Audited Financial Statements
and Other Financial Information

Mid-Coast Solid Waste Corporation

June 30, 2019

RHR SMITH & COMPANY
Certified Public Accountants

Proven Expertise & Integrity

MID-COAST SOLID WASTE CORPORATION

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JUNE 30, 2019

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FEDERAL COMPLIANCE

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* 41 - 42

INDEPENDENT AUDITORS' REPORT

Board of Directors
Mid-Coast Solid Waste Corporation
Rockport, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the Mid-Coast Solid Waste Corporation, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Mid-Coast Solid Waste Corporation'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.

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.

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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 financial position of the Mid-Coast Solid Waste Corporation as of June 30, 2019, and the changes in its financial position and cash flows 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 and OPEB information on pages 3 through 7 and 35 through 38 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2019 on our consideration of the Mid-Coast Solid Waste Corporation'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 Mid-Coast Solid Waste Corporation's internal control over financial reporting and compliance.

Buxton, Maine
October 20, 2019

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019
(UNAUDITED)

The following management's discussion and analysis of Mid-Coast Solid Waste Corporation's financial performance provides an overview of the Corporation's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Corporation's financial statements.

Financial Statement Overview

The Mid-Coast Solid Waste Corporation's basic financial statements include the following components: 1) government-wide financial statements and 2) notes to the financial statements. This report also includes required supplementary information which consists of OPEB schedules.

Basic Financial Statements

The basic financial statements include financial information in the government-wide financial statements. There are no fund financial statements as the Corporation only has one fund. 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 Corporation's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Corporation'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 Revenues, Expenditures and Changes in Net Position – 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 been presented for the Corporation's one type of activity:

- *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. This activity for the Corporation includes all the activities of the Corporation.

There are no fund financial statements presented as all activity for the Corporation is enterprise in nature and is presented for only one activity. The activity of the Corporation is presented for the following:

Enterprise Funds: The Mid-Coast Solid Waste Corporation maintains one enterprise fund, the Waste Corporation General Fund. Enterprise financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the enterprise fund financial statements as they are presented on the same basis of accounting and therefore only shown in the government-wide financials.

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 Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

Financial Analysis of the Corporation as a Whole

Our analysis below focuses on the net position and changes in net position of the Corporation's business-type activities. The Corporation's total net position increased by $42,287 from a deficit balance of $1,026,367 to a deficit balance of $984,080.

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 - decreased to a deficit balance of $4,092,202 at the end of this year.

Table 1
Mid-Coast Solid Waste Corporation
Net Position
June 30,

	2019	2018 (Restated)
Assets:		
Current Assets	$ 919,633	$ 940,059
Noncurrent Assets	1,482,894	1,626,200
Other Assets	1,733,177	1,548,540
Total Assets	4,135,704	4,114,799
Deferred Outflows of Resources:		
Deferred Outflows Related to OPEB	4,263	8,526
Total Deferred Outflows of Resources	4,263	8,526
Liabilities:		
Current Liabilities	129,495	107,043
Noncurrent Liabilities	4,990,561	5,042,649
Total Liabilities	5,120,056	5,149,692
Deferred Inflows of Resources:		
Deferred Inflows Related to OPEB	3,991	-
Total Deferred Outflows of Resources	3,991	-
Net Position:		
Net Investment in Capital Assets	1,374,945	1,483,807
Restricted	1,733,177	1,548,540
Unrestricted (Deficit)	(4,092,202)	(4,058,714)
Total Net Position	$ (984,080)	$(1,026,367)

Revenues and Expenses

Revenues for the Corporation's business-type activities decreased by 3.31%, while total expenses decreased by 4.73%. The largest decreases in revenues were in PERC distribution and PERC Debt Service Reserve Distribution. The largest decreases in expenses was in Operational costs-MSW.

