

Town of Bridgton



Annual Financial Statements
For the Year Ended June 30, 2017

Independently Audited By

Berry · Talbot · Royer
CERTIFIED PUBLIC ACCOUNTANTS

Table of Contents

Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements	
Statement 1 Statement of Net Position	13
Statement 2 Statement of Activities	14
Statement 3 Balance Sheet – Governmental Funds.....	16
Statement 4 Reconciliation of the Total Governmental Funds Balance to the Net Position of Governmental Activities.....	17
Statement 5 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	18
Statement 6 Reconciliation of the Net Change in Total Governmental Funds Balance to the Change in Net Position of Governmental Activities.....	19
Statement 7 Statement of Net Position – Proprietary Funds	20
Statement 8 Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	21
Statement 9 Statement of Cash Flows – Proprietary Funds	22
Notes to the Basic Financial Statements	23
Required Supplementary Information	
Schedule 1 Budgetary Comparison Schedule – General Fund.....	44
Schedule 2 Schedule of Changes in Net Pension Liability and Related Ratios	45
Schedule 3 Schedule of Contributions.....	46
Notes to the Required Supplementary Information.....	47
Other Supplementary Information	
Schedule 4 Schedule of Departmental Operations.....	48
Schedule 5 Combining Balance Sheet – Nonmajor Special Revenue Funds	50
Schedule 6 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	51
Schedule 7 Combining Balance Sheet – Nonmajor Capital Projects Funds	52
Schedule 8 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds	53
Schedule 9 Combining Balance Sheet – Nonmajor Permanent Funds.....	54
Schedule 10 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Permanent Funds.....	55
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	56

Berry·Talbot·Royer

CERTIFIED PUBLIC ACCOUNTANTS



Independent Auditor's Report

To the Board of Selectmen and Town Manager
Town of 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, 2017 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Bridgton, Maine as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and defined benefit pension plan information on pages 3 – 12 and 44 – 47 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.

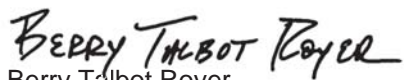
Other Supplementary Information

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. Schedules 4 through 10 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules 4 through 10 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, Schedules 2 through 12 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 March 1, 2018, on our consideration of the Town of Bridgton, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.


Berry Talbot Royer
Certified Public Accountants
Falmouth, Maine
March 1, 2018



Town of Bridgton

Management Discussion and Analysis

The Town of Bridgton (the Town) provides this Management Discussion and Analysis to present additional information to the readers of the Town's basic financial statements. This narrative overview and analysis of the financial activities of the Town is for the fiscal year ended June 30, 2017. Readers are encouraged to consider this information in conjunction with the additional information that is furnished in the Town's basic financial statements, required supplementary information, and other supplementary information.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's financial statements. The Town's basic financial statements include three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains required supplementary information that provides budgetary comparisons with actual results. The components of the financial statements are described in the following sections.

Basic Financial Statements

The basic financial statements include two types of financial statements that present different views of the Town – the government-wide financial statements and the fund financial statements. The Notes to the Basic Financial Statements supplement the financial statement information and clarify line items that are part 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 similar to a private sector business. The statements provide both short-term and long-term information about the Town's financial position, which assists in assessing the Town's economic condition at the end of the fiscal year. These are prepared using the economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The Government-wide Financial Statements include two statements:

- The *Statement of Net Position* presents all of the government's assets, liabilities, and deferred inflows of resources, with the difference between total assets and the sum of total liabilities and total deferred inflows of resources reported as total net position. Over time, increases or decreases in the Town's net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the Town.

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 are:

- *Governmental activities* – The Governmental activities are those activities that are mostly supported by taxes and intergovernmental revenues (federal and state grants), and are the only major category of activities carried on by the Town.
- *Business-type activities* – The Business-type 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 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, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Fund Financial Statements focus on individual parts of the Town government, reporting the Town's operations in more detail than the Government-wide Financial Statements. The Town maintains only two categories of funds: governmental funds and proprietary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds

All 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 as 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 balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near term financing requirements. This approach is known as using the flow of 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 (i.e., measurable and available to liquidate liabilities of the current period). Expenditures are generally recorded when liabilities are incurred, except for those related to long-term liabilities, which are recorded when due and payable. 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 the 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 fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town presents three columns in the governmental fund Balance Sheet and in the governmental fund 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 non-major governmental funds are combined in the "Other Governmental Funds" column on these statements.

Proprietary Funds

The Town maintains two proprietary funds, the Sewer department 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 the 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 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 and other detailed budgetary information for the general fund.

Current Year Financial Highlights

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's net position totaled \$17.8 million at the end of fiscal year 2017, compared to \$17.0 million at the end of fiscal year 2016.

Condensed Statement of Net Position As of June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current assets	\$ 10,035,271	\$ 8,726,058	\$ 923,355	\$ 821,627	\$ 10,958,626	\$ 9,547,685
Noncurrent assets	<u>7,164,384</u>	<u>6,927,282</u>	<u>1,171,209</u>	<u>1,182,887</u>	<u>8,335,593</u>	<u>8,110,169</u>
Total Assets	17,199,655	15,653,340	2,094,564	2,004,514	19,294,219	17,657,854
Liabilities:						
Current liabilities	1,129,027	270,175	1,525	392	1,130,552	270,567
Long-term liabilities	<u>255,540</u>	<u>378,509</u>	-	-	<u>255,540</u>	<u>378,509</u>
Total Liabilities	1,384,567	648,684	-	392	1,386,092	649,076
Deferred Inflows:						
Prepaid taxes	42,867	42,764	-	-	42,867	42,764
Related to pensions	<u>21,719</u>	<u>3,888</u>	-	-	<u>21,719</u>	<u>3,888</u>
Total Deferred Inflows:	64,586	46,652	-	-	64,586	46,652
Net Position						
Net investment in capital assets	6,533,181	6,181,737	1,171,209	1,182,887	7,704,390	7,364,624
Restricted	3,504,420	3,234,197	-	-	3,504,420	3,234,197
Unrestricted	<u>5,712,901</u>	<u>5,542,070</u>	<u>921,830</u>	<u>821,235</u>	<u>6,634,731</u>	<u>6,363,305</u>
Total Net Position	<u>\$ 15,750,502</u>	<u>\$ 14,958,004</u>	<u>\$ 2,093,039</u>	<u>\$ 2,004,122</u>	<u>\$ 17,843,541</u>	<u>\$ 16,962,126</u>

