MANZO, FRANKLIN JR	832.76
CYR, RUTH HEIRS	1,522.96	MARTIN, NICHOLE	710.36 *
DAVIS,KEVIN	101.76	MASKELL, JOSEPH SR	1,890.16
DEROSA, DAVID	805.56	MASTEN, FRANK	1,696.36
DSV SPV1, LLC	1,454.96	MCGREEVY, BEVERLY	827.60 *
DUVAL, ROBERT	43.77 *	MCGREEVY, WILLIAM	364.20 *
EURICH, WC LLC	1,301.96	MELLO, SUSAN	1,686.16
FAUTECK, SAMUEL	482.80 *	MICHAUD, TAMMY	356.76 *
FERLAND, WAYNE	1,372.14	MODERY, KEITH	2,134.04
FERLAND, WAYNE	1,542.31	MORRIS, DALE	727.36
FERLAND, WAYNE	1,274.27	MORRISON, DONNA	680.73
FORTINE, KEVIN	1,264.56	NAGLE, JUSTIN	1,424.36 *
FOSTER, DANA	340.67	NELSON, DANIEL	3,821.36
FREEMAN, ELIZABETH	105.16	NICE, GARY	2,250.56
GIRSA, EDWARD	125.56 *	NIQUETTE, MATTHEW	637.42
GIRSA,EDWARD	512.64 *	OAKES, AARON	246.75 *
GLIDDEN, JON	2,631.36	OAKES, WARNER JR	917.76 *
GOODWIN, JACOB	2,073.76	O'KANE PATRICK	1,757.56
GRAY, LYLE LEWIS	658.12 *	OLIVEIRA, GEORGE HEIRS	1,163.13

2021 UNPAID REAL ESTATE TAXES AS OF 6/30/21

OLIVER, KAREN	496.16	
PAHILAN, ABE & NOVAL MARIA	2,376.36	
PELKEY, KENDRA	992.56	
PELLETIER, AARAN	2,461.36	
PELLETIER, CHARLES	1,458.36	
PELLETIER, DANIEL	910.96	
PFORTE, KIMBERLY	446.00	
PLOURDE, BRIAN	1,560.36	
RAYMOND, BOBBY	523.36	
RICHARDSON, DAVID	819.40	
ROSS, BRIAN	1,250.96	*
ROY, JEFFREY	1,879.96	
RUSH, ANDREA	696.76	
RUSH, FRANK W & SONS INC	2,036.36	*
RUSH, FRANK W & SONS INC	292.16	*
SHAW, DAVID & CARRIE ANN	1,716.76	
SIROIS, LEO HEIRS	859.96	*
SMITH, DENNIS	1,263.70	
SNIDER, JOHN	3,219.56	*
SPEED, MISHA	455.36	*
SPINGEL, JASON	217.36	*
STANLEY, DUSTIN	1,182.96	
STAPLES, CORY	672.96	
STEVENS, MICHAEL & SHERYL	536.96	
STOKES, JONATHAN	1,230.56	*
SURPRENANT, DAVID DONALD	2,318.56	
SURPRENANT, JACOB	2,008.16	
THOMPSON, GENE	1,407.36	
THOMPSON, GENE	1,376.76	
TPS PROPERTIES LLC	873.56	
TRACY, LOUIS	445.16	
TRINITY REALTY PARTNERS LI	1,825.56	
UNSWORTH, ANNRTTE	1,376.76	
WACEKEN, STEPHEN	1,451.56	*
WEYMOUTH, ROSANNE	638.96	
YORK, JENNIFER	713.76	
ZERO PROPERTIES	1,590.85	*
ZERO PROPERTIES	601.91	*

* INDICATES PAID AFTER 06/30/2021

2021 UNPAID PERSONAL PROPERTY TAXES AS OF 6/30/2021 OVER \$10.00

AIRPORT CABINS	20.40
AUTOMATIC VENDING & GAME	119.00
CONOPCO, INC	27.92
CYR, ED & SON INC	85.00
DAYLE ROLLONS PLUMBEING .	139.40
DUVEL, ROBERT	34.00
FERLAND, WAYNE	153.00
GERALD PELLETIER	85.00
HERITAGE MOTOR INN INC	766.70
JANDREAU CLEANING	27.20
K & M MOTORS INC	285.60
LAMSON REALTY LLC	2,526.20
MAGIC CITY MED SHOP	251.60
PELLETIER, GEORGE	459.00
* ROOTS 2 REMEDIES	13.60
S & S EXCAVATORS LLC	5,293.80
SURPRENANT DAVID & LUISA	1,054.00
TRACY, LOUIS	61.20

*** INDICATES PAID AFTER 6/30/2021**

Assessor's Annual Report FY21

REAL ESTATE VALUATION

Land	\$ 36,697,100	
Buildings/Improvements	<u>\$ 80,079,000</u>	
Total Real Estate Valuation		\$116,776,100

PERSONAL PROPERTY VALUATION

Machinery and Equipment	\$38,459,450	
Business Equipment	\$ 1,310,090	
All Other	<u>\$ 347,400</u>	
Total Personal Property		\$ 40,116,940

TOTAL TAXABLE VALUATION **\$156,893,040**

Town Tax Rate : \$34.00 per thousand

Total Tax for Commitment: \$5,334,363

Total Number of Homestead Exemptions Granted: 1,251

Taxes assessed for Fiscal Year 2021 (July 1, 2020 through June 30, 2021) were based on April 1, 2020. Total amount to be raised includes \$246,428 for County Taxes.

Are you eligible for an Exemption?

Homestead Exemption: If you have owned your home for more than a year and it is your primary residence, you may qualify.

Veteran's Exemption: If you served during a federally recognized war period and have reached the age of 62 or if you are receiving 100% service-connected disability, you may qualify.

Blind Exemption: If you have been deemed legally blind by your doctor, you may qualify.

Note: Taxpayers must complete an application for each exemption. All applications must be received by April first to qualify for the tax bill that is mailed the following August. Veteran's applications must include a copy of your DD214 and blind applications must have a letter from your licensed doctor certifying that you are legally blind.

Code Enforcement Annual Report for 2020/2021

Permit activity:

Last year most permits issued were Electrical, Accessory structures, and Alteration.

Type	Number issued	
Principal Structure	2	New Trailers in Kelly Trailer park
Electrical	52	
Alteration	14	
Accessory structures	14	
Demo	11	
Fence	4	
Sign	1	
Change of use	3	
Live Stock	1	
Yard Sale	5	
Total	5	

Total permits issued for the physical year was 108 permits

With the pandemic we have had to take a step back working remotely and being creative in working with residents. At first, we allowed pictures sent in by the residents and did the inspection that way. As the pandemic started to recede, we were able to go out and do inspections in person with mask and social distancing. It has worked and we are still using this protocol when dealing with the public.

Overall, we have been able to keep up with the permits until I was asked to step in as the Interim Town Manager. This has created a back log of inspections and property maintenance letters, but working around the managers schedule we are moving forward.

Richard Angotti

Code Enforcement Officer

GENERAL ASSISTANCE

NOTE/STATEMENT **

The General Assistance Program is an emergency service administered by the Town. The program is to provide aid to eligible persons who are unable to provide the basic necessities essential to maintaining themselves and their families. The requirements of the program are eligibility standards and levels of assistance pursuant to applicable State of Maine statutes, and the Town of Millinocket General Assistance Ordinance as ordered by the Town Council. The General Assistance program is reimbursed by the State of Maine at 70% for its expenditures. The program is confidential therefore aggregate numbers are used.

In fiscal year 2020-2021, \$22,650.00 was appropriated for General Assistance, \$9,220.88 was expended and \$6,454.56 was received in reimbursement from the State of Maine.

In fiscal year 2020- 2021, the General Assistance Program financially assisting 35 households. These households consisted of 53 individuals. The number of appointments for 2020-2021 was 35.

Aspire, a state-run program, has assisted in helping individuals become employed and more self sufficient. The program requires TANF clients, to work as a volunteer in their community a certain number of hours as an eligibility requirement for their TANF checks. This has increased the amount of people actually going out and becoming employed, which will help decreased their need for General Assistance. This office continues to assist individuals in applying for Social Security, Temporary Aid to Needy Families, Women Infants Children Program, Fuel Assistance Program, Food Stamps, Rent/Tax Rebate Forms and other programs. The office has a Workfare program, which is an eligibility requirement for applicants to receive General Assistance. Applicants are assigned to work at one of the Towns Department sites.

**The Millinocket Public Welfare Department's goal is to help more clients to become self sufficient, therefore decreasing the need for public assistance.

Respectfully Submitted,


Lori A. Santerre
Welfare Director

PERSONNEL OFFICE

NOTE/STATEMENT**

The Personnel Office oversees monitors and participates in the application and employment process for all Town of Millinocket personnel. The Personnel officer also implements and review's the Affirmative Action Plan of the Town and other duties as designated by the Town Manager.

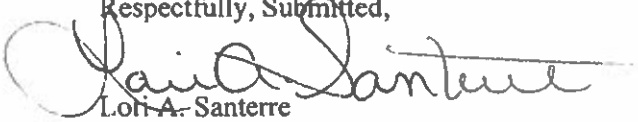
The office is responsible for updating all job descriptions annually and preparation of all advertisements for positions within the Town of Millinocket. Screening of applications, scheduling and administration of all testing used in the selection process. Participation in interviews with appropriate department heads assist in the determination of the best-qualified applicant according to the criteria set forth.

Personnel is responsible for all personnel records and prepares monthly reports of vacations, personal time off and sick leave taken. Participates in the Grievance Procedure as outline in Personnel Policy. Responsible for preparation and presentation of annual budget.

Daily written and oral communication with Maine State Retirement System, Maine Municipal Employee Health Trust, Workers' Compensation, Unum, Vendors, Community Service Organization and Town employees to inquiry or to retrieve information essential to the Town of Millinocket or its employee's.

****The Personnel Offices goal is to continue to service the employee's and correspondence in a courteous and efficient manner.**

Respectfully, Submitted,



Lori A. Santerre
Personnel Director



TOWN OF MILLINOCKET
PUBLIC WORKS DEPARTMENT

20 Cedar Street
Millinocket, Maine

Tel. (207)723-7030 Fax (207)723-7029

E-Mail: publicworks@millinocket.org Web Site: www.millinocket.org

March 4, 2022

To the Citizens of Millinocket:

I would like to thank the citizens of Millinocket for their cooperation while the departments worked to serve their needs. I recognize the inconvenience we create in the roadway while doing line painting, storm drain repair, and sewer line repair work. We truly try to minimize any confusion.

The Public Works Department was busy this year with Roadside Maintenance such as mowing, tree trimming, line painting crosswalks and parking bays, storm water basin repairs, patching holes, and street sweeping. We received a grant for \$125,000 dollars from the Maine DEP to replace the steel culvert that spans Little Smith Brook at the end of Penobscot Avenue. The MDOT and The Town is working on a study of the Central Street Corridor to improve safety and public access to the Downtown area. The "Sand Buckets for Seniors" project headed up by the Age-Friendly has worked out very well this winter. This is a great service for the elderly. The winter months have been a challenge due to excess temperature swings and rain which are hard on the roadways.

The solid waste department has generated good revenue with the mixed metal pile. Prices are favorable. Due to the new Hampden Trash Plant shut down we are hauling to the PERC Facility in Orrington which incinerates the trash and makes electricity. The Municipal Review Committee has been working hard to re-start this facility which the plants process recycles all the trash stream to make useful products. There will be an announcement in June 2022 as the MRC is in the process to acquire that facility.

The Town's Cemetery this past season had approximately 85 burials. Revenue has been strong. We were able to apply Weed Control and Fertilizer this past spring to help the grass appearance.

I cannot thank the members of my three departments enough for the job they do all year long working together to serve our community. These are very experienced employees and take pride in what they do.

For further information please refer to the Town's Web Site at www.millinocket.org
Respectfully,

Ralph Soucier, Director of Public Works

Annual Report
MILLINOCKET
WASTEWATER TREATMENT FACILITY
2020-2021

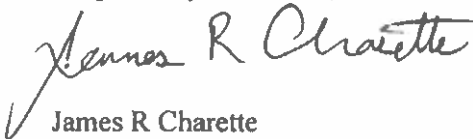
To The Rate Payers of Millinocket:

In the past year, the Wastewater Treatment Facility collected and effectively treated 212,728,000 million gallons of wastewater. Removal rates of 96 percent for BOD (Biochemical Oxygen Demand) and 97 percent for TSS (Total Suspended Solids) were achieved.

Survey and design work was conducted by Olver Associates Inc. for the Elm / Bates Streets Sewer Upgrade Projects. This was completed in preparation for a June of 2021 construction startup. Due to Covid 19, there were no construction projects taking place during fiscal year 2020-2021. Projects will resume during the summer of 2021.

The Wastewater Treatment Facility continues to provide adequate treatment for our community's sewerage. The percentage of removal at the treatment facility continues to show the dedication of the three person staff along with their commitment of excellence in the preservation of our waterways.

Respectfully Submitted,



James R Charette
Superintendent, Millinocket Wastewater Treatment Facility



**TOWN OF MILLINOCKET
FIRE DEPARTMENT**

222 Aroostook Avenue

Millinocket, Maine

Tel. (207)723-7026 Fax (207)723-7022

E-Mail: chiefmalcolm@millinocket.org Web

Site: www.millinocket.org

Chief-Thomas Malcolm

Mission Statement

The Men and Women of the Millinocket Fire Department, a combination department, are committed to providing fire prevention, community education, fire suppression, emergency medical care, natural & man-made disasters response to our community and its visitors through quality improvement, state-of-the-art equipment, proactive strategic planning, and sound resource management.

