

Audited Financial Statements  
and Other Financial Information

Town of Bridgton, Maine

June 30, 2016



*Proven Expertise and Integrity*

TOWN OF BRIDGTON, MAINE

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JUNE 30, 2016

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## INDEPENDENT AUDITORS' REPORT

Board of Selectmen  
Town of Bridgton  
Bridgton, 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 Bridgton, Maine, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Bridgton, 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.

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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 respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Bridgton, Maine as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 11 and 53 through 57 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 Bridgton, Maine's 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 capital asset schedules are presented for purposes of additional analysis and are 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 capital asset schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the

basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 capital asset schedules 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 December 20, 2016, on our consideration of the Town of Bridgton, 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 Bridgton, Maine’s internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
December 20, 2016

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Bridgton, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

The Town of Bridgton'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 budgetary comparison schedule and pension information, 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 regards 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 Bridgton 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, protection, public works, health and sanitation, community and social agencies, education, parks and recreation, and unclassified.
- *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 Bridgton include the sewer department fund and the Salmon Point Campground fund.

### **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 Bridgton, 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 Bridgton 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 Bridgton presents three 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 and the Moose Pond trust fund. All other funds are shown as nonmajor and are combined in the "All Nonmajor Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

*Proprietary Funds:* The Town of Bridgton maintains two proprietary funds, the sewer fund and the Salmon Point Campground fund. These funds are 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, a Schedule of Changes in Net Pension Liability and Related Ratios, a Schedule of Contributions, a Schedule of Investment Returns 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 regards to nonmajor funds, capital asset activity 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 \$385,355 from \$14,596,949 to \$14,982,304. For the business-type activities the Town's total net position increased by \$151,004 from \$1,853,118 to \$2,004,122.

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 - increased for the governmental activities to a balance of \$5,566,370 at the end of the fiscal year. For the business-type activities, the unrestricted net position increased to a balance of \$821,235.

**Table 1**  
**Town of Bridgton, Maine**  
**Net Position**  
**June 30,**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2016</u>	<u>2015 (Restated)</u>	<u>2016</u>	<u>2015 (Restated)</u>
<b>Assets:</b>				
Current Assets	\$ 8,750,358	\$ 8,739,985	\$ 821,627	\$ 662,658
Noncurrent Assets	6,927,282	6,128,188	1,182,887	1,191,763
Total Assets	<u>15,677,640</u>	<u>14,868,173</u>	<u>2,004,514</u>	<u>1,854,421</u>
<b>Liabilities:</b>				
Current Liabilities	270,175	195,916	392	1,303
Long-term Debt Outstanding	<u>378,509</u>	<u>3,073</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>648,684</u>	<u>198,989</u>	<u>392</u>	<u>1,303</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid Taxes	42,764	43,089	-	-
Deferred Inflows Related to Pensions	<u>3,888</u>	<u>29,146</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>46,652</u>	<u>72,235</u>	<u>-</u>	<u>-</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	6,181,737	5,978,287	1,182,887	1,191,763
Restricted: General Fund	129,642	300,644	-	-
Special Revenue Funds	385,903	82,437	-	-
Permanent Funds	2,718,652	2,764,631	-	-
Unrestricted	<u>5,566,370</u>	<u>5,470,950</u>	<u>821,235</u>	<u>661,355</u>
Total Net Position	<u>\$ 14,982,304</u>	<u>\$ 14,596,949</u>	<u>\$ 2,004,122</u>	<u>\$ 1,853,118</u>

## Revenues and Expenses

Revenues for the Town's governmental activities increased by .93%, while total expenses increased by 4.49%. For the business-type activities, revenues increased by 26.47%, while total expenses increased by 44.28%.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>				
<i>Programs Revenues:</i>				
Charges for services	\$ 390,225	\$ 435,478	\$ 263,859	\$ 208,627
Operating grants and contributions	104,241	105,540	-	-
<i>General Revenues:</i>				
Property taxes	13,869,356	14,043,303	-	-
Excise taxes	896,889	792,993	-	-
Grants and contributions not restricted to specific programs	772,119	597,590	-	-
Miscellaneous	342,183	248,991	-	-
Total Revenues	<u>16,375,013</u>	<u>16,223,895</u>	<u>263,859</u>	<u>208,627</u>
<b>Expenses</b>				
General government	1,634,450	1,495,366	-	-
Protection	1,427,440	1,295,415	-	-
Public works	885,209	83,450	-	-
Health and sanitation	503,712	424,086	-	-
Community and social agencies	259,535	241,797	-	-
Education	9,194,583	9,136,218	-	-
Parks and recreation	304,328	295,042	-	-
Cemeteries	21,389	17,960	-	-
Tax increment financing agreement	195,952	11,620	-	-
County tax	653,709	622,208	-	-
Unclassified	570,363	809,824	-	-
Capital outlay	240,319	778,147	-	-
Interest on long-term debt	3,669	-	-	-
Sewer department	-	-	119,584	75,419
Salmon Point Campground	-	-	88,271	68,648
Total Expenses	<u>15,894,658</u>	<u>15,211,133</u>	<u>207,855</u>	<u>144,067</u>
Transfers	<u>(95,000)</u>	<u>68,164</u>	<u>95,000</u>	<u>(68,164)</u>
Change in Net Position	385,355	1,080,926	151,004	(3,604)
Net Position - July 1, Restated	<u>14,596,949</u>	<u>13,516,023</u>	<u>1,853,118</u>	<u>1,856,722</u>
Net Position - June 30	<u>\$ 14,982,304</u>	<u>\$ 14,596,949</u>	<u>\$ 2,004,122</u>	<u>\$ 1,853,118</u>

## 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 Bridgton, Maine**  
**Fund Balances - Governmental Funds**  
**June 30,**

	<b>2016</b>	<b>2015 (Restated)</b>
General Fund:		
Nonspendable	\$ 6,137	\$ 3,001
Restricted	129,642	300,644
Committed	-	125,000
Assigned	193,470	615,542
Unassigned	3,878,375	4,195,476
Total General Fund	\$ 4,207,624	\$ 5,239,663
 Moose Pond Trust:		
Restricted	\$ 1,513,806	\$ 1,539,312
Total Moose Pond Trust	\$ 1,513,806	\$ 1,539,312
 Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 385,903	\$ 82,437
Capital Projects Funds:		
Committed	655,017	-
Permanent Funds:		
Restricted	1,204,846	1,225,319
Total Nonmajor Funds	\$ 2,245,766	\$ 1,307,756

The general fund total fund balance decreased by \$1,032,039 from the prior fiscal year. The Moose Pond Trust fund balance decreased by \$25,506 from the prior fiscal year. The nonmajor fund balances increased by \$938,010 from the prior fiscal year.

*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 sewer department had an increase in net position for the year of \$44,796. The Salmon Point Campground had an increase in net position for the year of \$106,208.

### **Budgetary Highlights**

The significant differences between the original and final budget for the general fund were due to the use of unassigned and assigned fund balances.

The general fund actual revenues exceeded budget by \$306,110. This was the result of nearly all revenue categories being received in excess of budgeted amounts.

The general fund actual expenditures were under budget by \$203,354. All expenditure categories were under budget with the exception of general government, public works, health and sanitation, community and social agencies, parks and recreation, tax increment financing agreement and interest on debt service.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

As of June 30, 2016, the net book value of capital assets recorded by the Town increased by \$793,144 from the prior year. This increase was the result of capital additions of \$1,241,894, less current year depreciation of \$448,750.

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

	<b>2016</b>	<b>2015 (Restated)</b>
Land	\$ 1,161,667	\$ 1,161,667
Buildings, building improvements and land improvements	1,629,080	1,317,627
Equipment and vehicles	2,518,302	2,432,878
Infrastructure	2,439,473	2,043,206
Total	\$ 7,748,522	\$ 6,955,378

## **Debt**

At June 30, 2016, the Town had \$225,000 in bonds outstanding versus \$0 last year. Other obligations include capital leases payable and accrued sick and vacation time. Refer to Note 5 of Notes to Financial Statements for more detailed information.

### **Currently Known Facts, Decisions, or Conditions**

#### **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 three months, while also maintaining significant reserve accounts for future capital and program needs.

### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, 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, the Finance Director for the Town of Bridgton can be reached at 3 Chase Street, Suite 1, Bridgton, Maine 04009, by phone at (207) 647-8786 or email address of [finofficer@bridgtonmaine.org](mailto:finofficer@bridgtonmaine.org).