The significant change in current assets is primarily due to the purchase of capital items including the 1996 Spartan Fire Truck Pumper, 2003 Volvo Grader, new bathroom facilities at Salmon Point, Town Hall siding, and engineering services. The significant change in current liabilities is the due to the way that the internal balances (Due to / Due froms) are being classified. Overall, total net position grew by \$881,415 as a result of governmental and business-type activities. The prior period's net position was restated from previously reported amounts by a net reduction \$24,300 as a result of errors discovered during the year. See Note 14 for further information.

Condensed Statement of Activities
For the Years Ended June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charges for services	\$ 350,616	\$ 390,225	\$ 265,722	\$ 263,859	\$ 616,338	\$ 654,084
Operating grants and contributions	295,304	104,241	-	-	295,304	104,241
Capital grants and contributions	-	-	28,000	-	28,000	-
General Revenues:						
Property and excise taxes	15,410,360	14,766,245	-	-	15,410,360	14,766,245
Penalties and interest	103,954	-	-	-	103,954	-
Intergovernmental	426,659	772,119	-	-	426,659	772,119
Other	470,786	342,183	-	-	470,786	342,183
Total Revenues	<u>17,057,679</u>	<u>16,375,013</u>	<u>293,722</u>	<u>263,859</u>	<u>\$ 17,351,401</u>	<u>16,638,872</u>
Expenses						
General government	\$ 2,068,663	1,746,814	-	-	2,068,663	1,746,814
Public safety	1,430,790	1,329,444	-	-	1,430,790	1,329,444
Public works	2,045,532	1,866,994	-	-	2,045,532	1,866,994
Stipends	10,886	5,616	-	-	10,886	5,616
Capital expenditures	8,710	2,775	-	-	8,710	2,775
Outside agencies	220,577	152,681	-	-	220,577	152,681
Outside services	67,863	106,854	-	-	67,863	106,854
Fixed charges and assessments	10,442,160	10,683,480	-	-	10,442,160	10,683,480
Sewer department	-	-	95,921	119,584	95,921	119,584
Salmon Point Campground	-	-	78,884	88,271	78,884	88,271
Total Expenses	<u>16,295,181</u>	<u>15,894,658</u>	<u>174,805</u>	<u>207,855</u>	<u>16,469,986</u>	<u>16,102,513</u>
Transfers	<u>30,000</u>	<u>(95,000)</u>	<u>(30,000)</u>	<u>95,000</u>	<u>-</u>	<u>-</u>
Change in Net Position	792,498	385,355	88,917	151,004	881,415	536,359
Beginning Net Position	<u>14,958,004</u>	<u>14,572,649</u>	<u>2,004,122</u>	<u>\$ 1,853,118</u>	<u>\$ 16,962,126</u>	<u>\$ 16,425,767</u>
Ending Net Position	<u>\$ 15,750,502</u>	<u>\$ 14,958,004</u>	<u>\$ 2,093,039</u>	<u>\$ 2,004,122</u>	<u>\$ 17,843,541</u>	<u>\$ 16,962,126</u>

Overall, total revenues were up in fiscal year 2017 compared to fiscal year 2016 by \$712,529, or 4.3%. Most of this increase (\$644,115 of it) was in property and excise taxes. Total expenses were up by \$367,473, or 2.3%. Overall, the Town's change in total net position was \$881,415 for the year, compared to 2016's increase in net position of \$536,359.

Chart A on the following page shows the relative sizes of revenues based on their source. The largest source of revenues is, of course, taxes at 89%, followed by charges for services at just under 4%.

Chart B on the following page shows the relative sizes of expenses based on the program. Fixed charges, which includes education, county tax, and debt interest, takes up the largest share of expenses at 63%. General government and public works each consume the next largest amount of expenses, at just under 13% each.