During fiscal year 2020/2021, the Millinocket Fire and Ambulance Service handled 942 calls for service. The Department responded to 840 Ambulance calls and 102 Fire calls in 2020/2021. The following is the breakdown of the calls for 2020/2021:

FY 2020/2021

AMBULANCE

LOCAL CALLS: 492

TRANSFERS: 166

NON-BILLABLE CALLS: 179 (15 WERE POLICE ASSISTS)

ACLS INTERCEPTS: 3

TOTAL CALLS: 840

FIRE:

POWER LINES DOWN: 22

PUBLIC ASSIST: 13

STRUCTURES: 12

ALARM ACTIVATIONS: 10

ELECTRICAL ISSUES: 10

10-55: 5

HAZ-MAT: 5

FALSE ALARM: 5

RESCUE: 5

FURNACE: 3

ILLEGAL BURN: 3

SMOKE COMPLAINT: 2

BRUSH/GRASS: 2

CHIMNEY FIRE: 2

VEHICLE FIRE: 2

DEBRIS: 1

TOTAL: 102

The Millinocket Fire Department consists of a Fire/EMS Chief, 1 Assistant Chief, and 4 FF/EMT'S The Department is also supplemented with 20 dedicated call Firefighters/EMT/Spare Drivers. In addition, the

Department has 4 transfer nurses. Full time staff consists of Chief Thomas Malcolm, Asst. Chief/A EMT Matthew Farrington, FF/Paramedic Addison Matthews, FF/Paramedic Katie Cullen. In addition we have hired to new full time staff to replace staff that have left the department. FF/EMT Celina Charette was hired and is in the process of obtaining her AEMT certification, also new to the department is FF/Paramedic Jennifer Bernier who comes to the department. FF/EMT Kevin McAdam has left for a position with another Fire Department and FF/CC Paramedic Mark Evers has retired due to an injury while performing his duties with Millinocket Fire. We certainly appreciate the time and dedication that these two provided during their time at Millinocket Fire.

Training is ongoing for all Firefighters and Emergency Medical Technicians.

We hold fire extinguisher and safety inspections for various business as well as for the citizens of our community. We also do alternative heating sources inspections and chimney inspections for the citizens and businesses within our community and provide LSC inspections upon requests and with the Town of Millinocket Assistance Program.

New equipment purchased consisted of a 2020 Ski Doo 900 Expedition Rescue Sled which replaced our 1997 Ski Doo Rescue Sled, also a new Rescue Trailer for the sled, we also purchased 3 new LP-15 Physio Control EKG Monitors for our ambulance fleet. We also purchased a new 2022 Chevrolet Type I ambulance which is not only the first type I ambulance we have purchased but also is a 4-wheel drive unit, this ambulance also has a self-loading ambulance cot. Our current equipment consists of a 2012 Metalfab 1500-gallon pumper, a 2002 KME 750-gallon pumper, a Rescue Boogan to go with the Rescue Sled, a Rescue Boogan on wheels that can be used with 4-wheeler, a 16 Ft Rescue Boat equipped with a 30HP motor, a 2018 Chevrolet 4X4 extra cab equipped with a fiberglass cap. This equipment is maintained and tested annually and is in excellent condition.

The Millinocket Fire Department was awarded a Gloria MacKenzie Foundation Grant and were able to replace 5 of our outdated Scott 2.2 air packs with 5 new Scott 4.5 air packs and 10 new bottles, also included in this grant was monies to replace our 1980's era Compressed Air system which is used to fill SCBA air pack bottles with a new state of the art unit that included a new fill station.

We would like to thank the other Town Departments for their assistance during this past two years and look forward to working with them in the future. Finally, I would like to thank the citizens, Town Manager, and Town Council for their continued support of the department. And a Thank You to the full time and part time members of this department for their continued support and dedication to the Town of Millinocket.

Respectfully Submitted.
Chief Thomas Malcolm



East Millinocket Police Department

125 Main St East Millinocket ME 04430



I would first like to take the opportunity to thank the Town of Millinocket to be able to include a report in the Millinocket Town Report for 2021. As you are all aware 2021 was the first full year the East Millinocket Police Department provided law enforcement services for the Town of Millinocket after signing a contract in December 2020. As expected, at the start of the contract we were met with several challenges as we hired additional staff due to the increase in service our agency was providing. Thankfully, we were very fortunate we had several officers already on staff with ties to the region to help in the transition. As things progressed, we were very fortunate to recruit several officers who were previously from the region to come back "home" in addition to bringing other officers to our region. We were very fortunate to hire some officers with several years of experience and a variety of specialized trainings, which could only be seen as a great benefit to our department and the region.

As we began interacting with the community and the citizens and business owners of Millinocket, we quickly learned there was an immense amount of support for law enforcement in the region and people really believe in the positive impact consolidated police services could provide for the region. Our agency quickly saw the benefits as our staff grew, we had more officers to respond to calls which provided more resources for the community and promoted more safety for our officers. Our officers and agency truly believe we are not just officers covering a "certain" town, but we are a group of officers building relationships to cover an entire region. As I have stated multiple times before, none of this could be possible without the support of the Town of Millinocket, the Millinocket Town Council and the East Millinocket Board of Selectman. As Chief of Police, I am truly grateful to watch the collaboration amongst the communities and community leaders to truly bring the best, most cost-effective police services to region all while realizing the importance of public safety. The Katahdin Region as a whole is truly making great strides in working together to promote our region and to try and rebuild what we have lost over the years. I look forward to several years of continued success and working together to provide the highest level of police service possible.

Obviously, 2021 brought other challenges as the COVID-19 Pandemic continued. In law enforcement we were not immune as we dealt with staffing shortages because of COVID-19 exposures, backlogs in the court system, jail closures, and difficulties getting equipment because of supply chain issues. However, our officers were resilient and we worked through the difficult times and no shift was ever left unfilled, we were able to maintain our fleet of cruisers and with the assistance of grant money were able to provide our officers with the gear necessary to safely perform their duties.

Finally, in 2021 officers responded to 4,235 calls for service in the Town of Millinocket, which is an increase from 2020. In total the East Millinocket Police Department responded to 9,627 total calls for service in all communities. Officers arrested or summonsed over 525 individuals in 2021, with over 210 of those being in Millinocket. The department handled over 11,100 offenses in 2021 which includes nearly 80 drug related offenses and overdoses, 14 burglaries, 174 bail searches, 36 Operating Under the Influence, 80 theft offenses, 111 bail violations and 97 warrant arrests, to highlight a few. Our agency is very committed to proactive policing, being highly visible in the community and community oriented

East Millinocket Police Department

policing. As we are aware our community is not immune for the drug epidemic our county is facing and unfortunately, we continue to see a rise in drug related offense and crimes. We will continue to work not only to combat these crimes, but we also look forward to continuing to build community partnerships with local organizations to find ways to work together to help with these issues we are facing.

In closing, I again would like to thank the Town of Millinocket, its leadership and the community as a whole for all their support during this transition. Our agency and our officers were truly welcomed with open arms and we look forward to continuing to build those relationships for many years to come. We want the community to not look at us as the East Millinocket Police Department, but as your police department. Together, as a region, we will achieve great things and this is just the start of a better future for our region.

Respectfully submitted,

Chief Cameron T McDunnah
East Millinocket Police Department

East Millinocket Police Department

Jody Nelson
Director of Recreation

Troy Bouchard
Assistant Director of Recreation

RECREATION DEPARTMENT

East Millinocket, Medway, Millinocket, Woodville
53 Main St., East Millinocket, Maine 04430
(207) 746-3553

Dear Residents,

The 2020 and 2021 season was not our best year. Due to the pandemic, we were unable to have a lot of our programming. We were fortunate that we could open the pools up this year. We had to take many safeguards to assure that the public and staff were safe. Our numbers were smaller than usual we averaged around 40 people per day.

We applied for a grant to get a new tractor, to maintain our fields and ice rink. The tractor was built in 1992 and needs to be replaced.

We will continue to offer all our programs for the three communities as soon as it is safe to do so.

We want to thank all the individuals who have volunteered for us; they donate countless hours and without these wonderful people we would not be able to accomplish what we do. The Recreation Commission has contributed many hours of their time and has been a considerable help. It is our goal to keep the Recreation Department as a vital part of the Katahdin Region. We are looking forward to a strong 2022 season and as always, we appreciate your support.

Sincerely Yours,



Jody Nelson

Director of Recreation

A Quality Provider of Leisure Services.

The Age-Friendly Millinocket Committee first convened in January 2019 under the leadership of Council Chair Cody McEwen, Fire Chief Tom Malcom and Thrive Penobscot Project Director Jane Danforth.



Age Friendly Millinocket

Later in April 2019, the Town applied to join the AARP Network of Age-Friendly States and Communities (AFSC) and was accepted. Belonging to the Network of AFSC provides the town with both financial resources through grant opportunities and technical assistance to help the Committee in its work. In 2019, a logo was created and mission and vision statements were adopted that aligned with the age-friendly goals included in the Katahdin Gazetteer.

In early 2020, the Town submitted an AARP Challenge grant application resulting in an award of \$5,000 for a quick action project. The Katahdin Snowdown was imagined, planned and held at the Recreation Complex in February of 2021. The National AARP office sent a professional videographer to capture the event and used our local video in their winter placemaking series to share with other Age-Friendly Communities across the Country. The Katahdin Snowdown has become an annual event as part of Winterfest activities.

Also, in the winter of 2020-2021, the Committee in collaboration with the Fire Department and Public Works Department, established the Sand Bucket Program. The program provides for home delivery of a bucket of sand for our citizens unable to pick up sand at the town garage. The purpose is to assist residents in keeping their icy walkways safer in the winter, in turn, reducing falls and injury. The program grew in 2021- 2022, serving over 50 households and will continue each winter.

The Age-Friendly committee spearheaded the effort for a pedestrian and bicycle safety study of Central Street and Penobscot Avenue (the downtown section). It was made possible through a DOT Planning and Partnerships Initiative grant. In the fall of 2021, the study was in full swing at the same time the Bicycle Coalition of Maine's *Imagine People Here* demonstration project was being implemented. Community feedback was robust as safety measures to slow traffic were tried as an overall goal to make our streets safer for those walking and/or biking. This work is ongoing with improvements pending.

At the time of publishing this report, the Age-Friendly Committee is writing a 3-year action plan identifying projects and activities to make it easier for Millinocket residents of all ages to live well and thrive in Millinocket. Walkability, access to transportation, food security, social connectedness, positive youth development, resource navigation and caregiver support are all areas of focus of the Age-Friendly Committee. We are also working closely with Mobilize Katahdin, a program established by the Library that connects people all over the region to local resources to help with basic needs.

We welcome community members to join our efforts. To get involved contact the town manager at manager@millinocket.org or committee chair at j.danforth@millinocket.org

Respectfully submitted by Jane Danforth, Age-Friendly Committee Chair



Proven Expertise & Integrity

December 28, 2021

Millinocket Town Council
Town of Millinocket
197 Penobscot Avenue
Millinocket, ME 04462

MANAGEMENT LETTER

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Millinocket as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control. We did so to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for expressing our opinion on the effectiveness of the Town's internal control over financial reporting or compliance.

During our audit we became aware of several matters referred to as "management letter comments" that offer opportunities for strengthening internal control and improving operating efficiencies of the Town. The following pages summarize our comments and suggestions on those matters.

This report is intended solely for the information and use of the Town Council, management, and others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

These matters do not modify our opinion on the financial statements for the year ended June 30, 2021 where we expressed an unmodified opinion on our independent auditors' report dated February 25, 2022.

Cash Accounts

While performing the audit for the above-mentioned fiscal year, we noted that the school lunch bank account, numerous scholarship accounts, and student activity accounts are not under the control of the treasurer for the Town of Millinocket. We recommend that the School Department work with the Town to bring all cash accounts under the control of the Town in accordance with Title 30-A of Maine Revised Statutes Annotated. At the time of this writing, it is understood that the School Department has already taken steps to begin this process with an estimated completion date of June 30, 2022.

We would like to thank Mary Alice and all of the staff at the Town of Millinocket for their cooperation throughout this audit process.

If there are any questions regarding this letter, please do not hesitate to call.

Very Best,

A handwritten signature in black ink that reads "RHR Smith & Company". The script is cursive and fluid, with the letters "RHR" being particularly prominent and stylized.