## TOWN OF BRIDGTON, MAINE

## STATEMENT OF NET POSITION

JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 6,082,706	\$ -	\$ 6,082,706
Investments	2,556,207	-	2,556,207
Accounts receivable (net of allowance for uncollectibles):			
Taxes	673,921	-	673,921
Liens	224,850	-	224,850
Other	13,579	14,585	28,164
Tax acquired property	6,137	-	6,137
Internal balances	(807,042)	807,042	-
Total current assets	<u>8,750,358</u>	<u>821,627</u>	<u>9,571,985</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	499,773	661,894	1,161,667
Buildings and vehicles, net of accumulated depreciation	6,065,862	520,993	6,586,855
Net pension asset	361,647	-	361,647
Total noncurrent assets	<u>6,927,282</u>	<u>1,182,887</u>	<u>8,110,169</u>
<b>TOTAL ASSETS</b>	<u>\$ 15,677,640</u>	<u>\$ 2,004,514</u>	<u>\$ 17,682,154</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 132,450	\$ 392	\$ 132,842
Accrued payroll	16,588	-	16,588
Escrows	910	-	910
Current portion of long-term obligations	120,227	-	120,227
Total current liabilities	<u>270,175</u>	<u>392</u>	<u>270,567</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	150,000	-	150,000
Capital leases payable	122,201	-	122,201
Accrued compensated absences	106,308	-	106,308
Total noncurrent liabilities	<u>378,509</u>	<u>-</u>	<u>378,509</u>
<b>TOTAL LIABILITIES</b>	<u>648,684</u>	<u>392</u>	<u>649,076</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	42,764	-	42,764
Deferred inflows related to pensions	3,888	-	3,888
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>46,652</u>	<u>-</u>	<u>46,652</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,181,737	1,182,887	7,364,624
Restricted	3,234,197	-	3,234,197
Unrestricted	5,566,370	821,235	6,387,605
<b>TOTAL NET POSITION</b>	<u>14,982,304</u>	<u>2,004,122</u>	<u>16,986,426</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 15,677,640</u>	<u>\$ 2,004,514</u>	<u>\$ 17,682,154</u>

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

## TOWN OF BRIDGTON, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 1,634,450	\$ 216,921	\$ 569	\$ -	\$ (1,416,960)	\$ -	\$ (1,416,960)
Protection	1,427,440	3,567	-	-	(1,423,873)	-	(1,423,873)
Public works	885,209	710	103,672	-	(780,827)	-	(780,827)
Health and sanitation	503,712	131,324	-	-	(372,388)	-	(372,388)
Community and social agencies	259,535	-	-	-	(259,535)	-	(259,535)
Education	9,194,583	-	-	-	(9,194,583)	-	(9,194,583)
Parks and recreation	304,328	37,703	-	-	(266,625)	-	(266,625)
Cemeteries	21,389	-	-	-	(21,389)	-	(21,389)
Tax increment financing agreement	195,952	-	-	-	(195,952)	-	(195,952)
County tax	653,709	-	-	-	(653,709)	-	(653,709)
Unclassified	570,363	-	-	-	(570,363)	-	(570,363)
Capital outlay	240,319	-	-	-	(240,319)	-	(240,319)
Interest on long-term debt	3,669	-	-	-	(3,669)	-	(3,669)
Total governmental activities	<u>15,894,658</u>	<u>390,225</u>	<u>104,241</u>	<u>-</u>	<u>(15,400,192)</u>	<u>-</u>	<u>(15,400,192)</u>
Business-type activities:							
Sewer department	119,584	109,380	-	-	-	(10,204)	(10,204)
Salmon Point Campground	88,271	154,479	-	-	-	66,208	66,208
Total business-type activities	<u>207,855</u>	<u>263,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,004</u>	<u>56,004</u>
Total government	<u>\$ 16,102,513</u>	<u>\$ 654,084</u>	<u>\$ 104,241</u>	<u>\$ -</u>	<u>(15,400,192)</u>	<u>56,004</u>	<u>(15,344,188)</u>

## STATEMENT B (CONTINUED)

## TOWN OF BRIDGTON, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	<u>(15,400,192)</u>	<u>56,004</u>	<u>(15,344,188)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	13,869,356	-	13,869,356
Excise taxes	896,889	-	896,889
Grants and contributions not restricted to specific programs	772,119	-	772,119
Miscellaneous	342,183	-	342,183
Transfers	<u>(95,000)</u>	<u>95,000</u>	<u>-</u>
Total general revenues and transfers	<u>15,785,547</u>	<u>95,000</u>	<u>15,880,547</u>
Change in net position	385,355	151,004	536,359
NET POSITION - JULY 1, RESTATED	<u>14,596,949</u>	<u>1,853,118</u>	<u>16,450,067</u>
NET POSITION - JUNE 30	<u>\$ 14,982,304</u>	<u>\$ 2,004,122</u>	<u>\$ 16,986,426</u>

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

## TOWN OF BRIDGTON, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General Fund	Moose Pond Trust	All Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,968,634	\$ 31,211	\$ 82,861	\$ 6,082,706
Investments	-	1,431,266	1,124,941	2,556,207
Accounts receivable (net of allowance for uncollectibles):				
Taxes	673,921	-	-	673,921
Liens	224,850	-	-	224,850
Other	13,579	-	-	13,579
Due from other funds	2,476	51,329	1,040,440	1,094,245
Tax acquired property	6,137	-	-	6,137
<b>TOTAL ASSETS</b>	<b>\$ 6,889,597</b>	<b>\$ 1,513,806</b>	<b>\$ 2,248,242</b>	<b>\$ 10,651,645</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 132,450	\$ -	\$ -	\$ 132,450
Accrued payroll and related items	16,588	-	-	16,588
Escrows	910	-	-	910
Due to other funds	1,898,811	-	2,476	1,901,287
<b>TOTAL LIABILITIES</b>	<b>2,048,759</b>	<b>-</b>	<b>2,476</b>	<b>2,051,235</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepaid taxes	42,764	-	-	42,764
Deferred tax revenues	590,450	-	-	590,450
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>633,214</b>	<b>-</b>	<b>-</b>	<b>633,214</b>
<b>FUND BALANCES</b>				
Nonspendable	6,137	-	-	6,137
Restricted	129,642	1,513,806	1,590,749	3,234,197
Committed	-	-	655,017	655,017
Assigned	193,470	-	-	193,470
Unassigned	3,878,375	-	-	3,878,375
<b>TOTAL FUND BALANCES</b>	<b>4,207,624</b>	<b>1,513,806</b>	<b>2,245,766</b>	<b>7,967,196</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 6,889,597</b>	<b>\$ 1,513,806</b>	<b>\$ 2,248,242</b>	<b>\$ 10,651,645</b>

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

## TOWN OF BRIDGTON, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016

	Total Governmental Funds
	Total Governmental Funds
Total Fund Balances	\$ 7,967,196
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	6,565,635
Net pension assets are not financial resources and therefore are not reported in the funds	361,647
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	590,450
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(225,000)
Capital leases payable	(158,898)
Accrued compensated absences	(114,838)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(3,888)
Net position of governmental activities	\$ 14,982,304

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

## TOWN OF BRIDGTON, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Moose Pond Trust	All Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 13,843,056	\$ -	\$ -	\$ 13,843,056
Excise	896,889	-	-	896,889
Intergovernmental	558,658	-	317,702	876,360
Charges for services	390,225	-	-	390,225
Miscellaneous revenues	218,409	36,439	87,335	342,183
TOTAL REVENUES	<u>15,907,237</u>	<u>36,439</u>	<u>405,037</u>	<u>16,348,713</u>
EXPENDITURES				
Current:				
General government	1,666,071	-	-	1,666,071
Protection	1,284,055	-	-	1,284,055
Public works	669,579	-	-	669,579
Health and sanitation	487,298	-	-	487,298
Community and social agencies	259,535	-	-	259,535
Education	9,194,583	-	-	9,194,583
Parks and recreation	283,590	-	3,925	287,515
Cemeteries	21,389	-	-	21,389
Tax increment financing agreement	195,952	-	-	195,952
County tax	653,709	-	-	653,709
Unclassified	301,041	5,500	263,822	570,363
Debt service:				
Principal	37,293	-	-	37,293
Interest	3,669	-	-	3,669
Capital outlay	1,255,884	-	11,353	1,267,237
TOTAL EXPENDITURES	<u>16,313,648</u>	<u>5,500</u>	<u>279,100</u>	<u>16,598,248</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(406,411)</u>	<u>30,939</u>	<u>125,937</u>	<u>(249,535)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	225,000	-	-	225,000
Transfers in	99,567	-	855,195	954,762
Transfers (out)	(950,195)	(56,445)	(43,122)	(1,049,762)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(625,628)</u>	<u>(56,445)</u>	<u>812,073</u>	<u>130,000</u>
NET CHANGE IN FUND BALANCES	(1,032,039)	(25,506)	938,010	(119,535)
FUND BALANCES - JULY 1, RESTATED	<u>5,239,663</u>	<u>1,539,312</u>	<u>1,307,756</u>	<u>8,086,731</u>
FUND BALANCES - JUNE 30	<u>\$ 4,207,624</u>	<u>\$ 1,513,806</u>	<u>\$ 2,245,766</u>	<u>\$ 7,967,196</u>