Chart A
Revenues by Source

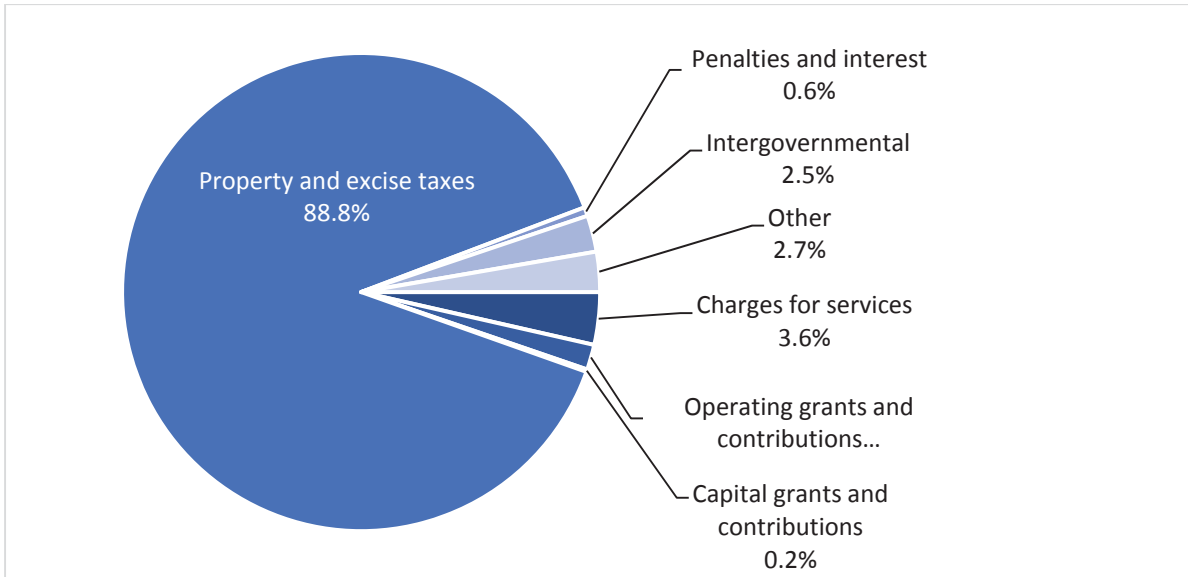
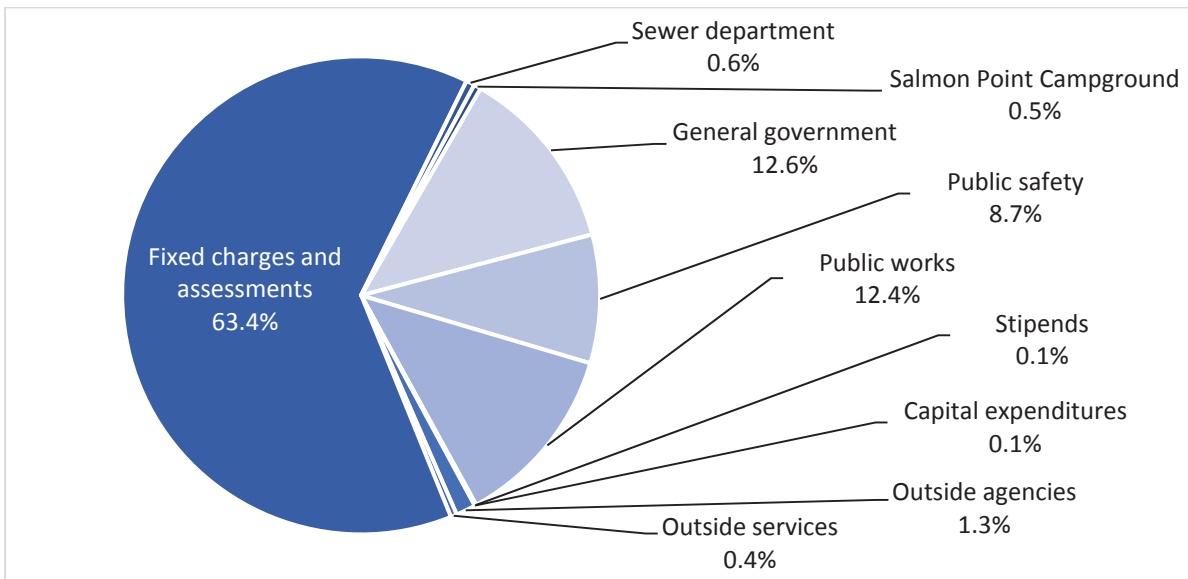


Chart B
Expenses by Program



Analysis of the Town's Governmental Funds

As noted earlier, the Town of Bridgton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Town's governmental funds is on near term inflows, outflows, and balances of spendable resources. Such information is 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 fiscal year.

General Fund

The General Fund's net change in fund balance for the year was an increase of \$492,376, compared to a fiscal year 2016 decrease of \$1,032,039. Additionally, the General Fund's prior year ending fund balance was restated downward a net of \$110,179 due to errors discovered during the year. See Note 14 for further information. Of the \$492,376 surplus for the year, \$251,902 went directly to the unassigned fund balance. The remaining \$240,474 increased (a) the nonspendable fund balance by \$7,998, (b) the restricted fund balance by \$10,579, and (c) the assigned fund balance by \$221,897.

The General Fund's nonspendable fund balance represents the balance of its tax acquired properties, which increased during the year by \$7,998.

The General Fund's restricted fund balance represents the balance of all grants, donations, and other externally restricted funds to be used by the Town for specific purposes. During the year, new grants and donations increased this balance by \$27,304 and expenditures from these balances totaled \$16,725. Thus, the net increase to the restricted fund balance was \$10,579.

The General Fund's assigned fund balance represents the balance of unexpended funds being carried forward to the next fiscal year. These carried forward amounts increase total budgeted expenditures in the following year. Fiscal year 2016's carry forwards to 2017 totaled \$193,470; fiscal year 2017's carry forwards to 2018 totaled \$415,367. This produced an increase in the assigned fund balance of \$221,897.

The General Fund's unassigned fund balance ended the fiscal year at \$3,989,326, which represents approximately 22% of the fiscal year 2018's budgeted expenditures. This balance is within the Town's target range of 20% - 25%.

Moose Pond Trust

The Moose Pond Trust Fund's net change in fund balance for the year was an increase of \$88,769. This change was due to the fact that investment earnings were greater than the budgeted transfer out to the general fund. The \$59,569 transfer out was to reimburse the General Fund for debt retirement, parks, and Pondicherry Park expenditures.

Other Governmental Funds

All other governmental funds are composed of nonmajor special revenue funds, capital projects funds, and permanent funds. Total nonmajor special revenue funds' balances increased by \$3,727, total nonmajor capital projects funds' balances decreased by \$119,965, and total nonmajor permanent funds' balances increased by \$87,430. The fund balances of special revenue funds simply represent unexpended grant and other specially designated funds. The fund balances of capital projects funds represent expended bond funds issued for capital improvement projects. The fund balances of permanent funds represent funds endowed to the Town for specified uses. In fiscal year 2016, the combined change in fund balances for other governmental funds was an increase of \$28,808.

General Fund Budgetary Highlights

The municipal budget approves appropriations for the General Fund. The original budget, as adopted by the Town on June 15, 2016, budgeted a deficit of \$125,000 that was to be covered through the use of fund balance.

The final budget, which includes authorized changes to the budget after the beginning of the fiscal year, budgeted a deficit of \$686,766.