RHR Smith & Company, CPAs

TOWN OF MILLINOCKET, MAINE

CONTENTS

JUNE 30, 2021

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	12 - 13
STATEMENT B - STATEMENT OF ACTIVITIES	14 - 15
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	16
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	17
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	18
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	20
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	21
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	22
NOTES TO FINANCIAL STATEMENTS	23 - 74
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	75

SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	76
SCHEDULE 1A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - EDUCATION FUND	77
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	78
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSIONS	79
SCHEDULE 4 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	80
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY MMEHT PLAN	81
SCHEDULE 6 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - MMEHT PLAN	82
SCHEDULE 7 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT PLAN	83
SCHEDULE 8 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - MEABT PLAN	84
SCHEDULE 9 - SCHEDULE OF CONTRIBUTIONS - OPEB	85
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	86
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	87
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	88
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	89 - 91
CAPITAL RESERVE FUND DESCRIPTION	92
SCHEDULE C - COMBINING BALANCE SHEET - CAPITAL RESERVE FUND	93 - 94
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - CAPITAL RESERVE FUND	95 - 96

SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	97
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	98
SPECIAL REVENUE FUNDS DESCRIPTION	99
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	100
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	101
PERMANENT FUNDS DESCRIPTION	102
SCHEDULE I - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	103
SCHEDULE J - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	104
<u>FEDERAL COMPLIANCE</u>	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	105
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	106
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	107 - 109
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	110 - 111
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	112
<u>OTHER REPORTS</u>	
INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS	113
RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM	114



Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT

Town Council
Town of Millinocket
Millinocket, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Millinocket, Maine as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Town of Millinocket, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300 7708 (207) 929 4606 Fax: (207) 929 4609
www.rhrsmith.com

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, business-type activities, each major fund and the aggregate remaining fund information of the Town of Millinocket, Maine as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 4 through 11 and 76 through 86 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 Millinocket, Maine's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2022, on our consideration of the Town of Millinocket, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Millinocket, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
February 25, 2022

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

(UNAUDITED)

The following management's discussion and analysis of Town of Millinocket, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Millinocket's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund and education fund budgetary comparison schedules, pension and OPEB schedules and other supplementary information which includes combining and other schedules.

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the above-mentioned financial statements have separate columns for the two different types of Town activities. The types of activities presented for the Town of Millinocket are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, fringe benefits, community services, education and program expenses.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Millinocket include the wastewater treatment.

Fund Financial Statements

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

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues, are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this

comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental funds financial statement.

The Town of Millinocket presents four columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, the education fund and the capital reserve fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund and education fund are the only funds for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund and the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Education Fund provide comparisons of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The Town of Millinocket maintains one proprietary fund, the Wastewater Treatment Fund. This fund is used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows - Proprietary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - Education Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pensions, a Schedule of Proportionate Share of the Net OPEB Liability - Set Plan, a Schedule of Contributions - OPEB, a Schedule of Changes in Net OPEB Liability - MMEHT Plan, a Schedule of Changes in Net OPEB Liability and Related Ratios - MMEHT Plan, a Schedule of Changes in Net OPEB Liability - MEABT Plan, a Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT Plan and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regard to nonmajor funds and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities increased by \$2,459,414 from \$2,489,923 to \$4,949,337. For the business-type activities, total net position increased by \$355,361 from \$6,500,251 to \$6,855,612.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - is a deficit balance of \$5,842,103 at the end of this year for governmental activities and a balance of \$4,347,292 for the business-type activities.

Table 1
Town of Millinocket, Maine
Net Position
June 30,

	Governmental Activities		Business-type Activities	
	2020		2020	
	2021	(Restated)	2021	(Restated)
Assets:				
Current Assets	\$ 8,925,218	\$ 7,987,257	\$ 4,771,756	\$ 2,393,113
Noncurrent Assets - Capital Assets	10,334,959	9,644,316	5,919,090	5,664,010
Total Assets	19,260,177	17,631,573	10,690,846	8,057,123
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	517,906	470,977	-	-
Deferred Outflows Related to OPEB	122,836	885,430	-	-
Total Deferred Outflows of Resources	640,742	1,356,407	-	-
Liabilities:				
Current Liabilities	1,751,191	1,845,005	418,803	1,079,742
Noncurrent Liabilities	12,365,449	12,301,269	3,416,431	477,130
Total Liabilities	14,116,640	14,146,274	3,835,234	1,556,872
Deferred Inflows of Resources:				
Prepaid Taxes	33,531	-	-	-
Deferred Inflows Related to Pensions	200,167	537,666	-	-
Deferred Inflows Related to OPEB	76,244	1,814,117	-	-
Total Deferred Inflows of Resources	759,942	2,351,783	-	-
Net Position:				
Net Investment in Capital Assets	9,151,697	8,696,832	2,508,320	4,210,867
Restricted	1,594,743	1,477,919	-	-
Unrestricted (Deficit)	(5,722,103)	(7,684,828)	4,347,292	2,289,384
Total Net Position	\$ 5,024,337	\$ 2,489,923	\$ 6,855,612	\$ 6,500,251

Revenues and Expenses

Revenues for the Town's governmental activities increased by 22.38%, while total expenses increased by 14.42%. The increase in revenues was primarily due to grants and contributions not restricted to specific programs. The increase in expenses was primarily due to education partially offset by a decrease in fringe benefits associated with the change in net pension and OPEB liabilities and related deferred inflow and deferred outflows for the same.

Revenues increased by 6.07% in the Town's business type activities, while the total expenses increased by 5.45%.

Table 2
Town of Millinocket, Maine
Change in Net Position
For the Years Ended June 30,

	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 870,229	\$ 1,724,699	\$ 1,066,609	\$ 975,061
Operating grants and contributions	4,428,412	4,647,225	-	-
Capital grants and contributions	761,447	48,225	-	-
<i>General Revenues</i>				
Taxes	6,304,750	5,842,776	-	-
Grants and contributions not restricted to specific programs	2,950,685	1,000,987	-	-
Investment income	66,635	62,165	20,005	13,771
Miscellaneous	1,213,455	203,875	2,576	38,019
Total Revenues	16,595,613	13,529,952	1,089,190	1,026,851
Expenses				
General government	860,796	1,095,306	-	-
Public safety	1,673,132	1,770,775	-	-
Public works	970,727	1,300,184	-	-
Fringe benefits	1,062,553	1,050,215	-	-
Community services	697,684	616,159	-	-
Education	7,576,525	5,815,906	-	-
County tax	246,428	231,154	-	-
Program expenses	119,515	-	-	-
State of Maine on-behalf payments	817,468	452,355	-	-
Capital outlay	-	4,577	-	-
Interest on long-term debt	36,371	17,623	-	-
Wastewater treatment	-	-	733,829	665,527
Total Expenses	14,061,199	12,354,254	733,829	665,527
Transfers	-	30,400	-	(30,400)
Change in Net Position	2,534,414	1,206,098	355,361	330,924
Net Position - July 1, Restated	2,489,923	1,283,825	6,500,251	6,169,327
Net Position - June 30	\$ 5,024,337	\$ 2,489,923	\$ 6,855,612	\$ 6,500,251

Financial Analysis of the Town's Fund Statements

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

Table 3
Town of Millinocket, Maine
Fund Balances - Governmental Funds
June 30,

	<u>2021</u>	<u>2020 (Restated)</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 29,709	\$ 15,082	\$ 14,627
Restricted	134,016	27,383	106,633
Assigned	111,061	777,092	(666,031)
Unassigned	4,445,616	3,420,275	1,025,341
Education Fund:			
Restricted	595,116	369,350	225,766
Capital Reserve Fund:			
Committed	308,649	335,033	(26,384)
Total Major Funds	<u>\$ 5,624,167</u>	<u>\$ 4,944,215</u>	<u>\$ 679,952</u>
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	\$ -	\$ 22,047	\$ (22,047)
Restricted	826,504	1,020,105	(193,601)
Committed	79,526	13,425	66,101
Assigned	120,876	130,343	(9,467)
Unassigned	(4,157)	(6,983)	2,826
Permanent Funds:			
Nonspendable	16,401	16,401	-
Restricted	22,706	22,633	73
Total Nonmajor Funds	<u>\$ 1,061,856</u>	<u>\$ 1,217,971</u>	<u>\$ (156,115)</u>

The changes to total fund balances for the general fund, the education fund, the capital reserve fund and aggregate nonmajor funds occurred due to the regular activity of operations.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The wastewater treatment fund had an increase in net position of \$355,361, which is an increase from the prior year change in net position of \$330,924. This is due primarily to a decrease in transfers out.

Budgetary Highlights

The differences between the original and final budget for the general fund was the use of assigned fund balance and applied receipts.

The general fund actual revenues exceeded budgeted amounts by \$704,082. This was due to all revenue categories being receipted in excess of budgeted amounts with the exception of investment income, other revenue and transfers from other funds.

The general fund actual expenditures were expended under budgeted amounts by \$677,916. All expenditure categories were expended within or under budgeted amounts.

There was no difference between the original and final budget for the education fund.

The education fund actual revenues were below budgeted amounts by \$213,787. This was due to all revenue categories being receipted below budgeted amounts with the exception of charges for services.

The education fund actual expenditures were expended under budgeted amounts by \$493,553. All expenditure categories were expended within or under budgeted amounts.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2021, the net book value of capital assets recorded by the Town increased by \$945,723. This increase is a result of capital additions of \$1,785,508 less net disposals of \$8,706 and current year depreciation expense of \$831,079. Refer to Note 5 of Notes to Financial Statements for additional information.

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

	<u>2021</u>	<u>2020</u>
Land	\$ 205,841	\$ 205,841
Construction in progress	571,087	153,626
Land improvements	3,853,566	3,948,628
Buildings and improvements	3,665,832	3,768,570
Machinery, equipment and vehicles	2,724,427	2,101,542
Infrastructure	5,233,296	5,130,119
Total	<u>\$ 16,254,049</u>	<u>\$ 15,308,326</u>

Debt

At June 30, 2021, the Town had \$4,594,032 in bonds and a note from direct borrowings payable versus \$1,862,859 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town of Millinocket, Maine. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town of Millinocket, Maine.

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately eight months, while also maintaining significant reserve accounts for future capital and program needs. The FY 22 School Department budget could be severely impacted by the reduction of funding from the State.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Finance Department at 197 Penosbco Avenue, Millinocket, Maine 04462.

STATEMENT A

TOWN OF MILLINOCKET, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,656,531	\$ 2,053,609	\$ 8,710,140
Investments	487,257	-	487,257
Accounts receivable (net of allowance for uncollectibles)			
Taxes	370,097	-	370,097
Other	994,854	2,667,084	3,661,938
Due from other governments	426,719	-	426,719
Inventory	34,096	-	34,096
Tax acquired property	6,727	-	6,727
Internal balances	(51,063)	51,063	-
Total current assets	<u>8,925,218</u>	<u>4,771,756</u>	<u>13,696,974</u>
Noncurrent assets:			
Capital assets			
Land and other assets not being depreciated	499,560	277,369	776,929
Buildings and vehicles net of accumulated depreciation	9,835,399	5,641,721	15,477,120
Total noncurrent assets	<u>10,334,959</u>	<u>5,919,090</u>	<u>16,254,049</u>
TOTAL ASSETS	<u>19,260,177</u>	<u>10,690,846</u>	<u>29,951,023</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	517,906	-	517,906
Deferred outflows related to OPEB	122,836	-	122,836
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>640,742</u>	<u>-</u>	<u>640,742</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 19,900,919</u>	<u>\$ 10,690,846</u>	<u>\$ 30,591,765</u>

STATEMENT A (CONTINUED)

TOWN OF MILLINOCKET, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 799,047	\$ 353,430	\$ 1,152,477
Accrued payroll	560,484	-	560,484
Accrued expenses	57,036	2,980	60,016
Due to other governments	34,497	-	34,497
Current portion of long-term obligations	300,127	62,393	362,520
Total current liabilities	<u>1,751,191</u>	<u>418,803</u>	<u>2,169,994</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations:			
Bonds payable	937,352	3,355,182	4,292,534
Note from direct borrowings payable	13,821	-	13,821
Accrued compensated absences	207,342	61,249	268,591
Net pension liability	1,487,849	-	1,487,849
Net OPEB liability	9,719,085	-	9,719,085
Total noncurrent liabilities	<u>12,365,449</u>	<u>3,416,431</u>	<u>15,781,880</u>
TOTAL LIABILITIES	<u>14,116,640</u>	<u>3,835,234</u>	<u>17,951,874</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	33,531	-	33,531
Deferred inflows related to pensions	200,167	-	200,167
Deferred inflows related to OPEB	76,244	-	76,244
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>759,942</u>	<u>-</u>	<u>759,942</u>
NET POSITION			
Net investment in capital assets	9,151,697	2,508,320	11,660,017
Restricted	1,594,743	-	1,594,743
Unrestricted (deficit)	(5,722,103)	4,347,292	(1,374,811)
TOTAL NET POSITION	<u>5,024,337</u>	<u>6,855,612</u>	<u>11,879,949</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 19,900,919</u>	<u>\$ 10,690,846</u>	<u>\$ 30,591,765</u>

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

STATEMENT B

TOWN OF MILLINOCKET, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
<u>Governmental activities:</u>							
General government	\$ 860,796	\$ 51,304	\$ 5,856	\$ -	\$ (803,636)	\$ -	\$ (803,636)
Public safety	1,673,132	325,471	-	-	(1,347,661)	-	(1,347,661)
Public works	970,727	24,507	41,912	-	(904,308)	-	(904,308)
Fringe benefits	1,062,553	-	-	-	(1,062,553)	-	(1,062,553)
Community services	697,684	261,353	-	-	(436,331)	-	(436,331)
Education	7,576,525	207,594	3,563,176	-	(3,805,755)	-	(3,805,755)
County tax	246,428	-	-	-	(246,428)	-	(246,428)
Program expenses	119,515	-	-	-	(119,515)	-	(119,515)
State of Maine on-behalf payments	817,468	-	817,468	-	-	-	-
Grant funds/misc accounts	-	-	-	761,447	761,447	-	761,447
Interest on long-term debt	36,371	-	-	-	(36,371)	-	(36,371)
Total governmental activities	14,061,199	870,229	4,428,412	761,447	(8,001,111)	-	(8,001,111)
<u>Business-type activities:</u>							
Sewer department	733,829	1,066,609	-	-	-	332,780	332,780
Total business-type activities	733,829	1,066,609	-	-	-	332,780	332,780
Total government	\$ 14,795,028	\$ 1,936,838	\$ 4,428,412	\$ 761,447	(8,001,111)	332,780	(7,668,331)