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

## TOWN OF BRIDGTON, 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, 2016

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (119,535)</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	1,223,109
Depreciation expense	<u>(421,089)</u>
	<u>802,020</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	26,300
Net pension asset	<u>(2,926)</u>
	<u>23,374</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(421,191)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>40,366</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.	<u>25,258</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 compensated absences	<u>35,063</u>
	<u>35,063</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 385,355</u></u>

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

## STATEMENT G

## TOWN OF BRIDGTON, MAINE

STATEMENT OF NET POSITION – PROPRIETARY FUNDS  
JUNE 30, 2016

	Enterprise Funds		Total
	Sewer Department	Salmon Point Campground	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	14,585	-	14,585
Due from other funds	558,902	248,140	807,042
Total current assets	<u>573,487</u>	<u>248,140</u>	<u>821,627</u>
Noncurrent assets:			
Capital assets:			
Land	11,894	650,000	661,894
Land improvements	-	112,880	112,880
Buildings and improvements	-	15,851	15,851
Equipment and vehicles	-	19,298	19,298
Infrastructure	653,374	-	653,374
Total capital assets	<u>665,268</u>	<u>798,029</u>	<u>1,463,297</u>
Less: accumulated depreciation	<u>(155,130)</u>	<u>(125,280)</u>	<u>(280,410)</u>
Total noncurrent assets	<u>510,138</u>	<u>672,749</u>	<u>1,182,887</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,083,625</u>	<u>\$ 920,889</u>	<u>\$ 2,004,514</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ -	\$ 392	\$ 392
Total current liabilities	<u>-</u>	<u>392</u>	<u>392</u>
Total liabilities	<u>-</u>	<u>392</u>	<u>392</u>
<b>NET POSITION</b>			
Net investment in capital assets	510,138	672,749	1,182,887
Unrestricted	<u>573,487</u>	<u>247,748</u>	<u>821,235</u>
<b>TOTAL NET POSITION</b>	<u>1,083,625</u>	<u>920,497</u>	<u>2,004,122</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 1,083,625</u>	<u>\$ 920,889</u>	<u>\$ 2,004,514</u>

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

## TOWN OF BRIDGTON, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Enterprise Funds		Total
	Sewer Department	Salmon Point Campground	
OPERATING REVENUES			
Charges for services	\$ 109,380	\$ 154,479	\$ 263,859
TOTAL OPERATING REVENUES	<u>109,380</u>	<u>154,479</u>	<u>263,859</u>
OPERATING EXPENSES			
Payroll	27,928	43,020	70,948
Maintenance and repairs	34,288	29,003	63,291
Depreciation	25,854	1,807	27,661
Operational expense	23,044	14,441	37,485
Capital outlay	8,470	-	8,470
TOTAL OPERATING EXPENSES	<u>119,584</u>	<u>88,271</u>	<u>207,855</u>
OPERATING INCOME (LOSS)	<u>(10,204)</u>	<u>66,208</u>	<u>56,004</u>
NONOPERATING REVENUES (EXPENSES)			
Transfers in	55,000	40,000	95,000
Transfers (out)	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>55,000</u>	<u>40,000</u>	<u>95,000</u>
CHANGE IN NET POSITION	44,796	106,208	151,004
NET POSITION - JULY 1, RESTATED	<u>1,038,829</u>	<u>814,289</u>	<u>1,853,118</u>
NET POSITION - JUNE 30	<u>\$ 1,083,625</u>	<u>\$ 920,497</u>	<u>\$ 2,004,122</u>

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

## STATEMENT I

## TOWN OF BRIDGTON, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	Enterprise Funds		Total
	Sewer Department	Salmon Point Campground	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 108,235	\$ 154,479	\$ 262,714
Internal activity - receipts (payments) from/to other funds	(144,296)	(95,319)	(239,615)
Payments to suppliers	(65,802)	(44,355)	(110,157)
Payments to employees	(27,928)	(43,020)	(70,948)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(129,791)</u>	<u>(28,215)</u>	<u>(158,006)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases of capital assets	<u>(7,000)</u>	<u>(11,785)</u>	<u>(18,785)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(7,000)</u>	<u>(11,785)</u>	<u>(18,785)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from other funds	<u>55,000</u>	<u>40,000</u>	<u>95,000</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>55,000</u>	<u>40,000</u>	<u>95,000</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(81,791)	-	(81,791)
CASH AND CASH EQUIVALENTS - JULY 1	<u>81,791</u>	<u>-</u>	<u>81,791</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating (loss)	\$ (10,204)	\$ 66,208	\$ 56,004
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	25,854	1,807	27,661
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(1,145)	-	(1,145)
(Increase) decrease in due from other funds	(144,296)	(95,319)	(239,615)
Increase (decrease) in accounts payable	-	(911)	(911)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (129,791)</u>	<u>\$ (28,215)</u>	<u>\$ (158,006)</u>

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

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Bridgton was incorporated under the laws of the State of Maine. The Town is located in Cumberland County and operates under a Town manager/Town meeting/Board of Selectmen form of government and provides the following services: general government, protection, public works, health and sanitation, community and social agencies, education, recreation, and unclassified.

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.

**Implementation of New Accounting Standards**

During the year ended June 30, 2016, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 72, "*Fair Value Measurement and Application*". The objective of the Statement is to expand comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will improve fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The objective of this Statement is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 79, "*Certain External Investment Pools and Pool Participants*". This Statement establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

This Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. Management has determined the impact of this Statement is not material to the financial statements.

**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 sewer department and Salmon Point Campground are categorized as business-type activities. All other activities of the Town are categorized as governmental.

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 are 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, protection, etc.). 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.

**Measurement Focus - Basic Financial Statements & 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. Both fiduciary funds and component units that are fiduciary in nature have been excluded from these financial statements. The following fund types are used by the Town:

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Moose Pond Trust Fund is 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.

Nonmajor Funds

- c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- 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

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating 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.

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

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

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 inhabitants of the Town 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 inhabitants of the Town.
4. The Town does not adopt budgets for Special Revenue Funds.

**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. The Town's investment policy requires collateralization of accounts and deposits exceeding an amount equal to 25% of capital, surplus, and undivided profits as defined by the laws of the State of Maine.

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 cash equivalents. 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 deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Money market mutual funds

**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.

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts receivables was estimated to be \$0, as of June 30, 2016.

**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. 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. 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 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.

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.

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

Buildings and improvements	10 - 70 years
Infrastructure	20 - 50 years
Machinery and equipment	5 - 30 years
Vehicles	5 - 30 years

**Long-term Obligations**

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds payable, capital leases payable and compensated absences.

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.

**Compensated Absences**

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt 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, 2016, the Town's liability for compensated absences is \$114,838.

**Pensions**

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan, which includes the PLD Agent Plan, a combination of single employer plans that were open when the PLD Consolidated Plan began, and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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. The inhabitants of the Town through Town meetings and/or the Board of Selectmen are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 is expressed by the Board of Selectmen.

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.

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 assigned funds, and then unassigned funds, as needed.

**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 does not have any items that qualify for reporting in this category.

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. The Town has only one type of item, deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and deferred inflows related to pensions also qualify for reporting in this category. Prepaid taxes are reported in both the statements of net position and governmental funds balance sheet, while deferred inflows related to pensions is only reported 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.

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied July 8, 2015 on the assessed value listed as of April 1, 2015, for all real and personal property located in the Town. Taxes were due in four installments on August 15, 2015, November 15, 2015, February 15, 2016 and May 15, 2016. Interest on unpaid taxes commenced on August 16, 2015, November 16, 2015, February 16, 2016 and May 16, 2016, at 7% per annum.

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 \$187,239 for the year ended June 30, 2016.

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.

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

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.