Table 2
Mid-Coast Solid Waste Corporation
Change in Net Position
For the Years Ended June 30,

	2019	2018
Revenues		
Town assessments	$ 511,283	$ 505,719
PERC distribution	-	66,153
Tipping fees	425,433	353,405
Scale fees	1,190	-
Salvage	555,294	596,745
Pay per bag income	450,004	426,039
PERC Debt Service Reserve Distribution	-	65,293
Miscellaneous	33,580	31,207
Total Revenues	1,976,784	2,044,561
Expenses		
General administration	178,880	175,996
Salaries	366,483	319,532
Fringe & benefits	249,960	241,721
Insurance	17,195	16,904
Facility	36,063	53,588
Operational costs - MSW	603,923	714,361
Recycling	64,898	52,769
Operational costs - CDD	213,505	224,584
Equipment repair/replacement	10,497	-
Interest expense	3,125	2,962
Capital reserves	-	8,640
Post Closure Landfill Cost Adjustment	5,390	20,000
OPEB adjustment	7,604	10,379
Depreciation	176,974	189,088
Total Expenses	1,934,497	2,030,524
Change in Net Position	42,287	14,037
Net Position - July 1, Restated	(1,026,367)	(1,040,404)
Net Position - June 30	$ (984,080)	$ (1,026,367)

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2019, the net book value of capital assets recorded by the Corporation decreased by $143,306 from the prior year. This decrease is the result of additions of $33,668, less current year depreciation expense of $176,974.

Table 3
Mid-Coast Solid Waste Corporation
Capital Assets (Net of Depreciation)
June 30,

	2019	2018
Land	$ 208,369	$ 208,369
Land improvements	487,963	567,669
Buildings	520,629	552,564
Vehicles, machinery and equipment	265,933	297,598
Total	$ 1,482,894	$ 1,626,200

Debt

As of June 30, 2019, the Corporation had $107,949 of a note from direct borrowing payable outstanding. Refer to Note 4 of Notes to Financial Statements for detailed information.

Contacting the Corporation's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Corporation's Treasurer at P.O. Box 1016, Rockport, Maine 04856.

STATEMENT A

MID-COAST SOLID WASTE CORPORATION

STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS	
Current assets:	
Cash and cash equivalents	$ 731,983
Accounts receivable (net of allowance for uncollectibles)	187,650
Total current assets	919,633
Noncurrent assets:	
Capital assets:	
Buildings and equipment, net of accumulated depreciation	1,482,894
Total noncurrent assets	1,482,894
Other assets:	
Restricted cash	629,023
Restricted investments	1,104,154
Total other assets	1,733,177
TOTAL ASSETS	4,135,704
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	4,263
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,263
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 4,139,967
LIABILITIES	
Current liabilities:	
Accounts payable	$ 91,476
Current portion of long-term obligations	38,019
Total current liabilities	129,495
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Note from direct borrowing payable	72,743
Landfill closure	2,410,140
Landfill post-closure	2,400,500
Accrued compensated absences	25,320
Net OPEB liability	81,858
Total noncurrent liabilities	4,990,561
TOTAL LIABILITIES	5,120,056
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to OPEB	3,991
TOTAL DEFERRED INFLOWS OF RESOURCES	3,991
NET POSITION	
Net investment in capital assets	1,374,945
Restricted	1,733,177
Unrestricted (deficit)	(4,092,202)
TOTAL NET POSITION	(984,080)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 4,139,967

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

STATEMENT B

MID-COAST SOLID WASTE CORPORATION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

OPERATING REVENUES		
Town assessments	$	511,283
Tipping fees		425,433
Scale fees		1,190
Salvage		555,294
Pay per bag income		450,004
Miscellaneous		1,773
TOTAL OPERATING REVENUES		1,944,977
OPERATING EXPENSES		
General administration		178,880
Salaries		366,483
Fringe & benefits		249,960
Insurance		17,195
Facility		36,063
Operational costs - MSW		603,923
Recycling		64,898
Operational costs - CDD		213,505
Equipment repair/replacement		10,497
Depreciation		176,974
TOTAL OPERATING EXPENSES		1,918,378
OPERATING INCOME (LOSS)		26,599
NON-OPERATING REVENUES (EXPENSES)		
Interest income		31,807
Post Closure Landfill Cost Adjustment		(5,390)
OPEB adjustment		(7,604)
Interest expense		(3,125)
TOTAL NON-OPERATING REVENUES (EXPENSES)		15,688
CHANGE IN NET POSITION		42,287
NET POSITION - JULY 1, RESTATED		(1,026,367)
NET POSITION - JUNE 30	$	(984,080)