The variances between the original budget and the final budget were as follows:

- A clerical error in calculating the total property taxes to be committed resulted in a reduction of estimated revenues by \$331,989.
- The homestead exemption and BETE reimbursement were adjusted upward by \$43,907 based on data used on the date of commitment, increasing estimated revenues.
- Overlay for tax abatements was calculated on the date of commitment totaling \$53,489, increasing budgeted expenditures.
- Fiscal year 2016 carry forwards were approved totaling \$193,470, increasing budgeted expenditures.
- Uses of restricted funds for their designated purposes totaled \$16,725, increasing budgeted expenditures.
- A transfer in occurred from the employee accrued benefit reserve fund for \$10,000, increasing budgeted expenditures.

Despite the final budgeted deficit of \$686,766, actual results were that a surplus of \$492,376 was realized. This surplus was a result of revenues coming in over budget by a total of \$416,534, expenditures coming in under budget by a total of \$765,608, and other financing sources coming in over budget by \$3,000.

Budget categories that came in above budgeted expenditures were outside services by \$5,675 due to payments to the Bridgton Easy Rider snowmobile club, and fixed charges and assessments by \$49,024 due to a non-cash accrual charge of \$116,163 for bad debts resulting from a change in estimates on outstanding receivables. See Note 15 for further information regarding this change in estimate.

Capital Assets and Long-term Debt Activity

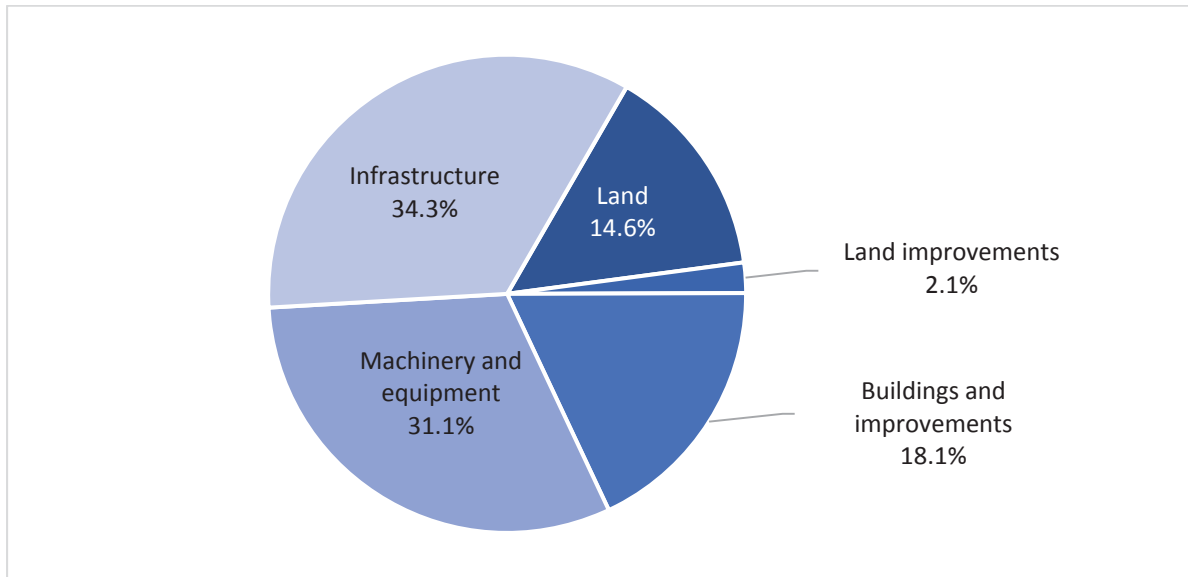
Capital Assets

As of June 30, 2017, the net book value of capital assets recorded by the Town increased by \$228,069 from the prior year. The increase was the result of capital additions of 904,389, less current year depreciation of \$676,320.

Capital Assets Net Book Value Comparisons
As of June 30, 2017 and 2016

	2017	2016	\$ Change	% Change
Land	\$ 1,161,667	\$ 1,161,667	\$ -	0.0%
Land improvements	164,026	176,690	(12,664)	-7.2%
Buildings and improvements	1,439,789	1,452,390	(12,601)	-0.9%
Machinery and equipment	2,478,714	2,518,302	(39,588)	-1.6%
Infrastructure	2,732,395	2,439,473	292,922	12.0%
Totals	<u>\$ 7,976,591</u>	<u>\$ 7,748,522</u>	<u>\$ 228,069</u>	2.9%

The chart below shows the composition of capital assets by class, and their relative size to others. Infrastructure is the largest class of capital assets, making up 34% of total capital assets. The next largest asset class is machinery and equipment, at 31%.



Long-term Debt

At the end of the fiscal year, the Town had \$150,000 in general obligation bonds, a decrease of \$75,000 from the prior year. It also had lease obligations totaling \$122,201, a decrease of \$36,697. And, the Town’s accrued compensated absences balance was \$96,289, a decrease of \$18,549.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

Personnel Changes; The Town hired a part-time grant writer in November 2016 and a full time Fire Chief in December 2016. The Community Development Director position was vacant during the period mid-February through end of June and has again been vacant since the end of December 2017.

The Town of Bridgton purchased and installed three (3) new playground sets this past year; one for the Town Commons, Harmon Field, and Salmon Point Campground. The Town Hall has been resided and a new roof installed on the Bridgton Community Center building. Hannaford Supermarket is looking to expand and offer a drive-up grocery pick up service and we've received application for a 68-room hotel coming to town.

Next Year's Budget; we are presently in the midst of budget reviews with the Board of Selectmen. The Town Manager, Deputy Town Manager, and Department Heads have developed a fiscally responsible budget to take to the townspeople for their vote in June. The development of the budget requires the balance of competing needs, planning for the future, and resource allocation. Motor Vehicle Excise Tax continues its upward positive trend and the Town has a "healthy" Unassigned Fund Balance which allows the use of to minimize the burden to our taxpayers.