**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, 2016, the Town's cash balance of \$6,082,706 was comprised of deposits amounting to \$6,100,243. Of these bank deposits, \$381,216 was insured by federal depository insurance and consequently was not exposed to custodial credit risk, \$5,167,924 was collateralized with securities held by the financial institution in the Town's name and \$162,205 was covered by the Securities Investor Protection Corporation (SIPC). The remaining deposits of \$388,898 were uninsured and uncollateralized.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 638,898
Savings accounts	85,179
Repurchase agreement	5,167,924
Money market accounts	46,037
Cash and cash equivalents	162,205
	<u>\$ 6,100,243</u>

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

**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.

At June 30, 2016, of the Town's investments of \$2,556,207, \$337,795 was collateralized by the Securities Investors Protection Corporation (SIPC). The remaining \$2,218,412 was uninsured and uncollateralized.

At June 30, 2016, the Town had the following investments and maturities:

Investment Type	Fair Value	Not Applicable	< 1 Year	1 - 5 Years	> 5 Years
Debt securities:					
Corporate bonds	\$ 217,379	\$ -	\$ -	\$ -	\$ 217,379
Equity securities:					
ETFs - domestic	804,517	804,517	-	-	-
ETFs - foreign	225,269	225,269	-	-	-
ETFs - fixed income	860,836	860,836	-	-	-
Common stock	421,390	421,390	-	-	-
Foreign stock	26,816	26,816	-	-	-
	\$ 2,556,207	\$ 2,338,828	\$ -	\$ -	\$ 217,379

**Fair Value Hierarchy**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as of June 30, 2016:

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	June 30, 2016 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:				
Corporate bonds	\$ 217,379	\$ -	\$ 217,379	\$ -
Total debt securities	217,379	-	217,379	-
Equity securities:				
Common stock - domestic	421,390	421,390	-	-
Foreign stock	26,816	26,816	-	-
Mutual funds and exchange-traded funds - domestic and foreign	1,890,622	1,890,622	-	-
Total equity securities	2,338,828	2,338,828	-	-
Total investments by fair value level	2,556,207	\$ 2,338,828	\$ 217,379	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	162,205			
Total cash equivalents measured at the NAV	162,205			
Total investments and cash equivalents measured at fair value	\$ 2,718,412			

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 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 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2016 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

Credit risk – Statutes for the State of Maine authorize the Unit 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, savings accounts and various insured certificates of deposit. Certain long-term trust funds are invested through a financial institution with trust powers in a mix of securities that comply with state and federal regulations to provide long-term growth and income. As of June 30, 2016 the Town's investments in corporate bonds were rated AA- (\$21,630), A+ (\$27,607), A (\$42,400), A- (\$60,861), BBB+ (\$42,000), BBB- (\$22,881) by Standard & Poor's Rating Service.

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.

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The Town has determined that it has complied with state and federal laws governing the investment of public funds.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2016 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 2,476	\$ 1,898,811
Moose Pond Trust Fund	51,329	-
Nonmajor Special Revenue Funds	385,423	-
Nonmajor Capital Projects Funds	655,017	-
Nonmajor Permanent Funds	-	2,476
Enterprise Funds	807,042	-
	<u>\$ 1,901,287</u>	<u>\$ 1,901,287</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2016:

	Balance 7/1/15 (Restated)	Additions	Disposals	Balance, 6/30/16
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 499,773	\$ -	\$ -	\$ 499,773
	<u>499,773</u>	<u>-</u>	<u>-</u>	<u>499,773</u>
Depreciated assets:				
Land improvements	257,663	-	-	257,663
Buildings and improvements	2,199,009	359,073	-	2,558,082
Equipment and vehicles	4,706,531	372,191	(80,000)	4,998,722
Infrastructure	1,901,454	491,845	-	2,393,299
	<u>9,064,657</u>	<u>1,223,109</u>	<u>(80,000)</u>	<u>10,207,766</u>
Less: accumulated depreciation	<u>(3,800,815)</u>	<u>(421,089)</u>	<u>80,000</u>	<u>(4,141,904)</u>
	<u>5,263,842</u>	<u>802,020</u>	<u>-</u>	<u>6,065,862</u>
Net governmental capital assets	<u>\$ 5,763,615</u>	<u>\$ 802,020</u>	<u>\$ -</u>	<u>\$ 6,565,635</u>

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance 7/1/15 (Restated)	Additions	Disposals	Balance, 6/30/16
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 661,894	\$ -	\$ -	\$ 661,894
	<u>661,894</u>	<u>-</u>	<u>-</u>	<u>661,894</u>
Depreciated assets:				
Land improvements	101,095	11,785	-	112,880
Buildings and improvements	15,851	-	-	15,851
Equipment and vehicles	19,298	-	-	19,298
Infrastructure	646,374	7,000	-	653,374
	<u>782,618</u>	<u>18,785</u>	<u>-</u>	<u>801,403</u>
Less: accumulated depreciation	(252,749)	(27,661)	-	(280,410)
	<u>529,869</u>	<u>(8,876)</u>	<u>-</u>	<u>520,993</u>
Net business-type capital assets	<u>\$ 1,191,763</u>	<u>\$ (8,876)</u>	<u>\$ -</u>	<u>\$ 1,182,887</u>
<u>Current Year Depreciation:</u>				
<i>Governmental Activities:</i>				
General Government				\$ 28,386
Protection				143,846
Public Works				215,630
Health and Sanitation				16,414
Parks and Recreation				16,813
				<u>421,089</u>
<i>Business-type Activities:</i>				
Sewer Department				25,854
Salmon Point Campground				1,807
				<u>27,661</u>
Total depreciation expense				<u>\$ 448,750</u>

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2016:

	Balance, 7/1/15	Additions	Deletions	Balance, 6/30/16	Current Portion
Bonds payable	\$ -	\$ 225,000	\$ -	\$ 225,000	\$ 75,000
Capital leases payable	3,073	196,191	(40,366)	158,898	36,697
Accrued compensated absences	149,901	-	(35,063)	114,838	8,530
Totals	<u>\$ 152,974</u>	<u>\$ 421,191</u>	<u>\$ (75,429)</u>	<u>\$ 498,736</u>	<u>\$ 120,227</u>

The following is a summary of the outstanding bonds payable:

\$225,000, 2015 General Obligation Bond due in annual installments and semiannual interest installments through September of 2018. Interest is charged at a rate of 2.990% per annum. Annual principal installments are \$75,000.

\$ 225,000

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

	Governmental Activities General Obligation		
	Principal	Interest	Total Debt Service
2017	\$ 75,000	\$ 5,694	\$ 80,694
2018	75,000	3,419	78,419
2019	75,000	1,146	76,146
2020	-	-	-
2021	-	-	-
	<u>\$ 225,000</u>	<u>\$ 10,259</u>	<u>\$ 235,259</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ended June 30, 2016 was \$3,669.

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the outstanding capital leases payable:

The Town leases copiers under a non-cancelable lease agreement. The term of the lease is for five years expiring in August of 2020. Annual payments are \$4,543. Interest is charged at a rate of 2.890% per annum.	\$ 20,869
The Town leases two public works trucks under a non-cancelable lease agreement. The term of the lease is for five years expiring in January of 2020. Annual payments are \$37,561. Interest is charged at a rate of 3.480% per annum.	<u>138,029</u>
Total Capital Leases Payable	<u><u>\$ 158,898</u></u>

The following is a summary of outstanding capital lease requirements for the following fiscal years ending June 30:

Year Ending June 30:	
<u>2017</u>	\$ 42,103
2018	42,103
2019	42,103
2020	42,103
2021	<u>4,543</u>
Total minimum lease payments	172,955
Less amount representing interest	<u>(14,057)</u>
Present value of future minimum lease payments	<u><u>\$ 158,898</u></u>

NOTE 6 - NONSPENDABLE FUND BALANCES

At June 30, 2016, the Town had the following nonspendable fund balances:

General fund:	
Tax acquired property	<u><u>\$ 6,137</u></u>

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 7 - RESTRICTED FUND BALANCES

At June 30, 2016, the Town had the following restricted fund balances:

General fund:	
TIF districts	\$ 129,642
Moose Pond Trust	1,513,806
Nonmajor special revenue funds (Schedule E)	385,903
Nonmajor permanent funds (Schedule I)	<u>1,204,846</u>
	<u>\$ 3,234,197</u>

NOTE 8 - COMMITTED FUND BALANCES

At June 30, 2016, the Town had the following committed fund balances:

Nonmajor capital projects funds (Schedule G)	\$ 655,017
	<u>\$ 655,017</u>

NOTE 9 - ASSIGNED FUND BALANCES

At June 30, 2016, the Town had the following assigned fund balances:

General fund:	
Fire department	\$ 13,476
Economic development	12,608
Emergency management	100
Contingency	25,555
Public works	7,174
Vehicle maintenance	22,225
Pondicherry Park	7,000
Capital - public works	69,868
Capital - fire department	<u>35,464</u>
	<u>\$ 193,470</u>

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 10 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County and School debt. As of June 30, 2016, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of Cumberland	\$ 35,735,000	2.31%	\$ 825,577
MSAD #61 / RSU #61	13,070,906	34.87%	<u>4,557,825</u>
			<u><u>\$ 5,383,403</u></u>

NOTE 11 - RISK MANAGEMENT

The Town is a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker's compensation coverage. The Town's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

The Town has its liability insurance through Chalmers Insurance Group. The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the policy, coverage is provided after a \$1,000 per occurrence deductible is met; the current total property value is \$10,722,683. Under the general liability portion of the policy, the limit is \$400,000 per occurrence for causes of action pursuant to the Maine Tort Claims Act. Coverage is limited to those areas for which governmental immunity has been expressly waived and \$2,000,000 per occurrence for causes of action pursuant to federal law or state law for which immunity is not proved by the Maine Tort Claims Act. The same limit applies for Law Enforcement after a \$1,000 per occurrence deductible is met. For public official liability and employment practices liability, the coverage is \$2,000,000 per occurrence and \$4,000,000 aggregate with a \$5,000 deductible.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2016. 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.