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

STATEMENT C

MID-COAST SOLID WASTE CORPORATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from town assessments	$ 511,283
Receipts from customers	1,431,921
Other receipts	(47,220)
Payments to employees	(640,475)
Payments to suppliers	(1,100,861)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	154,648
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	31,807
(Increase) decrease in restricted cash and investments	(184,637)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(152,830)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt	(34,444)
Interest paid on capital debt	(3,125)
Capital asset purchases	(33,668)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(71,237)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(69,419)
CASH AND CASH EQUIVALENTS - JULY 1	801,402
CASH AND CASH EQUIVALENTS - JUNE 30	$ 731,983
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	$ 26,599
Adjustment to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	176,974
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(48,993)
Increase (decrease) in accounts payable	24,100
Increase (decrease) in accrued compensated absences	(24,032)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 154,648

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Mid-Coast Solid Waste Corporation (the Corporation) was organized in 1994 as a quasi-municipal corporation under the laws of the State of Maine for the purpose of providing for the planning, development, acquisition, operation and the closure of a cost-effective, environmentally sound and reliable solid waste management and disposal facility and for the collection, transportation, storage, processing, salvaging and disposal of solid waste. The charter Corporations of the Corporation are Rockport, Camden, Lincolnville and Hope.

Reporting Entity

The Corporation'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).

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

Implementation of New Accounting Standards

During the year ended June 30, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No.83 "Certain Asset Retirement Obligations." This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

capital asset before it is placed into operation or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

The Corporation's basic financial statements include government-wide statements (reporting the Corporation as a whole).

The government-wide financial statements categorize primary activities as business-type.

In the government-wide Statement of Net Position, the 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 Corporation's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The Corporation first utilizes restricted resources to finance qualifying activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements & Fund Financial Statements

1. 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 enterprise activity.

Non-operating revenues are any revenues which are generated outside of the general enterprise activity, i.e. interest income. The following is a description of the enterprise funds of the Corporation:

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.

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.

1. Accrual

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

Deposits and Investments

The Corporation'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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the Corporation's policy to value investments at fair value. None of the Corporation'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 cash equivalents. The Corporation 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 deposits and other evidences of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Mid-Coast Solid Waste Corporation has no formal investment policy but instead follows the State of Maine Statutes.

Receivables

Receivables include amounts due from governmental agencies and sewer receivables. 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. Allowances for uncollectible accounts netted with accounts receivable were $187,650 for the year ended June 30, 2019. The allowance for uncollectible amounts is estimated to be $0 as of June 30, 2019.

Capital Assets

Capital assets purchased or acquired with an original cost of $7,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset 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 fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

Buildings	20 - 50 years
Land improvements	15 - 25 years
Machinery and equipment	3 - 10 years
Vehicles	3 - 10 years

Long-term Obligations

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

All long-term obligations to be repaid from business-type resources is reported as liabilities in government-wide statements. The long-term obligations consist primarily of a note from direct borrowing payable, landfill closure, landfill post-closure, accrued compensated absences and net OPEB liability.

The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

OPEB

For purposes of measuring the net 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), which determined the Town's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms

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 legislations adopted by the Corporation 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.

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 Corporation currently has one type of this item, deferred outflows related to OPEB. This item is reported in the statements 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 inflows related to OPEB qualifies for reporting in this category. This item is 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.

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 revenues 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 Corporation does not utilize encumbrance accounting for its general fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

During the preparation of the Corporation'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.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Corporation's investment policies, which follow state statutes, authorize the Corporation 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. These investment policies apply to all Corporation funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Corporation will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Corporation does not have a policy covering custodial credit risk. However, the Corporation maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF. At June 30, 2019, the Corporation's deposits amounting to $1,361,006 were comprised of bank deposits of $1,393,666, which were all insured by federal depository insurance or collateralized by underlying securities held by the related banks custodian/agent and consequently were not exposed to custodial credit risk.

Account Type	Bank Balance
NOW checking accounts	$ 20,019
Repurchase agreements	291,169
Money market DDA accounts	519,277
Cash equivalents	563,201
	$ 1,393,666

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Corporation does not have a policy for custodial credit risk for investments.

At June 30, 2019, the Corporation's investments were comprised of certificates of deposit and US agency bonds. The investments amounting to $1,104,154 were insured by federal depository insurance or collateralized by underlying securities held by the related banks custodian/agent and consequently were not exposed to custodial credit risk.