Requests for Information

This financial report is designed to provide a general overview of the Town of Bridgton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Charisse Keach
Financial Officer
Town of Bridgton
3 Chase Street, Suite 1
Bridgton, ME 04009
finofficer@bridgtonmaine.org

Statement of Net Position

Statement 1

As of June 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,326,226	\$ -	\$ 6,326,226
Investments	2,890,704	-	2,890,704
Taxes receivable, net of allowance	463,868	-	463,868
Liens receivable	217,160	-	217,160
Other receivables	123,177	49,715	172,892
Tax acquired property	14,136	-	14,136
Due from other funds	-	873,640	873,640
Total current assets	<u>10,035,271</u>	<u>923,355</u>	<u>10,958,626</u>
Land	499,773	661,894	1,161,667
Depreciable capital assets, net	6,305,609	509,315	6,814,924
Net pension asset	359,002	-	359,002
Total noncurrent assets	<u>7,164,384</u>	<u>1,171,209</u>	<u>8,335,593</u>
Total Assets	<u>17,199,655</u>	<u>2,094,564</u>	<u>19,294,219</u>
Liabilities			
Accounts payable	118,425	1,303	119,728
Accrued wages	13,807	222	14,029
Escrows	10,205	-	10,205
Due to other funds	873,640	-	873,640
Current portion of long-term debt	112,950	-	112,950
Total current liabilities	<u>1,129,027</u>	<u>1,525</u>	<u>1,130,552</u>
Long-term debt, net of current portion	159,251	-	159,251
Compensated absences	96,289	-	96,289
Total noncurrent liabilities	<u>255,540</u>	<u>-</u>	<u>255,540</u>
Total Liabilities	<u>1,384,567</u>	<u>1,525</u>	<u>1,386,092</u>
Deferred Inflows of Resources			
Taxes collected in advance	42,867	-	42,867
Related to pensions	21,719	-	21,719
Total Deferred Inflows of Resources	<u>64,586</u>	<u>-</u>	<u>64,586</u>
Net Position			
Net investment in capital assets	6,533,181	1,171,209	7,704,390
Restricted	3,504,420	-	3,504,420
Unrestricted	5,712,901	921,830	6,634,731
Total Net Position	<u>\$ 15,750,502</u>	<u>\$ 2,093,039</u>	<u>\$ 17,843,541</u>

Statement of Activities
For the Year Ended June 30, 2017

Statement 2

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,068,663	\$ 209,074	\$ 142,008	\$ -
Public safety	1,430,790	52	50,012	-
Public works	2,045,532	141,490	-	-
Stipends	10,886	-	-	-
Capital expenditures	8,710	-	103,284	-
Outside agencies	220,577	-	-	-
Outside services	67,863	-	-	-
Fixed charges and assessments	10,442,160	-	-	-
Total Governmental Activities	16,295,181	350,616	295,304	-
Business-type Activities				
Sewer Department	95,921	109,388	-	28,000
Salmon Point Campground	78,884	156,334	-	-
Total Business-type Activities	174,805	265,722	-	28,000
Total Primary Government	\$ 16,469,986	\$ 616,338	\$ 295,304	\$ 28,000

Statement of Activities
For the Year Ended June 30, 2017

Statement 2 (Continued)

Functions / Programs	Net (Expenses) Revenues and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Primary Government			
Governmental Activities			
General government	\$ (1,717,581)	\$ -	\$ (1,717,581)
Public safety	(1,380,726)	-	(1,380,726)
Public works	(1,904,042)	-	(1,904,042)
Stipends	(10,886)	-	(10,886)
Capital expenditures	94,574	-	94,574
Outside agencies	(220,577)	-	(220,577)
Outside services	(67,863)	-	(67,863)
Fixed charges and assessments	<u>(10,442,160)</u>	-	<u>(10,442,160)</u>
Total Governmental Activities	(15,649,261)	-	(15,649,261)
Business-type Activities			
Sewer Department	-	41,467	41,467
Salmon Point Campground	-	77,450	77,450
Total Business-type Activities	<u>-</u>	<u>118,917</u>	<u>118,917</u>
Net Functions / Programs (Expenses) Revenues	(15,649,261)	118,917	(15,530,344)
General Revenues and Transfers			
Property taxes	14,453,702	-	14,453,702
Excise taxes	956,658	-	956,658
Penalties and interest	103,954	-	103,954
Intergovernmental	426,659	-	426,659
Other	470,786	-	470,786
Transfers, net	<u>30,000</u>	<u>(30,000)</u>	<u>-</u>
Total General Revenues and Transfers	<u>16,441,759</u>	<u>(30,000)</u>	<u>16,411,759</u>
Change in Net Position	792,498	88,917	881,415
Beginning Net Position, as restated	<u>14,958,004</u>	<u>2,004,122</u>	<u>16,962,126</u>
Ending Net Position	<u>\$ 15,750,502</u>	<u>\$ 2,093,039</u>	<u>\$ 17,843,541</u>