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Plan Description**

The Town is a member of the Maine Public Employees Retirement System's (MainePERS) Participating Local District (PLD) Agent Plan, an agent multiple-employer defined benefit pension plan established by the Maine State Legislature. This plan is an aggregation of single employer plans that were open when the PLD Consolidated Plan began. Under the legislation that created the consolidated plan, single employers could either join the consolidated plan whereby the single employer plan would end, or they could opt to not join the plan and continue to maintain their single employer plan as a closed plan until there were no further liabilities for pension, at which time the single employer plan would be dissolved. The Town chose the latter and as of June 30, 2016, the Town's plan membership consisted of the following:

<u>Membership</u>	<u>Number of Active Employees</u>	<u>Annual Payroll</u>	<u>Number of Retirees</u>	<u>Annual Benefit</u>	<u>Number of Vested Inactive</u>
Regular employees	-	\$ -	2	\$ 11,080	-
Fire	n/a	n/a	n/a	n/a	n/a
Police	n/a	n/a	n/a	n/a	n/a
Total membership	<u>-</u>	<u>\$ -</u>	<u>2</u>	<u>\$ 11,080</u>	<u>-</u>

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](http://www.maineopers.org) or by contacting the System at (800) 451-9800.

**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

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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 5.0%.

The Town's status as a withdrawn PLD requires that the Town continue to fund the plan on an actuarially sound basis for liabilities of any currently active, inactive vested, or retired participants. This plan is not available to any non-participating current employees or new hires. The Town's participating employees are eligible for normal retirement upon attaining age 60 and early retirement after completing 25 or more years of service. Participants are fully vested after 10 years of service.

**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 contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The advisory group establishes rates based on an actuarially determined rate recommended by an independent actuary. The Town's plan members are required to contribute 5.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. The Town had no contribution requirement for the year ended June 30, 2016, in accordance with actuarially determined requirements through an actuarial valuation performed as of June 30, 2015.

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2016, the Town reported a net pension asset of \$361,647. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

For the year ended June 30, 2016, the Town recognized total pension revenue of \$22,332. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<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 pension plan investments	-	3,888
Contributions subsequent to the measurement date	-	-
	<hr/>	<hr/>
Total	<u>\$ -</u>	<u>\$ 3,888</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 972
2018	972
2019	972
2020	972
2021	-
Thereafter	-

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Actuarial Methods and Assumptions**

The total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2015, 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. For participating employers in the PLD Agent Plan, the level percentage of payroll method is also used.

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., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

*Asset Valuation Method*

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

*Amortization*

The net pension liability of the PLD Consolidated Plan is amortized on an open basis over a period of fifteen years.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2015 and June 30, 2014 are as follows:

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Actuarial Methods and Assumptions (Continued)**

*Investment Rate of Return* - For the PLD Plan, 7.125% per annum for the year ended June 30, 2015 and 7.25% per annum for the year ended June 30, 2014, compounded annually.

*Salary Increases, Merit and Inflation* - Members of the consolidated plan for PLDs, 3.50% to 9.50% per year.

*Mortality Rates* - For participating local districts, the RP2000 Tables projected forward to 2015 using Scale AA are used; for all recipients of disability benefits, the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females is used.

*Cost of Living Benefit Increases* - 3.12% for participating local districts.

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, 2015 are summarized in the following table:

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
US equities	20%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real assets:		
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.7%

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Actuarial Methods and Assumptions (Continued)**

*Discount Rate*

The discount rate used to measure the collective total pension liability was 7.125% for 2015 and 7.25% for 2014. 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 (asset) as of June 30, 2015 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 7.125% for the PLD Consolidated and Agent Plans.

	1% Decrease	Discount Rate	1% Increase
Discount rate	6.125%	7.125%	8.125%
Town's net pension liability (asset)	\$ (358,512)	\$ (361,647)	\$ (364,646)

**Changes in Net Pension Asset**

Changes in net pension asset are recognized in pension expense for the year ended June 30, 2015 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. For 2015 and 2014, this was 4 years for the PLD Consolidated Plan.

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Changes in Net Pension Asset (Continued)**

*Differences between Projected 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.

*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. For the PLD Plan, the discount rate was decreased from 7.25% to 7.125%.

*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. 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' 2015 Comprehensive Annual Financial Report available online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (800) 451-9800.

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFERRED COMPENSATION PLAN

VARIABLE ANNUITY LIFE INSURANCE COMPANY

**Plan Description**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the Variable Annuity Life Insurance Company. The plan, available to all full-time employees, permits them to defer a portion of their salary, in addition to Town contributions, until future years. Benefits begin vesting at the beginning of service. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. The plan has provisions for employees to borrow or take plan assets.

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 (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the Town's management that the Town 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.

**Funding Policy**

The contribution requirements of plan members and the Town are established and may be amended by the Town's Board of Selectmen. Generally, the Town will contribute 5 to 6% of annual salary for full-time employees that participate in the Town's deferred compensation plan.

The Town's contributions to the plan including employee contributions for 2016, 2015 and 2014 were \$93,100, \$89,087, and \$79,710, respectively

NOTE 14 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2016, the Town had the following overspent appropriations:

	<u>Excess</u>
General Government (Article 12)	\$ 80,808
Board of Selectmen (Article 15)	132
Outside Agencies (Article 17)	1,431
Outside Services (Article 18)	9,671
	<u>\$ 92,042</u>

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 15 - JOINT VENTURE

The Town is a member of a joint venture with 45 other municipalities throughout Cumberland, Oxford and York counties. ecomaine is a solid waste management corporation that creates electricity through its processing of waste and also operates as an extensive recycling program. A joint committee, made up of the Town of Bridgton and 20 other member communities owns and controls the corporation. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced with the community to ecomaine for processing, and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore has not reported an asset in the financial statements in connection with its participation in ecomaine. The Town of Bridgton has an owner membership of 4.299% in ecomaine as of June 30, 2016 (the most current period available).

Additionally, the Town's share of the projected landfill closure and post closure cost relating to ecomaine is estimated to be \$719,984.

NOTE 16 - CONTINGENCIES

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

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 17 - RESTATEMENTS

The beginning fund balance of the general fund and the net position of the governmental activities have been restated as of July 1, 2015. These balances were restated to correct various account balances in the general fund. The general fund and the governmental activities were both restated by (\$12,463).

The beginning net position for the governmental activities has been restated as of July 1, 2015. This balance was restated to correct the accumulated depreciation balance. The governmental activities were restated by \$322,631.

TOWN OF BRIDGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 17 - RESTATEMENTS (CONTINUED)

The beginning net position for the governmental activities has been restated as of July 1, 2015. This balance was restated to correct the deferred inflows related to pensions balance. The governmental activities were restated by (\$29,146).

The beginning net position for the business-type activities has been restated as of July 1, 2015. This balance was restated to correct the accumulated depreciation balance. The business-type activities were restated by \$34,441.

The net restatement to the general fund, governmental activities and business-type activities was (\$12,463), \$281,022 and \$34,441, respectively.