STATEMENT B (CONTINUED)
TOWN OF MILLINOCKET, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(8,001,111)	332,780	(7,668,331)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	5,426,886	-	5,426,886
Excise taxes	877,864	-	877,864
Grants and contributions not restricted to specific programs	2,950,685	-	2,950,685
Investment income, net of unrealized gains/(losses)	66,635	20,005	86,640
Miscellaneous	1,213,455	2,576	1,216,031
Total general revenues	10,535,525	22,581	10,558,106
Change in net position	2,534,414	355,361	2,889,775
NET POSITION - JULY 1, RESTATED	2,489,923	6,500,251	8,990,174
NET POSITION - JUNE 30	\$ 5,024,337	\$ 6,855,612	\$ 11,879,949

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

STATEMENT C

TOWN OF MILLINOCKET, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Education Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,250,869	\$ -	\$ 202,181	\$ 203,481	\$ 6,656,531
Investments	-	-	-	487,257	487,257
Accounts receivables (net of allowance for uncollectibles)					
Taxes/fees	370,097	-	-	-	370,097
Other	729,666	2,885	-	262,303	994,854
Due from other governments	61,348	49,000	-	316,371	426,719
Inventory	22,982	-	-	11,114	34,096
Tax acquired property	6,727	-	-	-	6,727
Due from other funds	348,485	1,454,895	285,301	18,081	2,106,762
TOTAL ASSETS	\$ 7,790,174	\$ 1,506,780	\$ 487,482	\$ 1,298,607	\$ 11,083,043
LIABILITIES					
Accounts payable	\$ 416,615	\$ 259,550	\$ -	\$ 122,882	\$ 799,047
Accrued payroll	19,605	540,879	-	-	560,484
Accrued expenses	1,584	-	-	55,452	57,036
Due to other governments	34,497	-	-	-	34,497
Due to other funds	1,809,340	111,235	178,833	58,417	2,157,825
TOTAL LIABILITIES	2,281,641	911,664	178,833	236,751	3,608,889
DEFERRED INFLOWS OF RESOURCES					
Deferred debt service revenue	450,000	-	-	-	450,000
Prepaid taxes	33,531	-	-	-	33,531
Deferred tax revenues	304,600	-	-	-	304,600
TOTAL DEFERRED INFLOWS OF RESOURCES	788,131	-	-	-	788,131
FUND BALANCES					
Nonspendable	29,709	-	-	16,401	46,110
Restricted	134,016	595,116	-	849,210	1,578,342
Committed	-	-	308,649	79,526	388,175
Assigned	111,061	-	-	120,876	231,937
Unassigned	4,445,616	-	-	(4,157)	4,441,459
TOTAL FUND BALANCES	4,720,402	595,116	308,649	1,061,856	6,686,023
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,790,174	\$ 1,506,780	\$ 487,482	\$ 1,298,607	\$ 11,083,043

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

STATEMENT D

TOWN OF MILLINOCKET, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

	Total Governmental Funds
Total Fund Balances	\$ 6,686,023
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	10,334,959
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	304,600
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	517,906
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	122,836
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,156,129)
Note from direct borrowings payable	(27,133)
Accrued compensated absences	(230,380)
Litigation liability	(45,000)
Net pension liability	(1,487,849)
Net OPEB liability	(9,719,085)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(200,167)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	(76,244)
Net position of governmental activities	<u>\$ 5,024,337</u>

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

STATEMENT E

TOWN OF MILLINOCKET, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Education Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
General tax revenue	\$ 6,251,250	\$ -	\$ -	\$ -	\$ 6,251,250
Intergovernmental revenue	1,987,484	3,583,176	-	1,772,436	7,323,076
Charges for services	662,635	190,037	-	17,557	870,229
Investment income, net of unrealized gains/(losses)	7,271	-	307	59,057	66,635
State of Maine on-behalf payments	-	386,191	-	-	386,191
Other revenue	1,024,157	70,487	-	118,811	1,213,455
TOTAL REVENUES	9,932,777	4,209,891	307	1,967,861	16,110,836
EXPENDITURES					
Current:					
General government	835,837	-	-	-	835,837
Public safety	1,606,105	-	-	-	1,606,105
Public works	1,195,566	-	-	-	1,195,566
Fringe benefits	1,062,553	-	-	-	1,062,553
Community services	515,466	-	-	-	515,466
Education	-	6,481,052	-	1,863,059	8,344,111
County tax	246,428	-	-	-	246,428
State of Maine on-behalf payments	-	386,191	-	-	386,191
Grant funds/misc accounts	1,012,821	-	-	-	1,012,821
Program expenses	-	-	-	119,515	119,515
Debt service:					
Principal	121,014	93,208	-	-	214,222
Interest	44,470	3,714	-	-	48,184
TOTAL EXPENDITURES	6,640,260	6,964,165	-	1,982,574	15,586,999
EXCESS REVENUES OVER (UNDER) EXPENDITURES	3,292,517	(2,754,274)	307	(14,713)	523,837
OTHER FINANCING SOURCES					
Transfers in	38,811	2,988,540	12,120	8,500	3,047,971
Transfers (out)	(2,850,758)	(8,500)	(38,811)	(149,902)	(3,047,971)
TOTAL OTHER FINANCING SOURCES (USES)	(2,811,947)	2,980,040	(26,691)	(141,402)	-
NET CHANGE IN FUND BALANCES	480,570	225,766	(26,384)	(156,115)	523,837
FUND BALANCES - JULY 1, RESTATED	4,239,832	369,350	335,033	1,217,971	6,162,186
FUND BALANCES - JUNE 30	\$ 4,720,402	\$ 595,116	\$ 308,649	\$ 1,061,856	\$ 6,686,023

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

STATEMENT F

TOWN OF MILLINOCKET, 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, 2021

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 523,837</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,366,794
Capital asset disposals	(8,706)
Depreciation expense	<u>(667,445)</u>
	<u>690,643</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pensions	46,929
OPEB	<u>(762,594)</u>
	<u>(715,665)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported:	
Taxes and liens receivable	<u>53,500</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>214,222</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pensions	337,499
OPEB	<u>1,737,873</u>
	<u>2,075,372</u>
Some 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:	
Accrued interest	11,813
Accrued compensated absences	(13,156)
Litigation liability	-
Net pension liability	(201,778)
Net OPEB liability	<u>(104,374)</u>
	<u>(307,495)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 2,534,414</u>

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

STATEMENT G

TOWN OF MILLINOCKET, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021

	<u>Enterprise Fund</u> <u>Wastewater</u> <u>Treatment</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,053,609
Accounts receivable (net of allowance for uncollectibles)	2,667,084
Due from other funds	51,063
Total current assets	<u>4,771,756</u>
Noncurrent assets:	
Capital assets:	
Construction in progress	277,369
Buildings and improvements	4,824,153
Machinery, equipment and vehicles	2,011,765
Infrastructure	8,427,740
Total capital assets	<u>15,541,027</u>
Less: accumulated depreciation	<u>(9,621,937)</u>
Total noncurrent assets	<u>5,919,090</u>
TOTAL ASSETS	<u><u>\$ 10,690,846</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 353,430
Accrued payroll	2,980
Current portion of long-term obligations	62,393
Total current liabilities	<u>418,803</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	3,355,182
Accrued compensated absences	61,249
Total noncurrent liabilities	<u>3,416,431</u>
TOTAL LIABILITIES	<u>3,835,234</u>
NET POSITION	
Net investment in capital assets	2,508,320
Unrestricted	4,347,292
TOTAL NET POSITION	<u>6,855,612</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 10,690,846</u></u>

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

STATEMENT H

TOWN OF MILLINOCKET, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>Enterprise Fund</u> <u>Wastewater</u> <u>Treatment</u>
OPERATING REVENUES	
Charges for services	\$ 1,066,609
Other	2,576
TOTAL OPERATING REVENUES	<u>1,069,185</u>
OPERATING EXPENSES	
Salaries and wages	165,007
Fringe benefits	121,387
Contracted services	40,395
Insurance	22,988
Utilities	58,511
Fuel / motor	6,105
Repairs, maintenance and equipment	26,231
Supplies and office	4,709
Chemicals	2,589
Depreciation	163,634
Other	83,953
TOTAL OPERATING EXPENSES	<u>695,509</u>
OPERATING INCOME (LOSS)	<u>373,676</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	20,005
Interest expense	(38,320)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(18,315)</u>
CHANGE IN NET POSITION	355,361
NET POSITION - JULY 1	<u>6,500,251</u>
NET POSITION - JUNE 30	<u>\$ 6,855,612</u>

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

STATEMENT I

TOWN OF MILLINOCKET, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Enterprise Fund</u> <u>Wastewater</u> <u>Treatment</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ (892,099)
Other receipts	2,576
Payments to employees	(284,700)
Payments to suppliers	73,560
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(1,100,663)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	(42,370)
Interest income	20,005
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(22,365)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Bond proceeds	3,000,000
Capital assets purchased	(418,714)
Interest payments on bond payable	(38,320)
Principal payments on bond payable	(54,605)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>2,488,361</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,365,333
CASH AND CASH EQUIVALENTS - JULY 1	<u>688,276</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 2,053,609</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 373,676
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	163,634
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
(Increase) decrease in accounts receivable	(1,958,708)
(Decrease) increase in accounts payable	320,962
(Decrease) increase in accrued expenses	(1,921)
(Decrease) increase in accrued compensated absences	1,694
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (1,100,663)</u>

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

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Millinocket was incorporated under the laws of the State of Maine. The Town operates under Town Council-manager form of government and provides the following services: general government, public safety, public works, fringe benefits, community services, education and program expenses.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so.

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

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. The state of emergency expired on June 30, 2021.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

The Town took all required measures to reduce the risk of exposure to voters, poll workers and election officials participating in in state and municipal elections, including a strong absentee voting initiative and safety measures at the Town's polling location including social distancing and PPE requirements.

Impact on Finances

The Town does not currently anticipate any additional FY 2021 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act, American Rescue Plan Act ("ARPA") funding and applicable Federal and/or State programs.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the Town and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

Implementation of New Accounting Standards

During the year ended June 30, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 84 "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event

TOWN OF MILLINOCKET, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management has determined that a restatement was necessary due to the impact of this Statement.

Statement No. 90 "Majority Equity Interests". This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

Statement No 93 "Replacement of Interbank Offered Rates (paragraphs 4-11a)." The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency and comparability of reported information. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's wastewater treatment fund is categorized as a business-type activity. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Education Fund is used to account for all financial resources of the Millinocket School Department. Revenue sources are from intergovernmental revenues, charges for services and other revenues.
- c. Capital Reserve Funds are used to account for transactions related to capital reserves held by the Town. Revenue sources are transfers from other funds.

Nonmajor Funds

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- e. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

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

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Accrual

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

2. Modified Accrual

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

Budget

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

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments made by the State of Maine to the Maine State Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the education fund.

Revenues per budgetary basis	\$ 6,812,240
Add: On-behalf payments	386,191
Total GAAP basis	<u>\$ 7,198,431</u>
Expenditures per budgetary basis	\$ 6,586,474
Add: On-behalf payments	386,191
Total GAAP basis	<u>\$ 6,972,665</u>

The following procedures are followed in establishing budgetary data reflected in the financial statements:

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Town Council was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the Town Council.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be a cash equivalent. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidences of deposits at banks, savings and loan associations
- Repurchase agreements whose underlying collateral consist of the foregoing
- Money market mutual funds whose portfolios consist of the foregoing

It is the policy of the Town of Millinocket, Maine to invest public funds in a manner in which will provide safety of principal with a market rate of return while meeting the daily cash flow demands of the Town and conforming to all state and local statutes governing the investment of public funds.

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$157,592 as of June 30, 2021. Accounts receivable netted with allowances for uncollectibles were \$4,130,905 for the year ended June 30, 2021.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). The general fund inventory consists of diesel fuel and gasoline. The school lunch fund inventory consists of school lunch supplies and food on hand at the end of the year.

Tax Acquired Property

Real property becomes tax acquired when tax liens placed on property and associated costs remain unpaid eighteen months after the filing of the tax lien in accordance with 36 M.R.S.A. § 943. The amount of the taxes and associated costs become assets classified as tax acquired property receivables that are secured by the real property that foreclosed.

After real property becomes tax acquired the Town Council is responsible for the property and any disposition procedures allowed under the direction of the inhabitants of the Town as authorized by the provisions of the Town Policy.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

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

Estimated useful lives are as follows:

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

Long-term Obligations

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

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, a note from direct borrowings payable, accrued compensated absences, litigation liability, net pension liability and net OPEB liability.

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

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

OPEB

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT) and Maine Education Association Benefits Trust (MEABT), which determined the School's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT and MEABT to complete the actuarial report. Additions to/deductions from the MMEHT and MEABT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT and MEABT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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 State Employee and Teacher (SET) Plan and additions to/deductions from the SET Plan's fiduciary net position have been determined on the same basis as they are reported by the SET Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town or the Town Council in accordance with its charter. The inhabitants of the Town, through Town meetings, are the highest level of decision-making authority of the Town in that they must approve certain annual budgets (School), bonding and appropriation of unassigned fund balance. The Town Council must approve other annual budgets (capital and Town operating) and spending. Commitments may be modified or rescinded in the same manner they were established.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance given by the Town Charter and is expressed by the Town Council.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two types of this item, deferred outflows related to pensions and deferred outflows related to OPEB, which are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and deferred revenue also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions and OPEB qualify for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied September 10, 2020 on the assessed value listed as of April 1, 2020, for all real and personal property located in the Town. Taxes were due on October 13, 2020 and January 13, 2021. Interest on unpaid taxes commenced on October 14, 2020 and January 14, 2021, at 8% per annum.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$191,805 for the year ended June 30, 2021.