At June 30, 2019, the Corporation had the following investments and maturities:

Investment Type	Fair Value	Maturity N/A	Maturity <1 Year	Maturity 1-5 Years	Maturity 5-10 Years
Debt securities:					
Tax exempt bonds	$ 1,060,829	$ -	$ 349,517	$ 608,686	$ 102,626
Certificates of deposit	43,325	-	43,325	-	
	$ 1,104,154	$ -	$ 392,842	$ 608,686	$ 102,626

Fair Value Hierarchy:

The Corporation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Corporation has the following recurring fair value measurements as of June 30, 2019:

		Fair Value Measurements Using		
Investments by fair value level	June 30, 2019 Total	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
Debt securities:				
U.S. Agency Securities	$ 1,060,829	$ -	$ 1,060,829	$ -
Total debt securities	1,060,829	-	1,060,829	-
Total investments by fair value level	$ 1,060,829	$ -	$ 1,060,829	$ -

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Debt securities classified in Level 2 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 1 or 3 investments.

Credit risk - Statutes for the State of Maine authorize the Corporation 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 Corporation does not have an investment policy on credit risk.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Corporation 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.

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Disposals	Balance, 6/30/19
Non-depreciated assets:				
Land	$ 208,369	$ -	$ -	$ 208,369
Depreciated assets:				
Land improvements	1,529,402	-	-	1,529,402
Buildings	1,326,863	-	-	1,326,863
Vehicles, machinery and equipment	1,223,218	33,668	(169,215)	1,087,671
	4,079,483	33,668	(169,215)	3,943,936
Less: accumulated depreciation	(2,661,652)	(176,974)	169,215	(2,669,411)
	1,417,831	(143,306)	-	1,274,525
Net capital assets	$ 1,626,200	$ (143,306)	$ -	$ 1,482,894

NOTE 4 - LONG-TERM DEBT

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

	Balance, 7/1/17	Additions	Reductions	Balances 6/30/19	Current Portion
Note from direct borrowing payable	$ 142,393	$ -	$ (34,444)	$ 107,949	$ 35,206

The following is a summary of the outstanding note from direct borrowing payable:

Note payable to First National Bank dated January 2017 for the purchase of a bulldozer. Five year note with annual principal and interest payments of $35,570 due in October. Fixed interest rate of 2.16% with maturity in October 2022.	$ 107,949

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

	Principal	Interest	Total
2020	$ 35,206	$ 2,364	$ 37,570
2021	35,973	1,597	37,570
2022	36,770	805	37,575
	$ 107,949	$ 4,766	$ 112,715

NOTE 5 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2019 is as follows:

	Balance 7/1/18 (Restated)	Additions	Reductions	Balances 6/30/19	Current Portion
Landfill closure	$ 2,404,750	$ 5,390	$ -	$ 2,410,140	$ -
Landfill post-closure	2,400,500	-	-	2,400,500	-
Accrued compensated absenses	52,165	-	(24,032)	28,133	2,813
Net OPEB liability	82,508	8,048	(8,698)	81,858	-
	$ 4,939,923	$ 13,438	$ (32,730)	$ 4,920,631	$ 2,813

Please see Notes 6, 7 and 8 for detailed information on each of the other long-term obligations.

NOTE 6 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and Federal laws and regulations require the Corporation to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the dates the landfill stops accepting waste, the Corporation reports a portion of these closure and post closure as an operating expense in each year based on landfill capacity used as of each balance sheet date. The Corporation will recognize the remaining estimated cost of closure and post closure care for the site as the remaining estimated capacity is filled.

Mid-Coast Solid Waste Corporation first estimated the cost to perform all closure and post closure care in 2006 and adjusted their estimates in 2009, 2011, and 2014. In fiscal year 2015, 2016 and again in 2018, the Corporation engineers revisited the estimates again, and based on actual costs incurred to date and estimated remaining capacity, calculated a new estimated closure and post closure cost of $4,832,545. However, the estimate includes costs totaling $1,594,250 for leachate management for a 30-year period that may not be ultimately incurred. The Board is weighing several options of final closure that could result in a much lower amount of leachate management. The estimated remaining life of the landfill as of June 30, 2019 is X.X years.

Actual costs may be higher due to inflation, changes in technology or changes in regulations. The Corporation anticipates financing closure costs by funding and using reserves and/or state grants and local assessments at the time of closure.