NOTE 18 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

## 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:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Contributions
- Schedule of Investment Returns
- Notes to Required Supplementary Information

## TOWN OF BRIDGTON, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 5,239,663	\$ 5,239,663	\$ 5,239,663	\$ -
Resources (Inflows):				
Property taxes	13,781,222	13,781,222	13,843,056	61,834
Excise taxes	764,000	764,000	896,889	132,889
Intergovernmental revenues	680,640	680,640	558,658	(121,982)
Charges for services	334,725	334,725	390,225	55,500
Interest on taxes	66,000	66,000	57,082	(8,918)
Interest income	8,000	8,000	14,878	6,878
Miscellaneous revenues	191,540	191,540	146,449	(45,091)
Bond proceeds	-	-	225,000	225,000
Transfers from other funds	99,567	99,567	99,567	-
Amounts Available for Appropriation	<u>21,165,357</u>	<u>21,165,357</u>	<u>21,471,467</u>	<u>306,110</u>
Charges to Appropriations (Outflows):				
General government	1,597,348	1,623,006	1,666,071	(43,065)
Protection	1,302,987	1,319,761	1,284,055	35,706
Public works	625,129	625,129	669,579	(44,450)
Health and sanitation	463,918	463,918	487,298	(23,380)
Community and social agencies	238,433	248,433	259,535	(11,102)
Education	9,194,583	9,194,583	9,194,583	-
Parks and recreation	267,600	267,600	283,590	(15,990)
Cemeteries	22,160	22,801	21,389	1,412
County tax	653,709	653,709	653,709	-
Tax increment financing agreement	94,303	94,303	195,952	(101,649)
Unclassified	612,664	603,290	301,041	302,249
Debt service:				
Principal	85,525	85,525	37,293	48,232
Interest	3,065	3,065	3,669	(604)
Capital outlay	709,395	1,311,879	1,255,884	55,995
Transfers to other funds	190,375	950,195	950,195	-
Total Charges to Appropriations	<u>16,061,194</u>	<u>17,467,197</u>	<u>17,263,843</u>	<u>203,354</u>
Budgetary Fund Balance, June 30	<u>\$ 5,104,163</u>	<u>\$ 3,698,160</u>	<u>\$ 4,207,624</u>	<u>\$ 509,464</u>
Utilization of committed fund balance	\$ 125,000	\$ 125,000	\$ -	\$ (125,000)
Utilization of assigned fund balance	-	616,183	-	(616,183)
Utilization of unassigned fund balance	-	789,820	-	(789,820)
	<u>\$ 125,000</u>	<u>\$ 1,531,003</u>	<u>\$ -</u>	<u>\$ (1,531,003)</u>

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

## TOWN OF BRIDGTON, MAINE

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS\*

	2016	2015
<b>Total pension liability</b>		
Service cost	\$ -	\$ -
Interest	4,588	5,622
Changes in benefit terms	-	-
Difference between actual and expected experience	5,635	(7,889)
Changes of assumptions	382	-
Benefit payments	(11,080)	(11,628)
<b>Net change in total pension liability</b>	<u>(475)</u>	<u>(13,895)</u>
<b>Total pension liability - beginning</b>	<u>69,459</u>	<u>83,354</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 68,984</u>	<u>\$ 69,459</u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ -	\$ -
Contributions - employee	-	-
Net investment income	8,060	63,714
Benefit payments	(11,080)	(11,628)
Other	(381)	(316)
<b>Net change in plan fiduciary net position</b>	<u>(3,401)</u>	<u>51,770</u>
<b>Plan fiduciary net position - beginning</b>	<u>434,032</u>	<u>382,262</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 430,631</u>	<u>\$ 434,032</u>
<b>Net pension liability (asset) - ending (a) - (b)</b>	<u>\$ (361,647)</u>	<u>\$ (364,573)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	624.25%	624.88%
<b>Covered-employee payroll</b>	\$ -	\$ -
<b>Net pension liability (asset) as a percentage of its covered-employee payroll</b>	0.00%	0.00%

\* The amounts presented for each fiscal year were determined as of June 30, 2015, and are for those years for which information is available.

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

TOWN OF BRIDGTON, MAINE

SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS\*

	2016	2015
Actuarially determined contribution	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	0.00%	0.00%

**Notes to schedule:**

Valuation date: June 30, 2015.  
 Actuarial cost method - retirement benefits: Entry age normal.  
 Actuarial cost method - ancillary benefits: Term cost method.  
 Asset-valuation method: Market value of assets as of the measurement date.

Actuarial assumptions

Annual investment rate of return: 7.125%.  
 Annual rate of salary increase: 3.50%.  
 Annual cost-of-living increase (if adopted): 3.12%.  
 Expense allowance: None.  
 Retirement age: Age 60 for employees in regular plans; earliest age eligible for unreduced benefits for employees in special plans.  
 Probabilities of employment termination due to:

<u>Age</u>	<u>Death</u>	<u>Disability*</u>	<u>Quit</u>
25	0.0002	0.0006	0.07
30	0.0003	0.0008	0.06
35	0.0006	0.0011	0.05
40	0.0008	0.0016	0.04
45	0.0011	0.0029	0.03
50	0.0015	0.0053	0.02
55	0.0026	0.0085	0.01

\* Disabilities are assumed to be 100% service-connected for Fire and Police and 100% non-service connected for regular groups.

Family composition: 100% married, spouses are same age, two children receive benefits for an average of five year apiece.

Post-retirement mortality: RP-2000 mortality projected to 2015 and blended 50% male/50% female.

\* The amounts presented for each fiscal year were determined as of June 30, 2015 and are for those years for which information is available.

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

## TOWN OF BRIDGTON, MAINE

SCHEDULE OF INVESTMENT RETURNS  
LAST 10 FISCAL YEARS\*

	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	7.125%	7.25%

\* The amounts presented for each fiscal year were determined as of June 30, 2015, and are for those years for which information is available.

TOWN OF BRIDGTON, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016

**Changes of Assumptions**

There was a change in the investment rate of return assumption this year from 7.25% to 7.125%. This change was made in the other MainePERS Programs with the 2014 valuation, but is first being recognized in the PLD Consolidated Plan in 2015.

## 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.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

## TOWN OF BRIDGTON, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 13,781,222	\$ 13,781,222	\$ 13,843,056	\$ 61,834
Excise taxes:				
Auto excise	739,000	739,000	868,736	129,736
Boat excise	25,000	25,000	28,153	3,153
Intergovernmental revenues:				
State revenue sharing	204,072	204,072	217,654	13,582
Homestead exemption	91,569	91,569	97,762	6,193
Local road assistance	102,616	102,616	103,672	1,056
Tree growth reimbursement	75,000	75,000	56,256	(18,744)
Veterans' reimbursement	7,000	7,000	6,626	(374)
General assistance reimbursement	10,000	10,000	569	(9,431)
BETE reimbursement	5,008	5,008	4,976	(32)
CDBG	185,375	185,375	46,974	(138,401)
FEMA	-	-	16,429	16,429
Other	-	-	7,740	7,740
Charges for services:				
Auto registration fees	22,250	22,250	20,753	(1,497)
Town clerk revenues	15,000	15,000	16,152	1,152
Planning board fees	1,600	1,600	1,875	275
Code enforcement fees	40,000	40,000	48,851	8,851
Plumbing inspector fees	21,250	21,250	17,094	(4,156)
Police revenue	-	-	1,395	1,395
Animal control fees	-	-	2,172	2,172
Public works revenue	400	400	710	310
Transfer station revenue	92,800	92,800	131,324	38,524
General government fees	1,800	1,800	5,314	3,514
Recreation fees	30,875	30,875	37,703	6,828
Rental fees	58,750	58,750	57,478	(1,272)
Cable TV revenue	50,000	50,000	49,404	(596)
Interest:				
Taxes	66,000	66,000	57,082	(8,918)
Deposit and investment accounts	8,000	8,000	14,878	6,878
Other income:				
Tax lien cost	15,000	15,000	23,022	8,022
TIF revenue	30,000	30,000	30,000	-
Salmon Point revenue	69,440	69,440	23,250	(46,190)
Sewer revenue	22,550	22,550	22,550	-
Fee in lieu of taxes	900	900	771	(129)
Snowmobile revenue	-	-	5,675	5,675
Other income	53,650	53,650	41,181	(12,469)
Bond proceeds	-	-	225,000	225,000
Transfers in:				
Moose Pond trust fund	56,445	56,445	56,445	-
Permanent funds	43,122	43,122	43,122	-
Total revenues	<u>\$ 15,925,694</u>	<u>\$ 15,925,694</u>	<u>\$ 16,231,804</u>	<u>\$ 306,110</u>