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

Program Revenues

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

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrance Accounting

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

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds under the Treasurer's control.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2021, the Town's cash and cash equivalents balance of \$8,710,140 was comprised of bank deposits and cash equivalents amounting to \$8,880,535. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these bank deposits, \$1,754,840 was insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining bank deposits of \$7,125,695 were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 544,098
ICS account	1,492,077
Repurchase agreement	6,835,744
Cash and cash equivalents	8,616
	<u>\$ 8,880,535</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. However, in accordance with its investment policy, the Town seeks to minimize custodial credit risk by doing



TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

business with authorized institutions, depositories and broker/dealers. Of the Town's investments, \$203,207 were covered by the Securities Investor Protection Corporation (SIPC) and consequently were not exposed to custodial credit risk and \$250,000 were covered by National Credit Union Share Insurance Fund (NCUSIF) and consequently were not exposed to custodial credit risk. The remaining investments of \$34,050, related to the School Department's scholarship funds at Katadhin Federal Credit Union, were uninsured and uncollateralized.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$284,050 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value

At June 30, 2021, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years	>5 Years
Debt securities:					
U.S. Agency securities	\$ 15,013	\$ -	\$ -	\$ -	\$ 15,013
Equity securities:					
Common stock - domestic	188,194	188,194	-	-	-
	<u>\$ 203,207</u>	<u>\$ 188,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,013</u>

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Certificates of deposit held with Katadhin Federal Credit Union for \$284,050 are excluded from the fair value hierarchy as these investments are considered held to maturity and are therefore not measured at fair value. The Town has the following recurring fair value measurements as June 30, 2021:

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	June 30, 2021 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
U.S. Agency Securities	\$ 15,013	\$ -	\$ 15,013	\$ -
Total debt securities	15,013	-	15,013	-
Equity securities:				
Common stock - domestic	188,194	188,194	-	-
Total equity securities	188,194	188,194	-	-
Total investments by fair value level	\$ 203,207	\$ 188,194	\$ 15,013	\$ -

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level III investments.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in repurchase agreements and various insured certificates of deposit.

Amounts included in both the cash and cash equivalents and the investments, as detailed in this Note, include School Department balances concerning student activities and scholarships for which the Town Council and the Town Treasurer do not have active procedural control. Legal council will determine the ultimate responsibility for these balances.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2021 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 348,485	\$ 1,809,340
Education fund	1,454,895	111,235
Capital projects funds	285,301	178,833
Nonmajor special revenue funds	18,081	54,617
Nonmajor permanent funds	-	3,800
Proprietary funds	51,063	-
	<u>\$ 2,157,825</u>	<u>\$ 2,157,825</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

At June 30, 2021, the Town had the following interfund transfers:

	Transfers In	Transfers Out
General fund	\$ 38,811	\$ 2,850,758
Education fund	2,988,540	8,500
Capital projects funds	12,120	38,811
Nonmajor special revenue funds	8,500	149,902
	<u>\$ 3,047,971</u>	<u>\$ 3,047,971</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	Balance, 7/1/20	Additions	Disposals	Balance, 6/30/21
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 205,841	\$ -	\$ -	\$ 205,841
Construction in progress	72,230	221,489	-	293,719
	<u>278,071</u>	<u>221,489</u>	<u>-</u>	<u>499,560</u>
Depreciated assets:				
Land improvements	5,398,572	39,620	-	5,438,192
Buildings and improvements	9,404,423	195,553	-	9,599,976
Machinery, equipment and vehicles	6,387,110	910,132	(67,784)	7,229,458
Infrastructure	3,441,980	-	-	3,441,980
	<u>24,632,085</u>	<u>1,145,305</u>	<u>(67,784)</u>	<u>25,709,606</u>
Less: accumulated depreciation	(15,265,840)	(667,445)	59,078	(15,874,207)
	<u>9,366,245</u>	<u>477,860</u>	<u>(8,706)</u>	<u>9,835,399</u>
Net capital assets	<u>\$ 9,644,316</u>	<u>\$ 699,349</u>	<u>\$ (8,706)</u>	<u>\$ 10,334,959</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Construction in progress	\$ 81,396	\$ 195,973	\$ -	\$ 277,369
	<u>81,396</u>	<u>195,973</u>	<u>-</u>	<u>277,369</u>
Depreciated assets:				
Buildings and improvements	4,824,153	-	-	4,824,153
Machinery, equipment and vehicles	2,054,306	5,815	(48,356)	2,011,765
Infrastructure	8,210,814	216,926	-	8,427,740
	<u>15,089,273</u>	<u>222,741</u>	<u>(48,356)</u>	<u>15,263,658</u>
Less: accumulated depreciation	(9,506,659)	(163,634)	48,356	(9,621,937)
	<u>5,582,614</u>	<u>59,107</u>	<u>-</u>	<u>5,641,721</u>
Net capital assets	<u>\$ 5,664,010</u>	<u>\$ 255,080</u>	<u>\$ -</u>	<u>\$ 5,919,090</u>
<u>Current year depreciation expense:</u>				
General government			\$ 11,803	
Public safety			74,825	
Public works			110,920	
Community services			183,928	
Education			285,969	
Subtotal governmental			<u>667,445</u>	
Sewer department			163,634	
Subtotal business-type			<u>163,634</u>	
Total depreciation expense			<u>\$ 831,079</u>	

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2021:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Current Portion
Governmental activities:					
Bonds payable	\$ 1,355,046	\$ -	\$ (198,917)	\$ 1,156,129	\$ 218,777
Note from direct borrowings payable	42,438	-	(15,305)	27,133	13,312
Total governmental activities	<u>\$ 1,397,484</u>	<u>\$ -</u>	<u>\$ (214,222)</u>	<u>\$ 1,183,262</u>	<u>\$ 232,089</u>
Business-type activities:					
Bonds payable	\$ 465,375	\$ 3,000,000	\$ (54,605)	\$ 3,410,770	\$ 55,588
Total business-type activities	<u>\$ 465,375</u>	<u>\$ 3,000,000</u>	<u>\$ (54,605)</u>	<u>\$ 3,410,770</u>	<u>\$ 55,588</u>

The following is a summary of the outstanding bonds and a note from direct borrowings payable:

	Governmental	Business-type
Bonds:		
\$1,200,000, 2006C Bond due in annual principal installments of \$80,000 and semiannual interest installments through October of 2021. Interest is charged at fixed rate per annum.	\$ 80,000	\$ -
\$1,050,000, 2008 Taxable Sewer Bond through the Clean Water Revolving Loan Fund due in annual principal installments and semiannual interest installments through April of 2028. Interest is charged at a fixed rate of 1.80% per annum. Annual principal installments vary from \$62,036 to \$66,131.	-	410,770
\$1,465,000, 2011 General Obligation Bond due in annual principal and interest installments of \$93,208 through November of 2025. Interest is charged at 0.00% per annum.	626,129	-
\$450,000, 2019 General Obligation Bond due in annual principal installments and semiannual interest installments through July of 2029. Interest is charged at a fixed rate of 4.65% per annum. Annual principal installments vary from \$45,569 to \$54,685. A note receivable in the amount of \$450,000 has been recorded for the remaining amount of this bond due to a loan made to Our Katadhin and GP West which was directly related to this debt.	450,000	-
\$2,200,000, 2021 Taxable Sewer Bond through the Clean Water Revolving Loan Fund due in annual principal installments of \$84,615 October 2047. Interest is charged at a fixed rate of 1.00% per annum.	-	2,200,000
\$805,000, 2021 Taxable Sewer Bond through the Clean Water Revolving Loan Fund due in annual principal installments of \$30,769 October 2047. Interest is charged at a fixed rate of 1.00% per annum. Upon closing, this bond was awarded \$5,000 of principal forgiveness.	-	800,000
Total bonds payable	<u>\$ 1,156,129</u>	<u>\$ 3,410,770</u>

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT (CONTINUED)

	Governmental	Business-type
<u>Note from direct borrowings payable.</u>		
\$65,614, 2018 Capital Lease payable to US Bank for photocopiers due in annual installments of \$14,350 through July of 2022. Interest is charged at a fixed rate of 3.76% per annum	\$ 27,133	\$ -
Total note from direct borrowings payable	<u>\$ 27,133</u>	<u>\$ -</u>

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

	Governmental Activities				Total Debt Service
	Bonds Payable		Note from Direct Borrowings		
			Payable		
	Principal	Interest	Principal	Interest	
2022	\$ 218,777	\$ 19,857	\$ 13,312	\$ 1,038	\$ 252,984
2023	139,828	17,713	13,821	529	171,891
2024	140,903	15,520	-	-	156,423
2025	141,963	13,317	-	-	155,280
2026	93,208	-	-	-	93,208
2027-2031	421,450	-	-	-	421,450
	<u>\$ 1,156,129</u>	<u>\$ 66,407</u>	<u>\$ 27,133</u>	<u>\$ 1,567</u>	<u>\$ 1,251,236</u>

	Business-type Activities		Total Debt Service
	Bonds Payable		
	Principal	Interest	
2022	\$ 55,588	\$ 33,644	\$ 89,232
2023	171,973	35,816	207,789
2024	172,993	33,644	206,637
2025	174,029	31,453	205,482
2026	175,084	29,244	204,328
2027-2031	699,566	115,821	815,387
2032-2036	576,923	83,654	660,577
2037-2041	576,923	54,808	631,731
2042-2046	576,923	25,962	602,885
2047-2051	230,768	2,308	233,076
	<u>\$ 3,410,770</u>	<u>\$ 446,354</u>	<u>\$ 3,857,124</u>

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT (CONTINUED)

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the business-type activities for the year ended June 30, 2021 was \$38,320.

All bonds payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in other long-term obligations for the year ended June 30, 2021:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Current Portion
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 217,224	\$ 13,156	\$ -	\$ 230,380	\$ 23,038
Litigation liability	45,000	-	-	45,000	45,000
Net pension liability	1,286,071	532,153	(330,375)	1,487,849	-
Net OPEB liability	9,614,711	1,675,387	(1,571,013)	9,719,085	-
	<u>\$ 11,163,006</u>	<u>\$ 2,220,696</u>	<u>\$ (1,901,388)</u>	<u>\$ 11,482,314</u>	<u>\$ 68,038</u>
<u>Business-type activities:</u>					
Accrued compensated absences	\$ 66,360	\$ 1,694	\$ -	\$ 68,054	\$ 6,805

Refer to Notes 8, 16, 17, 19 and 20 for more detailed information regarding other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2021, the Town's liability for compensated absences is \$298,434.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 - RESTRICTED NET POSITION

At June 30, 2021, the Town had the following restricted net position:

General fund	\$ 134,016
Education fund	595,116
Nonmajor special revenue funds (Schedule E)	826,504
Nonmajor permanent funds (Schedule I)	39,107
	<u>\$ 1,594,743</u>

NOTE 10 - NONSPENDABLE FUND BALANCES

At June 30, 2021, the Town had the following nonspendable fund balances:

General fund:	
Inventory	\$ 22,982
Tax acquired property	6,727
Nonmajor permanent funds (Schedule I)	16,401
	<u>\$ 46,110</u>

NOTE 11 - RESTRICTED FUND BALANCES

At June 30, 2021, the Town had the following restricted fund balances:

General fund:	
Northern Penobscot Association	\$ 440
CDBG match donation	2,000
DARE	32
Record preservation	500
4th of July fireworks	8,205
Other events	835
Dog care	5,889
AARP Challenge grant	1,307
Thriving Older Adults	2,000
MacKenzie Grant (rec dept)	37,808
Insurance second payment	75,000
Education fund	595,116
Nonmajor special revenue funds (Schedule E)	826,504
Nonmajor permanent funds (Schedule I)	22,706
	<u>\$ 1,578,342</u>

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2021, the Town had the following committed fund balances:

Capital projects fund	\$ 308,649
Nonmajor special revenue funds (Schedule E)	<u>79,526</u>
	<u>\$ 388,175</u>

NOTE 13 - ASSIGNED FUND BALANCES

At June 30, 2021, the Town had the following assigned fund balances:

General fund:

Carryforwards:

Line painting	\$ 6,634
Fire and ambulance unspent capital	19,706
PW diagnostic computer	5,000
Recreation pickup	270
Municipal revaluation	27,745
Municipal revaluation payback for jet fuel purchase	6,706
Insurance second payment	45,000
Nonmajor special revenue funds (Schedule E)	<u>120,876</u>
	<u>\$ 231,937</u>

NOTE 14 - DEFICIT FUND BALANCES

At June 30, 2021, the Town had the following deficit fund balances:

Adult education	<u>\$ 4,157</u>
-----------------	-----------------

NOTE 15 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County debt. As of June 30, 2021, Penobscot County had no outstanding debt.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2020, there were 301 employers in the plan.

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 1.92%.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's fire and ambulance department employees are part of the PLDs special plan "4C" and are required to contribute 8.7% of their annual salary, while all other employees are part of regular plan "AC" and are required to contribute 8.1% of their annual salary. The Town is required to contribute the actuarially determined rates of 9.3% for special plan "4C" members' covered payroll and 10.1% for regular plan "AC" members' covered payroll during the year. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2021 was \$193,328.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.mainebers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members. As of June 30, 2020, there were 237 employers, including the State of Maine, participating in the plan.