Balance Sheet
 Governmental Funds
 As of June 30, 2017

Statement 3

	General Fund	Moose Pond Trust	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 6,275,404	\$ 23,402	\$ 27,419	\$ 6,326,225
Investments	-	1,581,182	1,309,522	2,890,704
Accounts receivable	10,095	-	27,202	37,297
Taxes receivable, net of allowance	463,868	-	-	463,868
Liens receivable	217,160	-	-	217,160
Interest and costs receivable	85,880	-	-	85,880
Tax acquired property	14,136	-	-	14,136
Due from other funds	45,798	-	1,036,450	1,082,248
Total Assets	<u>\$ 7,112,341</u>	<u>\$ 1,604,584</u>	<u>\$ 2,400,593</u>	<u>\$ 11,117,518</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 118,425	\$ -	\$ -	\$ 118,425
Accrued wages	13,807	-	-	13,807
Other liabilities	-	-	10,205	10,205
Due to other funds	1,910,090	2,009	43,789	1,955,888
Total liabilities	2,042,322	2,009	53,994	2,098,325
Deferred Inflows of Resources				
Taxes collected in advance	42,867	-	-	42,867
Unavailable property taxes	566,973	-	-	566,973
Total deferred inflows of resources	609,840	-	-	609,840
Fund Balances				
Nonspendable	14,136	-	-	14,136
Restricted	41,350	1,602,575	1,846,359	3,490,284
Committed	-	-	500,240	500,240
Assigned	415,367	-	-	415,367
Unassigned	3,989,326	-	-	3,989,326
Total fund balances	4,460,179	1,602,575	2,346,599	8,409,353
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,112,341</u>	<u>\$ 1,604,584</u>	<u>\$ 2,400,593</u>	<u>\$ 11,117,518</u>

Reconciliation of the Total Governmental Funds Balance To the Net Position of Governmental Activities	Statement 4
As of June 30, 2017	
Total governmental funds balance, per Statement 3	\$ 8,409,353
Capital assets are not financial resources and, therefore, are not reported in the governmental funds. They are, however, economic resources of governmental activities and are reported in the Statement of Net Position.	
Net capital assets	6,805,382
Net pension assets reported in the Statement of Net Position are not current financial resources, and therefore, are not reported in the governmental funds.	
Net pension asset	359,002
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. They are, however, economic liabilities of governmental activities and are reported in the Statement of Net Position.	
Long-term debt	(150,000)
Capital leases	(122,201)
Accrued compensated absences payable	(96,289)
Deferred outflows and inflows of resources related to pensions are not current financial resources nor are they available to pay current period expenditures, and therefore, they are not reported in the governmental funds.	
Deferred inflows of resources related to pensions	(21,719)
Taxes that are not expected to be collected within 60 days of the end of the fiscal year and not considered financial resources and, therefore, are excluded from the governmental fund balances. They are, however, considered economic resources of governmental activities and, therefore, are included in the net position.	
Unavailable property taxes	<u>566,974</u>
Net position of governmental activities, per Statement 1	<u>\$ 15,750,502</u>

Statement 5

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2017

	General Fund	Moose Pond Trust	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 15,519,716	\$ -	\$ -	\$ 15,519,716
Licenses and permits	154,210	-	-	154,210
Intergovernmental	575,686	-	118,975	694,661
Charges for services	335,240	-	15,376	350,616
Penalties and interest	103,954	-	-	103,954
Investment earnings	21,353	154,065	128,869	304,287
Other revenues	39,481	-	110	39,591
Total revenues	<u>16,749,640</u>	<u>154,065</u>	<u>263,330</u>	<u>17,167,035</u>
Expenditures				
General government	1,877,024	5,727	127,222	2,009,973
Public safety	1,276,512	-	84,442	1,360,954
Public works	1,618,548	-	145,445	1,763,993
Stipends	10,886	-	-	10,886
Capital expenditures	693,292	-	-	693,292
Outside agencies	220,577	-	-	220,577
Outside services	67,863	-	-	67,863
Fixed charges and assessments	10,517,160	-	-	10,517,160
Total expenditures	<u>16,281,862</u>	<u>5,727</u>	<u>357,109</u>	<u>16,644,698</u>
Revenue Surplus (Deficit)	467,778	148,338	(93,779)	522,337
Other Financing Sources (Uses)				
Transfers in	214,410	-	189,812	404,222
Transfers out	(189,812)	(59,569)	(124,841)	(374,222)
Total other financing sources (uses)	<u>24,598</u>	<u>(59,569)</u>	<u>64,971</u>	<u>30,000</u>
Net Change in Fund Balances	492,376	88,769	(28,808)	552,337
Beginning Fund Balance, as restated	<u>3,967,803</u>	<u>1,513,806</u>	<u>2,375,407</u>	<u>7,857,016</u>
Ending Fund Balance	<u>\$ 4,460,179</u>	<u>\$ 1,602,575</u>	<u>\$ 2,346,599</u>	<u>\$ 8,409,353</u>

Reconciliation of the Net Change in Total Governmental Fund Balances to the Change in Net Position of Governmental Activities	Statement 6
For the Year Ended June 30, 2017	
Net change in the total governmental funds balance, per Statement 5	\$ 552,337
<p>Repayment of bond and capital lease payments are reported as expenditures in the governmental funds, but are not reported as expenses of governmental activities. Instead, they are reported as reductions in long-term debt in the Statement of Net Position.</p>	
Bond payments	75,000
Capital lease payments	36,697
<p>Capital assets acquired during the year are reported as expenditures in the governmental funds, but are not reported as expenses of governmental activities. Instead, they are reported as increases in capital assets in the Statement of Net Position.</p>	
Capital asset acquisitions	884,649
<p>Taxes not collected within sixty days after year end are not considered available financial resources and, therefore, not reported as revenue in the governmental funds. However, they are reported as revenue in the Statement of Activities.</p>	
Decrease in unavailable property taxes	(109,357)
<p>Certain expenses and expense adjustments reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Depreciation expense	(644,902)
Decrease in the net pension asset	(20,476)
Decrease in accrued compensated absences	<u>18,550</u>
Change in Net Position of Governmental Activities, per Statement 2	<u><u>\$ 792,498</u></u>