In accordance with stipulations of the Interlocal Agreement to Establish a Joint Solid Waste Facility for the Municipalities of Camden, Rockport, Lincolnville and Hope (as Amended March 2002), specifically concerning costs incurred by Mid-Coast Solid Waste Corporation, the Towns of Camden, Rockport and Lincolnville passed warrant articles during their annual Town Meeting, on or prior to June of 2018, to allow each municipality to establish Landfill Closure and Post Closure reserve accounts. These warrant articles also allowed the appropriation of funds received by each municipality for their respective equity interest in Penobscot Energy Recovery Company (PERC), for the Town's share of the MCSWC Landfill Closure and Post Closure costs. As of June 30, 2019, there were no balances in the reserve accounts for Camden, Rockport or Lincolnville.

NOTE 6 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)

A summary of estimated landfill closure and post closure care cost is as follows:

	2019	2018
Total estimated future landfill closure and post closure care costs	$ 4,832,545	$ 4,832,545
Estimated capacity used	99.79%	99.17%
Estimated gross landfill closure and post closure care costs - end of year	4,810,640	4,805,250
Actual costs expended	-	-
Estimated liability for landfill closure and post closure care costs - end of year	$ 4,810,640	$ 4,805,250
Estimated remaining landfill closure costs and post closure care cost	$ 21,905	$ 27,295

NOTE 7 - ACCRUED COMPENSATED ABSENCES

The Corporation's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the financial statements. As of June 30, 2019, the Corporation's liability for compensated absences is $28,133.

NOTE 8 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

The Corporation and Corporation retirees contribute to the Corporation'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 Corporation and/or the Corporation 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 Corporation 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 criterial 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.

NOTE 8 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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, 2018, the following employees were covered by the benefit terms:

Active members	9
Retirees and spouses	0
Total	9

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.

Pre-Medicare	Single Coverage	Family Coverage
POS C	$1,044	$2,342
Medicare		
Medicare-Eligible Retirees	$528	$1,055

NOTE 8 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

At June 30, 2018, the Corporation reported a liability of $81,858 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date. The Corporation'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, 2018, the Corporation recognized OPEB expense of $7,604. At June 30, 2018, the Corporation reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,489	$ -
Changes of assumptions	2,774	3,991
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	$ 4,263	$ 3,991

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 December 31:	
2020	$ 2,267
2021	(1,995)
2022	-
2023	-
2024	-
Thereafter	-

NOTE 8 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of January 1, 2018. 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 4.10% per annum for December 31, 2018 was based upon a measurement date of December 31, 2017. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	3.10%	4.10%	5.10%
Total OPEB liability	$ 91,200	$ 81,858	$ 73,937
Plan fiduciary net position	-	-	-
Net OPEB liability	$ 91,200	$ 81,858	$ 73,937
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	$ 73,575	$ 81,858	$ 91,585
Plan fiduciary net position	-	-	-
Net OPEB liability	$ 73,575	$ 81,858	$ 91,585
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, 2017, using the following methods and assumptions applied to all periods included in the measurement:

NOTE 8 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2017. 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, 2018 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, 2018, they are as follows:

Discount Rate - 4.10% per annum.

NOTE 8 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Trend Assumptions*:*

Pre-Medicare Medical - Initial trend of 8.20% applied in 2018 grading over 14 years to 4.00% per annum.
Pre-Medicare Drug - Initial trend of 9.60% applied in 2018 grading over 14 years to 4.00% per annum.
Medicare Medical - Initial trend of 4.93% applied in 2018 grading over 14 years to 4.00% per annum.
Medicare Drug - Initial trend of 9.60% applied in 2017 grading over 14 years to 4.00% per annum.

Administrative and claims expense - 3% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain 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, 2018, 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.

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.

NOTE 8 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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 RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 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

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2018 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, 2018 was $1,489.

NOTE 8 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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. The amortization period was six years for 2018. For the fiscal year ended June 30, 2018, there were no changes in assumptions with the exception of the claim costs and retiree contributions being updated to reflect current healthcare costs.

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 Corporation office at P.O. Box 1016, Rockport, Maine 04856.

NOTE 9 - DEFERRED COMPENSATION PLAN

International City Management Association Retirement Corporation

A. Plan Description

The Corporation offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and maintained by International City Management Association Retirement Corporation (ICMA-RC). The plan permits all regular full-time employees to defer a portion of their salary until future years. Participation in the plan is voluntary. The deferred amount and the vested portion of the employer match are not available to the employee until retirement or death, or in case of other life events as allowed by law.

NOTE 9 - DEFERRED COMPENSATION PLAN (CONTINUED)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the Corporation and from any use by the Corporation other than paying benefits to employees and their beneficiaries in accordance with the plan.