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 1.92%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Department's teachers are required to contribute 7.65% of their compensation to the retirement system. The Department's payroll for teachers covered by this program was approximately \$2,896,296 for the year ended June 30, 2021. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 14.33% of the Department's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). Contributions paid by the State were approximately \$386,191 for the year ended June 30, 2021. Title 5 of the Maine Revised Statutes Annotated also requires the Department to contribute at an actuarially determined normal cost rate of 4.19%, which totaled \$120,485 for 2021. In addition, the Department is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 14.96% of compensation and totaled \$30,116 the year ended June 30, 2021.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Pension Liabilities

PLD Consolidated Plan

At June 30, 2021, the Town reported a liability of \$1,273,583 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2020 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2020, the Town's proportion was 0.32055%, which was a decrease of 0.00893% from its proportion measured as of June 30, 2019.

SET Plan

At June 30, 2021, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ 214,266
State's proportionate share of the net pension liability associated with the Town	<u>3,140,481</u>
Total	<u>\$ 3,354,747</u>

The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating school units and the State actuarially determined. At June 30, 2020, the Town's proportion was 0.013127%, which was a decrease of 0.00587% from its proportion measured as of June 30, 2019.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2021, the Town recognized total pension revenue of \$183,711 for the PLD plan and total pension expense of \$416,453 and revenue of \$416,453 for support provided by the State of Maine for the SET plan. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan		SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 76,426	\$ 14,003	\$ 6,854	\$ 4,540
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	82,874	-	8,883	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	23,196	1	158,428
Contributions subsequent to the measurement date	192,267	-	150,601	-
Total	\$ 351,567	\$ 37,199	\$ 166,339	\$ 162,968

\$193,328 for the PLD plan and \$150,601 for the SET plan were reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan	SET Plan
Plan year ended June 30:		
2021	\$ (54,098)	\$ (132,505)
2022	35,258	(30,417)
2023	70,392	7,886
2024	70,548	7,804
2025	-	-
Thereafter	-	-

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Methods and Assumptions

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2020, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

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

Experience gains and losses, i.e., actual decreases or increases in liabilities and/or in assets which differ 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 reduces the impact of short-term volatility 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.

The net pension liability of the State Employee and Teacher Retirement Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements. All other gains, losses and changes are amortized over ten-year periods beginning on the date as of which they occur.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2020 are as follows:

Investment Rate of Return - For the PLD and State Employee and Teacher Plans, 6.75% per annum for the year ended June 30, 2020, compounded annually.

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 2.75%; state employees, 2.75%; teachers, 2.75% per year.

Mortality Rates - For active members and non-disabled retirees of the PLD Consolidated and State Employee and Teacher Plans, 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.

Cost of Living Benefit Increases - for PLD Consolidated 1.91% and Teacher Plans, 2.20% per annum for the year ended June 30, 2020.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2020 are summarized in the following table.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	7.2%
Diversifiers	10.0%	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2020 for each of the Plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability as of June 30, 2020 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for each of the Plans.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 2,676,557	\$ 1,273,583	\$ 125,146
<u>SET Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 371,600	\$ 214,266	\$ 83,131

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2020 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2020 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2020, this was three years for the SET Plan and the PLD Consolidated Plan. For 2019, this was three years for the SET Plan and four years for the PLD Consolidated Plan. For 2018 and 2017, this was three years for both plans; prior to 2017, this was four years for the PLD Consolidated Plan.

Differences between Expected and Actual Investment Earnings

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

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2020 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2020 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. 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*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

Employees Covered by Benefit Terms

At January 1, 2021, the following employees were covered by the benefit terms:

Active members	31
Retirees and spouses	11
Total	<u>42</u>

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

Retiree Premium Amounts:

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

		<u>Single</u>	<u>Family</u>
	<u>Pre-Medicare</u>		
POS C		\$ 1,119	\$ 2,509
	<u>Medicare</u>	\$ 589	\$ 1,179

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the Town reported a liability of \$694,990 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2021 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2021, the Town recognized OPEB expense of \$63,911. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 56,869
Changes of assumptions	105,377	19,375
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	17,459	-
Total	<u>\$ 122,836</u>	<u>\$ 76,244</u>

\$17,459 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended June 30:	
2022	\$ 3,880
2023	4,246
2024	13,930
2025	7,077
2026	-
Thereafter	-

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2021. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.12% per annum for June 30, 2021 was based upon a measurement date of December 31, 2020. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	1.12%	2.12%	3.12%
Total OPEB liability	\$ 784,200	\$ 694,990	\$ 620,551
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 784,200</u>	<u>\$ 694,990</u>	<u>\$ 620,551</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 616,308	\$ 694,990	\$ 789,606
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 616,308</u>	<u>\$ 694,990</u>	<u>\$ 789,606</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2021, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2019. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Amortization

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

Assumptions

The actuarial assumptions used in the January 1, 2021 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2021, they are as follows:

Discount Rate - 2.12% per annum for year end 2021 reporting. 2.74% per annum for 2020 year end reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 31007 and version 2020_b was used for this valuation. The following assumptions were input into this model:

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capital 2029+	1.25%
Extra Trend due to Taste/Technology 2029+	1.10%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

The trends selected from 2020 to 2023 were based on plan design, population weighting, renewal projections and market analysis. For years 2024 - 2028, these are interpolated from 2023 to 2029 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

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.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2021, they are as follows:

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

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 the 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 0.00% for ages 111-120 and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2021 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2020 was \$56,869.

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town Office at 197 Penosbcot Avenue, Millinocket, Maine 04462.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
STATE EMPLOYEE AND TEACHER PLAN

Plan Description

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. As of June 30, 2020, there were 233 employers, including the State of Maine, participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.mainebers.org or by contacting the System at (800) 451-9800.

Benefits Provided

The Group Life Insurance Plan (the Plan) provides basic group life insurance benefits, during retirement, to retirees who participated in the Plan 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

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For Department's teachers, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. 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. The State participates in the SET Plan as a non-employer contributing entity in that the State pays the actuarially

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN (CONTINUED)**

determined premium contributions associated with retired teachers. The State's contribution to the Plan for the year ended June 30, 2021 were approximately \$7,463.

OPEB Liabilities and OPEB Expense

At June 30, 2021, the School reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the School. The total portion of the net OPEB liability that was associated with the School were as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the School	<u>66,467</u>
Total	<u>\$ 66,467</u>

For the year ended June 30, 2021, the District recognized net OPEB expense of \$7,361 and revenue of \$7,361 for support provided by the State of Maine.

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN

MAINE EDUCATION ASSOCIATION BENEFITS TRUST

Plan Description

The State of Maine and School retirees contribute to the School's OPEB Plan with the Maine Education Association Benefits Trust (MEABT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the State, the School and/or the School retirees. MEABT is a fully funded, self-insured trust which provides benefits to education organizations and acts as the agent to the School concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MEABT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MEABT participants and are administered by a number of third-party administrators contracted by MEABT. 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*

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)**

Other Than Pensions. MEABT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting MEABT at (888) 622-4418.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The employee must have participated in a plan for the 12 months prior to retirement and have 10 years (under age 50) or 5 years (age 50 or above) of continuous active service and enrollment in the health plan to be eligible for this Plan. The retiree who terminates coverage may elect to re-enroll in coverage if they participated in the health plan for 12 months prior to terminating coverage, as long as re-enrollment occurs within 5 years from coverage termination and as long as the retiree is not past age 62. The retiree must have maintained continuous health insurance coverage during the break in coverage with MEABT to be eligible for re-enrollment and is only eligible for re-enrollment once.

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Active members	3
Retirees and spouses	95
Total	<u>98</u>

Cost Sharing Provisions/Contributions

Retirees are eligible for a State subsidy of 45% of the blended single premium for the retiree. The blended premium is determined by blending rates for active members and retired members, as determined by State law. The retiree contributes the remaining 55% of blended single premium and spouse must contribute 100% of the blended premium amount coverage elected.

Employee/Retiree Premium Amounts:

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

	<u>Employee</u>	<u>Employee/ Spouse</u>
<u>Pre-Medicare</u>		
Choice Plus	\$ 976	\$ 2,200
Standard	\$ 1,054	\$ 2,376
Group	\$ 393	\$ 787

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the Town reported a liability of \$9,024,095 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2021, the Town recognized OPEB expense of \$806,994. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MEABT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	-	-
Total	\$ -	\$ -

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)**

\$0 were reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MEABT</u>
Plan year ended June 30:	
2022	\$ -
2023	-
2024	-
2025	-
2026	-
Thereafter	-

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2020. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.19% per annum for June 30, 2021 was based upon a measurement date of June 30, 2021. The sensitivity of total OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	1.19%	2.19%	3.19%
Total OPEB liability	\$ 10,151,315	\$ 9,024,095	\$ 8,079,801
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 10,151,315</u>	<u>\$ 9,024,095</u>	<u>\$ 8,079,801</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)**

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of total OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 8,123,912	\$ 9,024,095	\$ 10,074,647
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 8,123,912</u>	<u>\$ 9,024,095</u>	<u>\$ 10,074,647</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2021, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

Assumptions

The demographic actuarial assumptions are the Teacher assumptions that were used by the Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation at June 30, 2021 and are based on the experience study covering the period from June 30, 2015 through June 30, 2020. The proposed assumptions were adopted by the Board of Trustees at their March 11, 2021.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)**

The economic assumptions are based on GASB 75 paragraph 36. Since the Plan is not funded via a qualified trust, the discount rates are selected based on the 20-year tax-exempt bond buyer rates as of the measurement dates. The other economic assumptions, ie trend rates, were developed based on historical information, national trend surveys and professional judgement:

Discount Rate - 2.19% per annum for year-end 2021 reporting, 2.66% per annum for year-end 2020 reporting.

Trend Assumptions:

Health care trend assumptions used were developed based on historical medical CPI information.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine Public Employees Retirement System State Employee and Teacher Retirement Program at June 30, 2021. As of June 30, 2021, they are as follows:

Retirement Rates - Rates vary for plans based on age and service

Rates of Turnover - None

Disability Incidence - None

Retirement Contribution Increases - Assumed to increase at the same rate as health care trend rates

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives

Salary Increase Rate - 2.75% per year

Rate of Mortality:

General Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021

Teacher Retirees: SOA Pub-2010 Teachers Headcount Weighted Mortality Table fully generational using Scale MP-2021

TOWN OF MILLINOCKET, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Millinocket, Maine under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Millinocket, Maine, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Millinocket, Maine.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Town of Millinocket, Maine has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.





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

Town Council
Town of Millinocket
Millinocket, 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, business-type activities, each major fund and the aggregate remaining fund information of the Town of Millinocket, Maine as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Town of Millinocket, Maine's basic financial statements and have issued our report thereon dated February 25, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Millinocket, 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 Millinocket, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Millinocket, 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. 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 Millinocket, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Millinocket in a separate letter dated December 28, 2021.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
February 25, 2022



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
February 25, 2022



TOWN OF MILLINOCKET, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued :

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ no
- Noncompliance material to financial statements noted? ☐ yes ☒ no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with §200.516 of Uniform Guidance? ☐ yes ☒ no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

Section II - Financial Statement Findings

None

Section III - Federal Awards Findings and Questioned Costs

None





Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

Town Council
Town of Millinocket, Maine
Millinocket, Maine

We have audited the financial statements of Town of Millinocket, Maine for the year ended June 30, 2021 and have issued our report thereon dated February 25, 2022. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place and have reviewed the annual financial report that was submitted to the Maine Department of Education for accuracy. In addition, we have reviewed the Town of Millinocket, Maine's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, the Town of Millinocket, Maine complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Millinocket, Maine was in noncompliance with or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Town of Millinocket, Maine and have attached the following schedule as it relates to the reconciliation of audit adjustments to the updated annual financial data submitted to the Maine Education Financial System maintained at the Maine Department of Education.

This report is intended solely for the information of the Town Council, School Board, management and the Maine Department of Education. This report is not intended to be and should not be used by anyone other than the specified parties.