Statement of Net Position

Statement 7

Proprietary Funds

As of June 30, 2017

	Enterprise Funds		Total
	Sewer Department	Salmon Point Campground	
Assets			
Customer accounts receivable	\$ 21,715	\$ -	\$ 21,715
Grants receivable	28,000	-	28,000
Due from other funds	<u>572,754</u>	<u>300,886</u>	<u>873,640</u>
Total current assets	622,469	300,886	923,355
Land	11,894	650,000	661,894
Depreciable capital assets	673,115	148,029	821,144
Accumulated depreciation	<u>(182,385)</u>	<u>(129,444)</u>	<u>(311,829)</u>
Net capital assets	<u>502,624</u>	<u>668,585</u>	<u>1,171,209</u>
Total Assets	1,125,093	969,471	2,094,564
Liabilities			
Accounts payable	-	1,303	1,303
Accrued wages	<u>-</u>	<u>222</u>	<u>222</u>
Total liabilities	<u>-</u>	<u>1,525</u>	<u>1,525</u>
Net Position			
Net investment in capital assets	502,624	668,585	1,171,209
Unrestricted	<u>622,469</u>	<u>299,361</u>	<u>921,830</u>
Total Net Position	<u>\$ 1,125,093</u>	<u>\$ 967,946</u>	<u>\$ 2,093,039</u>

Statement of Revenues, Expenses, and Change in Net Position

Statement 8

Proprietary Funds

For the Year Ended June 30, 2017

	Enterprise Funds		Total
	Sewer Department	Salmon Point Campground	
Operating Revenues			
Charges for services	\$ 109,389	\$ 156,333	\$ 265,722
Operating Expenses			
Payroll	36,003	45,829	81,832
Maintenance and repairs	21,019	11,598	32,617
Operational costs	11,644	17,293	28,937
Depreciation	27,255	4,164	31,419
Total Operating Expenses	<u>95,921</u>	<u>78,884</u>	<u>174,805</u>
Operating Income	13,468	77,449	90,917
Nonoperating Revenues			
Intergovernmental grants	<u>28,000</u>	<u>-</u>	<u>28,000</u>
Income Before Transfers	41,468	77,449	118,917
Transfers			
Transfers out	<u>-</u>	<u>(30,000)</u>	<u>(30,000)</u>
Change in net position	41,468	47,449	88,917
Beginning Net Position	<u>1,083,625</u>	<u>920,497</u>	<u>2,004,122</u>
Ending Net Position	<u>\$ 1,125,093</u>	<u>\$ 967,946</u>	<u>\$ 2,093,039</u>

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2017

Statement 9

	Enterprise Funds		Total
	Sewer Department	Salmon Point Campground	
Cash Flows from Operating Activities			
Receipts from customers	\$ 102,258	\$ 157,244	\$ 259,502
Payments to suppliers	(32,663)	(28,890)	(61,553)
Payments to employees	(36,003)	(45,608)	(81,611)
Net cash provided by operating activities	33,592	82,746	116,338
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(19,740)	-	(19,740)
Net cash used in capital and related financing activities	(19,740)	-	(19,740)
Cash Flows from Noncapital Financing Activities			
Transfers out	-	(30,000)	(30,000)
Net cash use in noncapital financing activities	-	(30,000)	(30,000)
Net Change in Cash (Due from General Fund)	13,852	52,746	66,598
Beginning Cash (Due from General Fund)	558,902	248,140	807,042
Ending Cash (Due from General Fund)	\$ 572,754	\$ 300,886	\$ 873,640

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

	Sewer Department	Salmon Point Campground	Total
Operating Income	\$ 13,468	\$ 77,449	\$ 90,917
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense	27,255	4,164	31,419
Changes in operating assets and liabilities:			
User receivables	(7,131)	-	(7,131)
Accounts payable	-	911	911
Accrued wages	-	222	222
Net Cash Provided by Operating Activities	\$ 33,592	\$ 82,746	\$ 116,338

The accompanying notes are an integral part of these financial statements.

Note 1 Summary of Significant Accounting Policies

The Reporting Entity

The Town of Bridgton was incorporated in 1794 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.

The financial statements of the Town of Bridgton conform to generally accepted accounting principles (GAAP) as applicable to governmental units. 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) (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 more significant accounting policies established in GAAP and used by the Town are discussed below.

Principles Determining Scope of Reporting Entity

In evaluating the Town as a reporting entity, management has addressed all potential component units for which the Town may or may not be financially accountable and, as such, be includable within the Town's basic financial statements. In accordance with GASB, the Town (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Town. The Town also is financially accountable for organizations that are fiscally dependent on it and there is a financial benefit or burden relationship. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

Based on the application of these criteria, there are no other entities within the Town that should be included as part of these basic financial statements.

Basis of Presentation

The Town's basic financial statements consist of government-wide financial statements that describe the Town's overall financial position and changes in financial position, and fund financial statements that provide a more detailed level of financial information.

Government-Wide Financial Statements

The government-wide financial statements, composed of the Statement of Net Position and the Statement of Activities, report information on all of the non-fiduciary activities of the Town. Governmental activities are normally supported by taxes and intergovernmental revenues.

The Statement of Net Position presents the financial condition of the governmental activities of the Town at year end. The Statement of Activities points out the extent to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function, service, program, or department. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the Town.

Note 1 Summary of Significant Accounting Policies (Continued)*Fund Financial Statements*

The financial transactions of the Town are reported in 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, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The Town currently uses two categories of funds: governmental funds and proprietary funds. Separate financial statements are provided for governmental funds and proprietary funds.

Governmental Funds

Major individual governmental funds are reported as separate columns in the fund financial statements. The Town's governmental funds are identified as either general, special revenue, capital projects, or permanent funds based upon the following guidelines.

The *General Fund* is the operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific sources that are legally restricted to expenditures for specified purposes. None of the Special Revenue funds are considered a major fund in the current year.

The *Capital Project Funds* is used to account for financial resources to be used for the acquisition or construction of major capital assets that are primarily financed through bond issues. None of the Capital Project funds is considered a major fund in the current year.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs—that is, for the benefit of the town or its citizenry. The Moose Pond Trust fund is considered to be a major fund in the current year.

Proprietary Funds

Proprietary funds are identified as either enterprise or internal service funds based on specific criteria. Proprietary funds are used to account for the Town's ongoing activities, which are similar to those often found in the private sector. The focus is on the flow of economic resources. The following proprietary fund types are by the Town.