It is the opinion of the Corporation's management that the Corporation has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

A. Funding Policy

The contribution requirements of plan members and the Corporation are established and may be amended by the Corporation's Board of Directors. The Corporation will contribute a maximum of 4.5% of annual salary for all regular full-time employees who voluntarily opt out of the Corporation's defined benefit plan. Employees participating in both the defined benefit and deferred compensation plans will not be eligible for employer matching contributions under the deferred compensation plan. The employee's contribution is tax deferred for federal and state taxes until the withdrawal date and vests 100% with the employee when contributed. The Corporation's matching contribution vests immediately and therefore there is no forfeiture provision. The Corporation's contributions to the plan for the years ended June 30, 2019, 2018 and 2017 were $17,895, $16,757 and $15,584, respectively.

NOTE 10 - RESTRICTED NET POSITION

The Corporation's restricted net position at June 30, 2019 was as follows:

Restricted	
Lily Pond escrow	$ 43,325
Landfill closure	1,624,030
MRC municipal refund reserve	65,822
Total restricted	$ 1,733,177

NOTE 11 - UNRESTRICTED NET POSITION

The Corporation has established reserves for various purposes. At June 30, 2019, the balances were as follows:

Unrestricted - assigned		
Station maintenance	$	(17,188)
Landfill development		44,141
MRC municipal refund reserve		65,822
Total unrestricted - assigned	$	92,775
Unrestricted - committed		
Accrued compensated absenses	$	55,194
Bag fee stabilization		29,617
Equipment replacement		308,491
Total unrestricted - committed	$	393,302

NOTE 12 - RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Corporation either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently the Corporation participates in several public-entity and self-insured risk pools sponsored by the Maine Municipal Association.

Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Corporation is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2019. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 13 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Corporation's financial position.

NOTE 14 - JOINT VENTURE

The Corporation was a member of a non-profit corporation, the Municipal Review Committee, Inc (MRC), whose mission is to ensure the continuing availability of long-term, reliable, safe, and environmentally sound methods of solid waste disposal. In 2018, the Corporation pulled out of the MRC and received a lump sum of $72,443. These funds will be relinquished out to surrounding Corporations.

NOTE 15 - DEP ADMINISTRATIVE CONSENT AGREEMENT AND ENFORCEMENT ORDER

In April 1993, the Corporations of Camden, Rockport, Lincolnville, and Hope entered into an agreement with the Maine Department of Environmental Protection. Under the agreement, the Corporations agreed, among other things, to immediately cease disposal of certain types of solid waste in Jacob's Quarry, keep records of the operational revenues and expenses of the quarry, establish certain escrow and reserve accounts, and develop monitoring and leachate mitigation plans within certain time periods. At the time of the organization, the Corporation assumed the assets and liabilities of Jacob's Quarry and therefore, the Corporation is now responsible for the terms and conditions stated above.

The following is a summary of the activity in the Corporation's various restricted escrow accounts for the last twelve fiscal years ending June 30:

	Lily Pond Escrow		
	Beginning Balance	Interest	Ending Balance
2008	$ 38,718	$ 969	$ 39,687
2009	39,687	1,065	40,752
2010	40,752	763	41,515
2011	41,515	390	41,905
2012	41,905	189	42,094
2013	42,094	121	42,215
2014	42,215	63	42,278
2015	42,278	64	42,342
2016	42,342	306	42,648
2017	42,648	484	43,132
2018	43,132	101	43,233
2019	43,233	92	43,325

NOTE 15 - DEP ADMINISTRATIVE CONSENT AGREEMENT AND ENFORCEMENT ORDER (CONTINUED)

	Closure Reserve				
	Beginning Balance	Interest	Principal Additions	Principal Reductions	Ending Balance
2007	$ 552,084	$ 40,757	$ 460,000	$ -	$ 1,052,841
2008	1,052,841	39,879	100,000	-	1,192,720
2009	1,192,720	16,548	100,000	-	1,309,268
2010	1,309,268	14,158	100,000	-	1,423,426
2011	1,423,426	11,384	100,000	-	1,534,810
2012	1,534,810	8,054	100,000	-	1,642,864
2013	1,642,864	3,873	100,000	-	1,746,737
2014	1,746,737	2,698	100,000	-	1,849,435
2015	1,849,435	2,742	100,000	(133,432)	1,818,745
2016	1,818,745	3,982	100,000	(8,333)	1,914,394
2017	1,914,394	20,496	100,000	(619,490)	1,415,400
2018	1,415,400	16,361	100,000	(26,454)	1,505,307
2019	1,505,307	18,956	100,000	(233)	1,624,030