RHR Smith & Company

Buxton, Maine
February 25, 2022

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MILLINOCKET SCHOOL DEPARTMENT

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA
SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund (1000)	Special Revenue Funds (2000) & (6000)	Capital Projects Fund (3000) & (4000)	Total
June 30 Balance per Maine Education Financial System	\$ 117,578	\$ 102,169	\$ -	\$ 219,747
Adjustments:				
Fund balance	477,538	-	-	477,538
Adult education (1500)	-	(13,508)	-	(13,508)
International program (2000)	-	(127,736)	-	(127,736)
Title IA (230)	-	(34,149)	-	(34,149)
Tier III (231)	-	(5,209)	-	(5,209)
Title IV (240)	-	(5,533)	-	(5,533)
Local entitlement (247)	-	(10,407)	-	(10,407)
Unknown (2480)	-	(55,437)	-	(55,437)
IDEA-B PreK (2510)	-	(3,817)	-	(3,817)
ESSER 1 (2605)	-	(3,934)	-	(3,934)
Unknown (2614)	-	176,178	-	176,178
Unknown (2615)	-	14,826	-	14,826
REAP (2901)	-	188	-	188
Summer food program (293)	-	(1,407)	-	(1,407)
School lunch (600)	-	29,718	-	29,718
Student activities	-	120,876	-	120,876
Scholarships	-	481,180	-	481,180
Capital Project Reserve (400)	-	-	6,195	6,195
Rounding	-	2	-	2
Audited GAAP Basis Fund Balance June 30	\$ 595,116	\$ 664,000	\$ 6,195	\$ 1,265,311



TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

business with authorized institutions, depositories and broker/dealers. Of the Town's investments, \$203,207 were covered by the Securities Investor Protection Corporation (SIPC) and consequently were not exposed to custodial credit risk and \$250,000 were covered by National Credit Union Share Insurance Fund (NCUSIF) and consequently were not exposed to custodial credit risk. The remaining investments of \$34,050, related to the School Department's scholarship funds at Katadhin Federal Credit Union, were uninsured and uncollateralized.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$284,050 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value

At June 30, 2021, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years	>5 Years
Debt securities:					
U.S. Agency securities	\$ 15,013	\$ -	\$ -	\$ -	\$ 15,013
Equity securities:					
Common stock - domestic	188,194	188,194	-	-	-
	<u>\$ 203,207</u>	<u>\$ 188,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,013</u>

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Certificates of deposit held with Katadhin Federal Credit Union for \$284,050 are excluded from the fair value hierarchy as these investments are considered held to maturity and are therefore not measured at fair value. The Town has the following recurring fair value measurements as June 30, 2021:

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	June 30, 2021 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
U.S. Agency Securities	\$ 15,013	\$ -	\$ 15,013	\$ -
Total debt securities	<u>15,013</u>	<u>-</u>	<u>15,013</u>	<u>-</u>
Equity securities:				
Common stock - domestic	188,194	188,194	-	-
Total equity securities	<u>188,194</u>	<u>188,194</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>\$ 203,207</u>	<u>\$ 188,194</u>	<u>\$ 15,013</u>	<u>\$ -</u>

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level III investments.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in repurchase agreements and various insured certificates of deposit.

Amounts included in both the cash and cash equivalents and the investments, as detailed in this Note, include School Department balances concerning student activities and scholarships for which the Town Council and the Town Treasurer do not have active procedural control. Legal council will determine the ultimate responsibility for these balances.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2021 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 348,485	\$ 1,809,340
Education fund	1,454,895	111,235
Capital projects funds	285,301	178,833
Nonmajor special revenue funds	18,081	54,617
Nonmajor permanent funds	-	3,800
Proprietary funds	51,063	-
	<u>\$ 2,157,825</u>	<u>\$ 2,157,825</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

At June 30, 2021, the Town had the following interfund transfers:

	Transfers In	Transfers Out
General fund	\$ 38,811	\$ 2,850,758
Education fund	2,988,540	8,500
Capital projects funds	12,120	38,811
Nonmajor special revenue funds	8,500	149,902
	<u>\$ 3,047,971</u>	<u>\$ 3,047,971</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	Balance, 7/1/20	Additions	Disposals	Balance, 6/30/21
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 205,841	\$ -	\$ -	\$ 205,841
Construction in progress	72,230	221,489	-	293,719
	<u>278,071</u>	<u>221,489</u>	<u>-</u>	<u>499,560</u>
Depreciated assets:				
Land improvements	5,398,572	39,620	-	5,438,192
Buildings and improvements	9,404,423	195,553	-	9,599,976
Machinery, equipment and vehicles	6,387,110	910,132	(67,784)	7,229,458
Infrastructure	3,441,980	-	-	3,441,980
	<u>24,632,085</u>	<u>1,145,305</u>	<u>(67,784)</u>	<u>25,709,606</u>
Less accumulated depreciation	<u>(15,265,840)</u>	<u>(667,445)</u>	<u>59,078</u>	<u>(15,874,207)</u>
	<u>9,366,245</u>	<u>477,860</u>	<u>(8,706)</u>	<u>9,835,399</u>
Net capital assets	<u>\$ 9,644,316</u>	<u>\$ 699,349</u>	<u>\$ (8,706)</u>	<u>\$ 10,334,959</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Construction in progress	\$ 81,396	\$ 195,973	\$ -	\$ 277,369
	<u>81,396</u>	<u>195,973</u>	<u>-</u>	<u>277,369</u>
Depreciated assets:				
Buildings and improvements	4,824,153	-	-	4,824,153
Machinery, equipment and vehicles	2,054,306	5,815	(48,356)	2,011,765
Infrastructure	8,210,814	216,926	-	8,427,740
	<u>15,089,273</u>	<u>222,741</u>	<u>(48,356)</u>	<u>15,263,658</u>
Less accumulated depreciation	<u>(9,506,659)</u>	<u>(163,634)</u>	<u>48,356</u>	<u>(9,621,937)</u>
	<u>5,582,614</u>	<u>59,107</u>	<u>-</u>	<u>5,641,721</u>
Net capital assets	<u>\$ 5,664,010</u>	<u>\$ 255,080</u>	<u>\$ -</u>	<u>\$ 5,919,090</u>
<u>Current year depreciation expense:</u>				
General government			\$ 11,803	
Public safety			74,825	
Public works			110,920	
Community services			183,928	
Education			285,969	
Subtotal governmental			<u>667,445</u>	
Sewer department			163,634	
Subtotal business-type			<u>163,634</u>	
Total depreciation expense			<u>\$ 831,079</u>	

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2021:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 1,355,046	\$ -	\$ (198,917)	\$ 1,156,129	\$ 218,777
Note from direct borrowings payable	42,438	-	(15,305)	27,133	13,312
Total governmental activities	<u>\$ 1,397,484</u>	<u>\$ -</u>	<u>\$ (214,222)</u>	<u>\$ 1,183,262</u>	<u>\$ 232,089</u>
<u>Business-type activities:</u>					
Bonds payable	\$ 465,375	\$ 3,000,000	\$ (54,605)	\$ 3,410,770	\$ 55,588
Total business-type activities	<u>\$ 465,375</u>	<u>\$ 3,000,000</u>	<u>\$ (54,605)</u>	<u>\$ 3,410,770</u>	<u>\$ 55,588</u>

The following is a summary of the outstanding bonds and a note from direct borrowings payable:

	Governmental	Business-type
<u>Bonds:</u>		
\$1,200,000, 2006C Bond due in annual principal installments of \$80,000 and semiannual interest installments through October of 2021. Interest is charged at fixed rate per annum.	\$ 80,000	\$ -
\$1,050,000, 2008 Taxable Sewer Bond through the Clean Water Revolving Loan Fund due in annual principal installments and semiannual interest installments through April of 2028. Interest is charged at a fixed rate of 1.80% per annum. Annual principal installments vary from \$62,036 to \$66,131.	-	410,770
\$1,465,000, 2011 General Obligation Bond due in annual principal and interest installments of \$93,208 through November of 2025. Interest is charged at 0.00% per annum.	626,129	-
\$450,000, 2019 General Obligation Bond due in annual principal installments and semiannual interest installments through July of 2029. Interest is charged at a fixed rate of 4.65% per annum. Annual principal installments vary from \$45,569 to \$54,685. A note receivable in the amount of \$450,000 has been recorded for the remaining amount of this bond due to a loan made to Our Katadhin and GP West which was directly related to this debt.	450,000	-
\$2,200,000, 2021 Taxable Sewer Bond through the Clean Water Revolving Loan Fund due in annual principal installments of \$84,615 October 2047. Interest is charged at a fixed rate of 1.00% per annum.	-	2,200,000
\$805,000, 2021 Taxable Sewer Bond through the Clean Water Revolving Loan Fund due in annual principal installments of \$30,769 October 2047. Interest is charged at a fixed rate of 1.00% per annum. Upon closing, this bond was awarded \$5,000 of principal forgiveness.	-	800,000
Total bonds payable	<u>\$ 1,156,129</u>	<u>\$ 3,410,770</u>

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT (CONTINUED)

	<u>Governmental</u>	<u>Business-type</u>
<u>Note from direct borrowings payable</u>		
\$65,614, 2018 Capital Lease payable to US Bank for photocopiers due in annual installments of \$14,350 through July of 2022. Interest is charged at a fixed rate of 3.76% per annum.	\$ 27,133	\$ -
Total note from direct borrowings payable	<u>\$ 27,133</u>	<u>\$ -</u>

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

	Governmental Activities				Total Debt Service
	Bonds Payable		Note from Direct Borrowings Payable		
			Principal	Interest	
	Principal	Interest	Principal	Interest	
2022	\$ 218,777	\$ 19,857	\$ 13,312	\$ 1,038	\$ 252,984
2023	139,828	17,713	13,821	529	171,891
2024	140,903	15,520	-	-	156,423
2025	141,963	13,317	-	-	155,280
2026	93,208	-	-	-	93,208
2027-2031	421,450	-	-	-	421,450
	<u>\$ 1,156,129</u>	<u>\$ 66,407</u>	<u>\$ 27,133</u>	<u>\$ 1,567</u>	<u>\$ 1,251,236</u>

	<u>Business-type Activities</u>		
	<u>Bonds Payable</u>		<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 55,588	\$ 33,644	\$ 89,232
2023	171,973	35,816	207,789
2024	172,993	33,644	206,637
2025	174,029	31,453	205,482
2026	175,084	29,244	204,328
2027-2031	699,566	115,821	815,387
2032-2036	576,923	83,654	660,577
2037-2041	576,923	54,808	631,731
2042-2046	576,923	25,962	602,885
2047-2051	230,768	2,308	233,076
	<u>\$ 3,410,770</u>	<u>\$ 446,354</u>	<u>\$ 3,857,124</u>

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG-TERM DEBT (CONTINUED)

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the business-type activities for the year ended June 30, 2021 was \$38,320.

All bonds payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in other long-term obligations for the year ended June 30, 2021:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Current Portion
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 217,224	\$ 13,156	\$ -	\$ 230,380	\$ 23,038
Litigation liability	45,000	-	-	45,000	45,000
Net pension liability	1,286,071	532,153	(330,375)	1,487,849	-
Net OPEB liability	9,614,711	1,675,387	(1,571,013)	9,719,085	-
	<u>\$ 11,163,006</u>	<u>\$ 2,220,696</u>	<u>\$ (1,901,388)</u>	<u>\$ 11,482,314</u>	<u>\$ 68,038</u>
<u>Business-type activities:</u>					
Accrued compensated absences	\$ 66,360	\$ 1,694	\$ -	\$ 68,054	\$ 6,805

Refer to Notes 8, 16, 17, 19 and 20 for more detailed information regarding other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2021, the Town's liability for compensated absences is \$298,434.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 - RESTRICTED NET POSITION

At June 30, 2021, the Town had the following restricted net position:

General fund	\$ 134,016
Education fund	595,116
Nonmajor special revenue funds (Schedule E)	826,504
Nonmajor permanent funds (Schedule I)	39,107
	<u>\$ 1,594,743</u>

NOTE 10 - NONSPENDABLE FUND BALANCES

At June 30, 2021, the Town had the following nonspendable fund balances:

General fund:	
Inventory	\$ 22,982
Tax acquired property	6,727
Nonmajor permanent funds (Schedule I)	16,401
	<u>\$ 46,110</u>

NOTE 11 - RESTRICTED FUND BALANCES

At June 30, 2021, the Town had the following restricted fund balances:

General fund:	
Northern Penobscot Association	\$ 440
CDBG match donation	2,000
DARE	32
Record preservation	500
4th of July fireworks	8,205
Other events	835
Dog care	5,889
AARP Challenge grant	1,307
Thriving Older Adults	2,000
MacKenzie Grant (rec dept)	37,808
Insurance second payment	75,000
Education fund	595,116
Nonmajor special revenue funds (Schedule E)	826,504
Nonmajor permanent funds (Schedule I)	22,706
	<u>\$ 1,578,342</u>

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2021, the Town had the following committed fund balances:

Capital projects fund	\$ 308,649
Nonmajor special revenue funds (Schedule E)	<u>79,526</u>
	<u>\$ 388,175</u>

NOTE 13 - ASSIGNED FUND BALANCES

At June 30, 2021, the Town had the following assigned fund balances:

General fund:	
Carryforwards:	
Line painting	\$ 6,634
Fire and ambulance unspent capital	19,706
PW diagnostic computer	5,000
Recreation pickup	270
Municipal revaluation	27,745
Municipal revaluation payback for jet fuel purchase	6,706
Insurance second payment	45,000
Nonmajor special revenue funds (Schedule E)	<u>120,876</u>
	<u>\$ 231,937</u>

NOTE 14 - DEFICIT FUND BALANCES

At June 30, 2021, the Town had the following deficit fund balances:

Adult education	<u>\$ 4,157</u>
-----------------	-----------------

NOTE 15 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County debt. As of June 30, 2021, Penobscot County had no outstanding debt.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2020, there were 301 employers in the plan.

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 1.92%.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's fire and ambulance department employees are part of the PLDs special plan "4C" and are required to contribute 8.7% of their annual salary, while all other employees are part of regular plan "AC" and are required to contribute 8.1% of their annual salary. The Town is required to contribute the actuarially determined rates of 9.3% for special plan "4C" members' covered payroll and 10.1% for regular plan "AC" members' covered payroll during the year. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2021 was \$193,328.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members. As of June 30, 2020, there were 237 employers, including the State of Maine, participating in the plan.

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 1.92%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Department's teachers are required to contribute 7.65% of their compensation to the retirement system. The Department's payroll for teachers covered by this program was approximately \$2,896,296 for the year ended June 30, 2021. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 14.33% of the Department's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). Contributions paid by the State were approximately \$386,191 for the year ended June 30, 2021. Title 5 of the Maine Revised Statutes Annotated also requires the Department to contribute at an actuarially determined normal cost rate of 4.19%, which totaled \$120,485 for 2021. In addition, the Department is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 14.96% of compensation and totaled \$30,116 the year ended June 30, 2021.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Pension Liabilities

PLD Consolidated Plan

At June 30, 2021, the Town reported a liability of \$1,273,583 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2020 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2020, the Town's proportion was 0.32055%, which was a decrease of 0.00893% from its proportion measured as of June 30, 2019.