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

TOWN OF BRIDGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>					
<b>General government:</b>					
Administration	\$ 403,803	\$ 650	\$ 404,453	\$ 425,455	\$ (21,002)
Board of Selectmen	5,484	-	5,484	5,616	(132)
Municipal complex	111,225	-	111,225	101,048	10,177
Assessor's office	81,520	-	81,520	82,174	(654)
Code enforcement	98,560	1,500	100,060	119,655	(19,595)
Benefits	492,845	-	492,845	542,474	(49,629)
Insurances	187,241	-	187,241	199,424	(12,183)
Contingency	25,000	20,803	45,803	20,248	25,555
Economic development	145,555	-	145,555	131,319	14,236
Town hall	30,115	-	30,115	17,311	12,804
Legal services	16,000	2,705	18,705	21,347	(2,642)
	<u>1,597,348</u>	<u>25,658</u>	<u>1,623,006</u>	<u>1,666,071</u>	<u>(43,065)</u>
<b>Protection:</b>					
Police department	629,190	-	629,190	665,678	(36,488)
Fire department	235,453	16,774	252,227	228,870	23,357
Dispatcher service	100,866	-	100,866	99,407	1,459
Ambulance service	51,000	-	51,000	51,000	-
Emergency management	6,085	-	6,085	3,367	2,718
Hydrants	236,540	-	236,540	195,393	41,147
Street lights	27,350	-	27,350	32,201	(4,851)
Animal control	16,503	-	16,503	8,139	8,364
	<u>1,302,987</u>	<u>16,774</u>	<u>1,319,761</u>	<u>1,284,055</u>	<u>35,706</u>
<b>Public works:</b>					
General highways	625,129	-	625,129	669,579	(44,450)
	<u>625,129</u>	<u>-</u>	<u>625,129</u>	<u>669,579</u>	<u>(44,450)</u>
<b>Health and sanitation:</b>					
Transfer station	434,383	-	434,383	475,796	(41,413)
Health officer	1,520	-	1,520	950	570
Septic disposal	1,250	-	1,250	500	750
General assistance	26,765	-	26,765	10,052	16,713
	<u>463,918</u>	<u>-</u>	<u>463,918</u>	<u>487,298</u>	<u>(23,380)</u>
<b>Community and social agencies:</b>					
Community agencies	87,183	10,000	97,183	106,854	(9,671)
Bridgton public library	79,000	-	79,000	79,000	-
Bridgton community center	72,250	-	72,250	73,681	(1,431)
	<u>238,433</u>	<u>10,000</u>	<u>248,433</u>	<u>259,535</u>	<u>(11,102)</u>

TOWN OF BRIDGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education:					
Regular program	9,194,583	-	9,194,583	9,194,583	-
Parks and recreation:					
Parks department	140,955	-	140,955	140,716	239
Recreation department	126,645	-	126,645	142,874	(16,229)
	267,600	-	267,600	283,590	(15,990)
Cemeteries	22,160	641	22,801	21,389	1,412
County tax	653,709	-	653,709	653,709	-
TIF	94,303	-	94,303	195,952	(101,649)
Unclassified:					
Vehicle maintenance	400,305	-	400,305	273,559	126,746
Building maintenance	16,820	626	17,446	13,818	3,628
Pondicherry Park	8,300	-	8,300	469	7,831
Overlay	187,239	(10,000)	177,239	13,195	164,044
	612,664	(9,374)	603,290	301,041	302,249
Debt service:					
Principal	85,525	-	85,525	37,293	48,232
Interest	3,065	-	3,065	3,669	(604)
	88,590	-	88,590	40,962	47,628
Capital outlay	709,395	602,484	1,311,879	1,255,884	55,995
Transfers to other funds:					
Special revenue funds	185,375	-	185,375	185,375	-
Capital projects funds	5,000	664,820	669,820	669,820	-
Sewer department	-	55,000	55,000	55,000	-
Salmon Point campground	-	40,000	40,000	40,000	-
	190,375	759,820	950,195	950,195	-
Total Expenditures	\$ 16,061,194	\$ 1,406,003	\$ 17,467,197	\$ 17,263,843	\$ 203,354

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

## TOWN OF BRIDGTON, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 480	\$ -	\$ 82,381	\$ 82,861
Investments	-	-	1,124,941	1,124,941
Due from other funds	385,423	655,017	-	1,040,440
<b>TOTAL ASSETS</b>	<b>\$ 385,903</b>	<b>\$ 655,017</b>	<b>\$ 1,207,322</b>	<b>\$ 2,248,242</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	2,476	2,476
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>2,476</b>	<b>2,476</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	385,903	-	1,204,846	1,590,749
Committed	-	655,017	-	655,017
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>385,903</b>	<b>655,017</b>	<b>1,204,846</b>	<b>2,245,766</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 385,903</b>	<b>\$ 655,017</b>	<b>\$ 1,207,322</b>	<b>\$ 2,248,242</b>

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

## TOWN OF BRIDGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 317,702	\$ -	\$ -	\$ 317,702
Investment Income, Net of Unrealized Gains/(Losses)	-	-	83,795	83,795
Other	3,540	-	-	3,540
TOTAL REVENUES	<u>321,242</u>	<u>-</u>	<u>83,795</u>	<u>405,037</u>
EXPENDITURES				
Parks and Recreation	3,925	-	-	3,925
Capital Outlay	-	11,353	-	11,353
Other	199,226	3,450	61,146	263,822
TOTAL EXPENDITURES	<u>203,151</u>	<u>14,803</u>	<u>61,146</u>	<u>279,100</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>118,091</u>	<u>(14,803)</u>	<u>22,649</u>	<u>125,937</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	185,375	669,820	-	855,195
Transfers (Out)	-	-	(43,122)	(43,122)
TOTAL OTHER FINANCING SOURCES (USES)	<u>185,375</u>	<u>669,820</u>	<u>(43,122)</u>	<u>812,073</u>
NET CHANGE IN FUND BALANCES	303,466	655,017	(20,473)	938,010
FUND BALANCES - JULY 1	<u>82,437</u>	<u>-</u>	<u>1,225,319</u>	<u>1,307,756</u>
FUND BALANCES - JUNE 30	<u>\$ 385,903</u>	<u>\$ 655,017</u>	<u>\$ 1,204,846</u>	<u>\$ 2,245,766</u>

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

## Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

## TOWN OF BRIDGTON, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2016

	CDBG	Bridgton Baseball & Softball	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 480	\$ 480
Due from other funds	385,423	-	385,423
<b>TOTAL ASSETS</b>	<u>\$ 385,423</u>	<u>\$ 480</u>	<u>\$ 385,903</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	385,423	480	385,903
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>385,423</u>	<u>480</u>	<u>385,903</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 385,423</u>	<u>\$ 480</u>	<u>\$ 385,903</u>

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

## TOWN OF BRIDGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	CDBG	Bridgton Baseball & Softball	Total
REVENUES			
Intergovernmental	\$ 317,702	\$ -	\$ 317,702
Other	-	3,540	3,540
TOTAL REVENUES	<u>317,702</u>	<u>3,540</u>	<u>321,242</u>
EXPENDITURES			
Parks and Recreation	-	3,925	3,925
Other	199,226	-	199,226
TOTAL EXPENDITURES	<u>199,226</u>	<u>3,925</u>	<u>203,151</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>118,476</u>	<u>(385)</u>	<u>118,091</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	185,375	-	185,375
Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>185,375</u>	<u>-</u>	<u>185,375</u>
NET CHANGE IN FUND BALANCES	303,851	(385)	303,466
FUND BALANCES - JULY 1	<u>81,572</u>	<u>865</u>	<u>82,437</u>
FUND BALANCES - JUNE 30	<u>\$ 385,423</u>	<u>\$ 480</u>	<u>\$ 385,903</u>

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

## Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF BRIDGTON, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2016

	Municipal Building Reserve	Fire Dept. Apparatus Reserve	Capital Projects Reserve	Pondicherry Park Reserve	HAM Complex Reserve	Public Works Equipment Reserve	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	250,197	245,000	10,000	14,820	55,000	80,000	655,017
<b>TOTAL ASSETS</b>	<b>\$ 250,197</b>	<b>\$ 245,000</b>	<b>\$ 10,000</b>	<b>\$ 14,820</b>	<b>\$ 55,000</b>	<b>\$ 80,000</b>	<b>\$ 655,017</b>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	250,197	245,000	10,000	14,820	55,000	80,000	655,017
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>250,197</b>	<b>245,000</b>	<b>10,000</b>	<b>14,820</b>	<b>55,000</b>	<b>80,000</b>	<b>655,017</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 250,197</b>	<b>\$ 245,000</b>	<b>\$ 10,000</b>	<b>\$ 14,820</b>	<b>\$ 55,000</b>	<b>\$ 80,000</b>	<b>\$ 655,017</b>

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

TOWN OF BRIDGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Municipal Building Reserve	Fire Dept. Apparatus Reserve	Capital Projects Reserve	Pondicherry Park Reserve	HAM Complex Reserve	Public Works Equipment Reserve	Total
REVENUES							
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Capital Outlay	11,353	-	-	-	-	-	11,353
Other	3,450	-	-	-	-	-	3,450
TOTAL EXPENDITURES	<u>14,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,803</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(14,803)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,803)</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	265,000	245,000	10,000	14,820	55,000	80,000	669,820
Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>265,000</u>	<u>245,000</u>	<u>10,000</u>	<u>14,820</u>	<u>55,000</u>	<u>80,000</u>	<u>669,820</u>
NET CHANGE IN FUND BALANCES	250,197	245,000	10,000	14,820	55,000	80,000	655,017
FUND BALANCES - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u>\$ 250,197</u>	<u>\$ 245,000</u>	<u>\$ 10,000</u>	<u>\$ 14,820</u>	<u>\$ 55,000</u>	<u>\$ 80,000</u>	<u>\$ 655,017</u>

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

## Permanent Funds

Permanent funds are used to account for assets held by the Town of Bridgton, Maine 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. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.