	MRC Municipal Refund Reserve			
	Beginning Balance	Interest	Principal Additions	Ending Balance
2019	$ -	$ 529	$ 65,293	$ 65,822

NOTE 16 - RESTATEMENT

In 2019, the Corporation determined that a restatement to the 2018 government-wide financial statements was required. The beginning net position was restated by $1,594,250 to include the leachate portion of the landfill post-closure costs. The resulting restatement decreased net position from $567,883 to a deficit net position of $1,026,367.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

SCHEDULE 1

MID-COAST SOLID WASTE CORPORATION

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/18 (Reporting December 31, 2018)	$ 82,508	$ -	$ 82,508
Changes for the year:			
Service cost	5,081	-	5,081
Interest	2,967	-	2,967
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(5,987)	-	(5,987)
Contributions - employer	-	2,711	(2,711)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(2,711)	(2,711)	-
Administrative expense	-	-	-
Net changes	(650)	-	(650)
Balances at 1/1/19 (Reporting December 31, 2019)	$ 81,858	$ -	$ 81,858

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

MID-COAST SOLID WASTE CORPORATION

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS*

	2019	2018
Total OPEB liability		
Service cost (BOY)	5,081	4,460
Interest (includes interest on service cost)	2,967	2,556
Changes of benefit terms	-	-
Differences between expected and actual experience	-	4,467
Changes of assumptions	(5,987)	8,322
Benefit payments, including refunds of member contributions	(2,711)	(900)
Net change in total OPEB liability	$ (650)	$ 18,905
Total OPEB liability - beginning	$ 82,508	$ 63,603
Total OPEB liability - ending	$ 81,858	$ 82,508
Plan fiduciary net position		
Contributions - employer	2,711	900
Contributions - member	-	-
Net investment income	-	-
Benefit payments, including refunds of member contributions	(2,711)	(900)
Administrative expense	-	-
Net change in fiduciary net position	-	-
Plan fiduciary net position - beginning	$ -	$ -
Plan fiduciary net position - ending	$ -	$ -
Net OPEB liability - ending	$ 81,858	$ 82,508
Plan fiduciary net position as a percentage of the total OPEB liability	-	-
Covered employee payroll	$ 389,167	$ 389,167
Net OPEB liability as a percentage of covered payroll	21.0%	21.2%

* The amounts presented for each fiscal year are for those years for which information is available.

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

MID-COAST SOLID WASTE CORPORATION

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST TEN FISCAL YEARS*

	2019	2018
MMEHT:		
Employer contributions	$ 2,711	$ 900
Benefit payments	(2,711)	(900)
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 389,167	$ 389,167
Contributions as a percentage of covered-employee payroll	0.00%	0.00%

* The amounts presented for each fiscal year are for those years for which information is available.

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

Changes in Assumptions

There was a change in the discount rate from 3.44% to 4.10% per GASB 75 discount rate selection.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Fund Balance

SCHEDULE A

MID-COAST SOLID WASTE CORPORATION

SCHEDULE OF FUND BALANCE
JUNE 30, 2019

Restricted	
Lily Pond escrow	$ 43,325
Landfill closure	1,624,030
MRC municipal refund reserve	65,822
Total restricted	$ 1,733,177
Unrestricted - assigned	
Station maintenance	$ (17,188)
Landfill development	44,141
MRC municipal refund reserve	65,822
Total unrestricted - assigned	$ 92,775
Unrestricted - committed	
Accrued compensated absenses	$ 55,194
Bag fee stabilization	29,617
Equipment replacement	308,491
Total unrestricted - committed	$ 393,302
Unrestricted - unassigned	$ (4,578,279)

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*

Board of Directors
Mid-Coast Solid Waste Corporation
Rockport, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Mid-Coast Solid Waste Corporation as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Mid-Coast Solid Waste Corporation's basic financial statements, and have issued our report thereon dated October 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Mid-Coast Solid Waste Corporation'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 Mid-Coast Solid Waste Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mid-Coast Solid Waste Corporation'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.

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

Purpose of this Report

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

Buxton, Maine
October 20, 2019