SET Plan

At June 30, 2021, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ 214,266
State's proportionate share of the net pension liability associated with the Town	<u>3,140,481</u>
Total	<u>\$ 3,354,747</u>

The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating school units and the State actuarially determined. At June 30, 2020, the Town's proportion was 0.013127%, which was a decrease of 0.00587% from its proportion measured as of June 30, 2019.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2021, the Town recognized total pension revenue of \$183,711 for the PLD plan and total pension expense of \$416,453 and revenue of \$416,453 for support provided by the State of Maine for the SET plan. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan		SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 76,426	\$ 14,003	\$ 6,854	\$ 4,540
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	82,874	-	8,883	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	23,196	1	158,428
Contributions subsequent to the measurement date	192,267	-	150,601	-
Total	<u>\$ 351,567</u>	<u>\$ 37,199</u>	<u>\$ 166,339</u>	<u>\$ 162,968</u>

\$193,328 for the PLD plan and \$150,601 for the SET plan were reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan	SET Plan
Plan year ended June 30:		
2021	\$ (54,098)	\$ (132,505)
2022	35,258	(30,417)
2023	70,392	7,886
2024	70,548	7,804
2025	-	-
Thereafter	-	-

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Methods and Assumptions

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2020, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

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

Experience gains and losses, i.e., actual decreases or increases in liabilities and/or in assets which differ 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 reduces the impact of short-term volatility 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.

The net pension liability of the State Employee and Teacher Retirement Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements. All other gains, losses and changes are amortized over ten-year periods beginning on the date as of which they occur.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2020 are as follows:

Investment Rate of Return - For the PLD and State Employee and Teacher Plans, 6.75% per annum for the year ended June 30, 2020, compounded annually.

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 2.75%; state employees, 2.75%; teachers, 2.75% per year.

Mortality Rates - For active members and non-disabled retirees of the PLD Consolidated and State Employee and Teacher Plans, 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.

Cost of Living Benefit Increases - for PLD Consolidated 1.91% and Teacher Plans, 2.20% per annum for the year ended June 30, 2020.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2020 are summarized in the following table.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	7.2%
Diversifiers	10.0%	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2020 for each of the Plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability as of June 30, 2020 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for each of the Plans.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 2,676,557	\$ 1,273,583	\$ 125,146
<u>SET Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Town's proportionate share of the net pension liability	\$ 371,600	\$ 214,266	\$ 83,131

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2020 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2020 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2020, this was three years for the SET Plan and the PLD Consolidated Plan. For 2019, this was three years for the SET Plan and four years for the PLD Consolidated Plan. For 2018 and 2017, this was three years for both plans; prior to 2017, this was four years for the PLD Consolidated Plan.

Differences between Expected and Actual Investment Earnings

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

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2020 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2020 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. 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*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

Employees Covered by Benefit Terms

At January 1, 2021, the following employees were covered by the benefit terms:

Active members	31
Retirees and spouses	11
Total	<u>42</u>

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

Retiree Premium Amounts:

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

		<u>Single</u>	<u>Family</u>
	<u>Pre-Medicare</u>		
POS C		\$ 1,119	\$ 2,509
	<u>Medicare</u>	\$ 589	\$ 1,179

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the Town reported a liability of \$694,990 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2021 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2021, the Town recognized OPEB expense of \$63,911. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 56,869
Changes of assumptions	105,377	19,375
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	17,459	-
Total	<u>\$ 122,836</u>	<u>\$ 76,244</u>

\$17,459 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended June 30:	
2022	\$ 3,880
2023	4,246
2024	13,930
2025	7,077
2026	-
Thereafter	-

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2021. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.12% per annum for June 30, 2021 was based upon a measurement date of December 31, 2020. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	1.12%	2.12%	3.12%
Total OPEB liability	\$ 784,200	\$ 694,990	\$ 620,551
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 784,200</u>	<u>\$ 694,990</u>	<u>\$ 620,551</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 616,308	\$ 694,990	\$ 789,606
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 616,308</u>	<u>\$ 694,990</u>	<u>\$ 789,606</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2021, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2019. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Amortization

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

Assumptions

The actuarial assumptions used in the January 1, 2021 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2021, they are as follows:

Discount Rate - 2.12% per annum for year end 2021 reporting. 2.74% per annum for 2020 year end reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 31007 and version 2020_b was used for this valuation. The following assumptions were input into this model:

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capital 2029+	1.25%
Extra Trend due to Taste/Technology 2029+	1.10%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

The trends selected from 2020 to 2023 were based on plan design, population weighting, renewal projections and market analysis. For years 2024 - 2028, these are interpolated from 2023 to 2029 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

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.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2021, they are as follows:

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

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 the 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 0.00% for ages 111-120 and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2021 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2020 was \$56,869.

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town Office at 197 Penosbcot Avenue, Millinocket, Maine 04462.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. As of June 30, 2020, there were 233 employers, including the State of Maine, participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (800) 451-9800.

Benefits Provided

The Group Life Insurance Plan (the Plan) provides basic group life insurance benefits, during retirement, to retirees who participated in the Plan 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

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For Department's teachers, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. 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. The State participates in the SET Plan as a non-employer contributing entity in that the State pays the actuarially

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

determined premium contributions associated with retired teachers. The State's contribution to the Plan for the year ended June 30, 2021 were approximately \$7,463.

OPEB Liabilities and OPEB Expense

At June 30, 2021, the School reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the School. The total portion of the net OPEB liability that was associated with the School were as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the School	<u>66,467</u>
Total	<u>\$ 66,467</u>

For the year ended June 30, 2021, the District recognized net OPEB expense of \$7,361 and revenue of \$7,361 for support provided by the State of Maine.

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN

MAINE EDUCATION ASSOCIATION BENEFITS TRUST

Plan Description

The State of Maine and School retirees contribute to the School's OPEB Plan with the Maine Education Association Benefits Trust (MEABT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the State, the School and/or the School retirees. MEABT is a fully funded, self-insured trust which provides benefits to education organizations and acts as the agent to the School concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MEABT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MEABT participants and are administered by a number of third-party administrators contracted by MEABT. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits*

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)**

Other Than Pensions. MEABT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting MEABT at (888) 622-4418.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The employee must have participated in a plan for the 12 months prior to retirement and have 10 years (under age 50) or 5 years (age 50 or above) of continuous active service and enrollment in the health plan to be eligible for this Plan. The retiree who terminates coverage may elect to re-enroll in coverage if they participated in the health plan for 12 months prior to terminating coverage, as long as re-enrollment occurs within 5 years from coverage termination and as long as the retiree is not past age 62. The retiree must have maintained continuous health insurance coverage during the break in coverage with MEABT to be eligible for re-enrollment and is only eligible for re-enrollment once.

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Active members	3
Retirees and spouses	95
Total	<u>98</u>

Cost Sharing Provisions/Contributions

Retirees are eligible for a State subsidy of 45% of the blended single premium for the retiree. The blended premium is determined by blending rates for active members and retired members, as determined by State law. The retiree contributes the remaining 55% of blended single premium and spouse must contribute 100% of the blended premium amount coverage elected.

Employee/Retiree Premium Amounts:

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

	<u>Employee</u>	<u>Employee/ Spouse</u>
<u>Pre-Medicare</u>		
Choice Plus	\$ 976	\$ 2,200
Standard	\$ 1,054	\$ 2,376
Group	\$ 393	\$ 787

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the Town reported a liability of \$9,024,095 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2021, the Town recognized OPEB expense of \$806,994. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MEABT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ -</u>

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

\$0 were reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MEABT</u>
Plan year ended June 30:	
2022	\$ -
2023	-
2024	-
2025	-
2026	-
Thereafter	-

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2020. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.19% per annum for June 30, 2021 was based upon a measurement date of June 30, 2021. The sensitivity of total OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	1.19%	2.19%	3.19%
Total OPEB liability	\$ 10,151,315	\$ 9,024,095	\$ 8,079,801
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 10,151,315</u>	<u>\$ 9,024,095</u>	<u>\$ 8,079,801</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)**

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of total OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 8,123,912	\$ 9,024,095	\$ 10,074,647
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 8,123,912</u>	<u>\$ 9,024,095</u>	<u>\$ 10,074,647</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2021, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

Assumptions

The demographic actuarial assumptions are the Teacher assumptions that were used by the Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation at June 30, 2021 and are based on the experience study covering the period from June 30, 2015 through June 30, 2020. The proposed assumptions were adopted by the Board of Trustees at their March 11, 2021.

TOWN OF MILLINOCKET, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)**

The economic assumptions are based on GASB 75 paragraph 36. Since the Plan is not funded via a qualified trust, the discount rates are selected based on the 20-year tax-exempt bond buyer rates as of the measurement dates. The other economic assumptions, ie trend rates, were developed based on historical information, national trend surveys and professional judgement:

Discount Rate - 2.19% per annum for year-end 2021 reporting, 2.66% per annum for year-end 2020 reporting.

Trend Assumptions:

Health care trend assumptions used were developed based on historical medical CPI information.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine Public Employees Retirement System State Employee and Teacher Retirement Program at June 30, 2021. As of June 30, 2021, they are as follows:

Retirement Rates - Rates vary for plans based on age and service

Rates of Turnover - None

Disability Incidence - None

Retirement Contribution Increases - Assumed to increase at the same rate as health care trend rates

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives

Salary Increase Rate - 2.75% per year

Rate of Mortality:

General Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021

Teacher Retirees: SOA Pub-2010 Teachers Headcount Weighted Mortality Table fully generational using Scale MP-2021

TOWN OF MILLINOCKET, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Millinocket, Maine under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Millinocket, Maine, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Millinocket, Maine.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Town of Millinocket, Maine has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.





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

Town Council
Town of Millinocket
Millinocket, 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, business-type activities, each major fund and the aggregate remaining fund information of the Town of Millinocket, Maine as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Town of Millinocket, Maine's basic financial statements and have issued our report thereon dated February 25, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Millinocket, 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 Millinocket, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Millinocket, 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. 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 Millinocket, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Millinocket in a separate letter dated December 28, 2021.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
February 25, 2022

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
February 25, 2022



TOWN OF MILLINOCKET, MAINE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued :

Unmodified

Internal control over financial reporting:

- | | | |
|---|-------------------|-----------------|
| • Material weakness(es) identified? | <u> </u> yes | <u> X </u> no |
| • Significant deficiency(ies) identified? | <u> </u> yes | <u> X </u> no |
| • Noncompliance material to financial statements noted? | <u> </u> yes | <u> X </u> no |

• *Federal Awards*

Internal control over major programs:

- | | | |
|---|-------------------|-----------------|
| • Material weakness(es) identified? | <u> </u> yes | <u> X </u> no |
| • Significant deficiency(ies) identified? | <u> </u> yes | <u> X </u> no |

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with §200.516 of Uniform Guidance? yes X no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? X yes no

Section II - Financial Statement Findings

None

Section III - Federal Awards Findings and Questioned Costs

None





INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

Town Council
Town of Millinocket, Maine
Millinocket, Maine

We have audited the financial statements of Town of Millinocket, Maine for the year ended June 30, 2021 and have issued our report thereon dated February 25, 2022. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place and have reviewed the annual financial report that was submitted to the Maine Department of Education for accuracy. In addition, we have reviewed the Town of Millinocket, Maine's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, the Town of Millinocket, Maine complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Millinocket, Maine was in noncompliance with or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Town of Millinocket, Maine and have attached the following schedule as it relates to the reconciliation of audit adjustments to the updated annual financial data submitted to the Maine Education Financial System maintained at the Maine Department of Education.

This report is intended solely for the information of the Town Council, School Board, management and the Maine Department of Education. This report is not intended to be and should not be used by anyone other than the specified parties.

RHR Smith & Company

Buxton, Maine
February 25, 2022

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MILLINOCKET SCHOOL DEPARTMENT

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM FOR THE YEAR ENDED JUNE 30, 2021

	General Fund (1000)	Special Revenue Funds (2000) & (6000)	Capital Projects Fund (3000) & (4000)	Total
June 30 Balance per Maine Education Financial System	\$ 117,578	\$ 102,169	\$ -	\$ 219,747
Adjustments:				
Fund balance	477,538	-	-	477,538
Adult education (1500)	-	(13,508)	-	(13,508)
International program (2000)	-	(127,736)	-	(127,736)
Title IA (230)	-	(34,149)	-	(34,149)
Tier III (231)	-	(5,209)	-	(5,209)
Title IV (240)	-	(5,533)	-	(5,533)
Local entitlement (247)	-	(10,407)	-	(10,407)
Unknown (2480)	-	(55,437)	-	(55,437)
IDEA-B PreK (2510)	-	(3,817)	-	(3,817)
ESSER 1 (2605)	-	(3,934)	-	(3,934)
Unknown (2614)	-	176,178	-	176,178
Unknown (2615)	-	14,826	-	14,826
REAP (2901)	-	188	-	188
Summer food program (293)	-	(1,407)	-	(1,407)
School lunch (600)	-	29,718	-	29,718
Student activities	-	120,876	-	120,876
Scholarships	-	481,180	-	481,180
Capital Project Reserve (400)	-	-	6,195	6,195
Rounding	-	2	-	2
Audited GAAP Basis Fund Balance June 30	\$ 595,116	\$ 664,000	\$ 6,195	\$ 1,265,311