TOWN OF BRIDGTON, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS  
JUNE 30, 2016

	Bridgton Trust				
	Cemetery Perpetual Care	Special Cemetery Fund	Willis Park Fund	Village Improvement Fund	School Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 27,518	\$ 23,513	\$ 3,434	\$ 785	\$ 1,605
Investments	344,942	321,015	46,882	10,720	21,903
Due from other funds	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 372,460</b>	<b>\$ 344,528</b>	<b>\$ 50,316</b>	<b>\$ 11,505</b>	<b>\$ 23,508</b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	372,460	344,528	50,316	11,505	23,508
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>372,460</b>	<b>344,528</b>	<b>50,316</b>	<b>11,505</b>	<b>23,508</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 372,460</b>	<b>\$ 344,528</b>	<b>\$ 50,316</b>	<b>\$ 11,505</b>	<b>\$ 23,508</b>

TOWN OF BRIDGTON, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS  
 JUNE 30, 2016

	Bridgton Trust				
	Worthy & Industrious Poor Fund	Revitalization Fund	Subtotal Bridgton Trust	Park Forest Trust	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,146	\$ 13,340	\$ 79,341	\$ 3,040	\$ 82,381
Investments	124,870	182,127	1,052,459	72,482	1,124,941
Due from other funds	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 134,016</u>	<u>\$ 195,467</u>	<u>\$ 1,131,800</u>	<u>\$ 75,522</u>	<u>\$ 1,207,322</u>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ 2,476	\$ 2,476
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,476</u>	<u>2,476</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	134,016	195,467	1,131,800	73,046	1,204,846
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>134,016</u>	<u>195,467</u>	<u>1,131,800</u>	<u>73,046</u>	<u>1,204,846</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 134,016</u>	<u>\$ 195,467</u>	<u>\$ 1,131,800</u>	<u>\$ 75,522</u>	<u>\$ 1,207,322</u>

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

TOWN OF BRIDGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Bridgton Trust				
	Cemetery Perpetual Care	Special Cemetery Fund	Willis Park Fund	Village Improvement Fund	School Fund
REVENUES					
Investment Income, Net of Unrealized Gains/(Losses)	\$ 29,621	\$ 23,827	\$ 3,480	\$ 796	\$ 1,626
TOTAL REVENUES	<u>29,621</u>	<u>23,827</u>	<u>3,480</u>	<u>796</u>	<u>1,626</u>
EXPENDITURES					
Other	57,303	1,176	172	39	80
TOTAL EXPENDITURES	<u>57,303</u>	<u>1,176</u>	<u>172</u>	<u>39</u>	<u>80</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(27,682)</u>	<u>22,651</u>	<u>3,308</u>	<u>757</u>	<u>1,546</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers (Out)	(15,551)	(12,509)	(1,827)	(418)	(854)
TOTAL OTHER FINANCING (USES)	<u>(15,551)</u>	<u>(12,509)</u>	<u>(1,827)</u>	<u>(418)</u>	<u>(854)</u>
NET CHANGE IN FUND BALANCES	(43,233)	10,142	1,481	339	692
FUND BALANCES - JULY 1	<u>415,693</u>	<u>334,386</u>	<u>48,835</u>	<u>11,166</u>	<u>22,816</u>
FUND BALANCES - JUNE 30	<u>\$ 372,460</u>	<u>\$ 344,528</u>	<u>\$ 50,316</u>	<u>\$ 11,505</u>	<u>\$ 23,508</u>

TOWN OF BRIDGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Bridgton Trust		Subtotal Bridgton Trust	Park Forest Trust	Total
	Worthy & Industrious Poor Fund	Revitalization Fund			
REVENUES					
Investment Income, Net of Unrealized Gains/(Losses)	\$ 9,268	\$ 13,518	\$ 82,136	\$ 1,659	\$ 83,795
TOTAL REVENUES	<u>9,268</u>	<u>13,518</u>	<u>82,136</u>	<u>1,659</u>	<u>83,795</u>
EXPENDITURES					
Other	457	667	59,894	1,252	61,146
TOTAL EXPENDITURES	<u>457</u>	<u>667</u>	<u>59,894</u>	<u>1,252</u>	<u>61,146</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,811</u>	<u>12,851</u>	<u>22,242</u>	<u>407</u>	<u>22,649</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers (Out)	(4,866)	(7,097)	(43,122)	-	(43,122)
TOTAL OTHER FINANCING (USES)	<u>(4,866)</u>	<u>(7,097)</u>	<u>(43,122)</u>	<u>-</u>	<u>(43,122)</u>
NET CHANGE IN FUND BALANCES	3,945	5,754	(20,880)	407	(20,473)
FUND BALANCES - JULY 1	<u>130,071</u>	<u>189,713</u>	<u>1,152,680</u>	<u>72,639</u>	<u>1,225,319</u>
FUND BALANCES - JUNE 30	<u>\$ 134,016</u>	<u>\$ 195,467</u>	<u>\$ 1,131,800</u>	<u>\$ 73,046</u>	<u>\$ 1,204,846</u>

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

## General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

TOWN OF BRIDGTON, MAINE

SCHEDULE GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2016

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General government	\$ 38,863	\$ 1,280,592	\$ 107,738	\$ -	\$ 1,427,193
Protection	46,059	421,550	2,559,591	9,254	3,036,454
Public works	261,257	312,393	2,103,346	2,384,045	5,061,041
Health and sanitation	11,471	189,824	179,387	-	380,682
Recreation	142,123	611,386	48,660	-	802,169
Sewer fund	11,894	-	-	653,374	665,268
Salmon Point Campground	650,000	128,731	19,298	-	798,029
<b>Total General Capital Assets</b>	<b>1,161,667</b>	<b>2,944,476</b>	<b>5,018,020</b>	<b>3,046,673</b>	<b>12,170,836</b>
Less: Accumulated Depreciation	-	(1,315,396)	(2,499,718)	(607,200)	(4,422,314)
<b>Net General Capital Assets</b>	<b>\$ 1,161,667</b>	<b>\$ 1,629,080</b>	<b>\$ 2,518,302</b>	<b>\$ 2,439,473</b>	<b>\$ 7,748,522</b>

See accompanying independent auditors' report and notes to financial statements

TOWN OF BRIDGTON, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2016

	General Capital Assets 7/1/15 <u>(Restated)</u>	<u>Additions</u>	<u>Deletions</u>	General Capital Assets 6/30/16
General government	\$ 1,057,251	\$ 369,942	\$ -	\$ 1,427,193
Protection	2,998,470	37,984	-	3,036,454
Public works	4,325,858	815,183	(80,000)	5,061,041
Health and sanitation	380,682	-	-	380,682
Recreation	802,169	-	-	802,169
Sewer fund	658,268	7,000	-	665,268
Salmon Point Campground	786,244	11,785	-	798,029
Total General Capital Assets	11,008,942	1,241,894	(80,000)	12,170,836
Less: Accumulated Depreciation	<u>(4,053,564)</u>	<u>(448,750)</u>	<u>80,000</u>	<u>(4,422,314)</u>
Net General Capital Assets	<u>\$ 6,955,378</u>	<u>\$ 793,144</u>	<u>\$ -</u>	<u>\$ 7,748,522</u>

See accompanying independent auditors' report and notes to financial statements



*Proven Expertise and Integrity*

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 Selectmen  
Town of Bridgton  
Bridgton, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bridgton, Maine as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Bridgton, Maine's basic financial statements, and have issued our report thereon dated December 20, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Bridgton, 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 Bridgton, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Bridgton, 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.

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

#### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
December 20, 2016