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Thus, the intent of the governing body is to provide goods and services to the general public on a continuing basis, the costs of which are to be financed or recovered primarily through user charges (program revenues) Additionally, the governing body makes periodic determinations of whether revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes. The Town's two enterprise funds are the Sewer Department and Salmon Point Campground funds. Both are considered major funds.

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

Measurement focus refers to which of the Town's resources are being measured. Basis of accounting refers to the timing of the measurements being made, regardless of the measurement focus being applied. That is, basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Government-wide Financial Statements and Fiduciary fund Financial Statements are reported using the *economic measurement* focus and the *accrual basis of accounting*. All economic resources and claims on those economic resources are measured, including fixed assets, other non-current assets, and long-term liabilities. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the period for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis of accounting*. The current financial resources measurement focus excludes from measurement resources such as fixed assets, other non-current assets, and long-term liabilities. Under modified accrual accounting, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

Interfund Transactions

During the course of normal operations, transactions occur between individual funds. Interfund transactions are classified depending on the nature of the transaction.

Interfund loans are recorded as receivables and payables and are presented as "due from other funds" and "due to other funds," respectively, on the balance sheets of the fund financial statements. For reporting purposes, current amounts due from and due to the same funds are offset and the net amounts are shown in the respective fund balance sheets. Non-fiduciary interfund loans are eliminated in the government-wide financial statements.

Interfund services provided and used are recorded as revenues in the fund providing the goods or services and as expenditures/expenses in the fund receiving the goods or services. Any unpaid amounts are recorded as receivables and payables and presented in the same manner as interfund loans.

Interfund transfers are flows of assets from one fund to another without equivalent flows of assets in return. Interfund transfers are recorded and are presented as "transfers in" and "transfers out" in the fund financial statements. In the governmental funds, these transfers are reported as other financing sources and uses.

Interfund reimbursements are repayments from funds responsible for particular expenditures/expenses to funds that initially paid for them. Reimbursements are not displayed in the financial statements.

Note 1 Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition. Maine statutes authorize investments in obligations of the U. S. Treasury and U. S. Agencies, and repurchase agreements.

Receivables

Receivables consist of all revenues recognized by year-end (on the applicable basis of accounting) but not yet received. Management's estimation for allowances for uncollectible accounts is based on historical collection rates or, where appropriate, collection experience with specific payers.

Capital Assets

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the government-wide financial statements. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation. The Town defines capital assets as those with an initial, individual cost of \$5,000 or more with an estimated useful life in excess of two years. Expenditures that significantly increase the service capacity or extend the useful life of existing capital assets are also capitalized. The costs of normal maintenance and repairs are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated. The 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

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Deferred Outflows / Inflows of Resources

In addition to assets, the Statement of Net Position (government-wide financial statements) and Balance Sheet (fund financial statements) will sometimes report an additional financial statement element called *deferred outflows of resources*. This element represents a consumption of resources that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no deferred outflows of resources.

Note 1 Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the Statement of Net Position (government-wide financial statements) and Balance Sheet (fund financial statements) will sometimes report an additional financial statement element called *deferred inflows of resources*. This element represents an acquisition of resources that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements, the Town's deferred inflows of resources consist property taxes collected in advance and deferred inflows related to pensions. In the fund financial statements, due to differences under the modified accrual basis of accounting, deferred inflows of resources also include property taxes collected in advance and unavailable property taxes (property taxes not collected within 60 days after the financial statement date).

Compensated Absences

In the government-wide financial statements, liabilities that are attributable to services already rendered are accrued as employees earn the rights to the benefits and are recognized in the period incurred. In the governmental fund financial statements, compensated absences are recognized as related payments come due each period. Pursuant to the terms of the personnel policies, vacation time and sick time are granted in varying amounts according to length of service. As of June 30, 2017, the accrual for compensated absences was determined to be \$96,289.

Long-Term Obligations

Long-term debt is recognized as a liability in a governmental fund when due. For long-term obligations, only that portion expected to be financed from expendable financial resources is reported as a fund liability of a governmental fund. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

Components of Net Position

Net position in the Statement of Net Position is required to be classified into the following three components:

Net Investment in Capital Assets is the portion of net position that consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

	Governmental Activities	Business-type Activities
Capital assets	\$ 11,566,605	\$ 1,483,038
Accumulated depreciation	(4,761,223)	(311,829)
Bonds payable	(150,000)	-
Capital lease payable	(122,201)	-
Net investment in capital assets	<u>\$ 6,533,181</u>	<u>\$ 1,171,209</u>

Restricted is the portion of net position that has constraints placed on its use which are either externally imposed by debt covenants, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted is the portion of net position that does not meet the definition of either *net investment in capital assets* or *restricted*.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Balance Components

Fund balances in the governmental funds Balance Sheet is required to be classified into five components. Classifications are hierarchical and are based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The components of fund balance are:

Nonspendable is the portion of fund balance that represents amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

Restricted is the portion of fund balance that has externally enforceable legal restrictions.

Committed is the portion of fund balance that represents resources whose use is constrained by limitations that the government imposes upon itself at its highest level of decision making and that remain binding unless removed in the same manner.

Assigned is the portion of fund balance constrained by the town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Selectmen have the authority to assign amounts to be used for specific purposes.

Unassigned is the portion of fund balance that is available for any purpose. Only the General Fund may carry a positive unassigned fund balance.

The Town has no formal revenue spending policy for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent liabilities, and the reported revenues and expenses. Actual results could differ from these estimates

Note 2 Cash

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town will not be able to recover the value of its deposits or investments that are in the possession of an outside party.

The Town currently 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, and the Town has an additional municipal deposit collateralization agreement.

At June 30, 2017, the Town had a cash balance of \$6,353,156. Of this cash balance, \$370,505 was insured by the federal depository insurance (FDIC), \$5,846,686 was insured by a municipal deposit collateralization agreement. The remaining deposits of \$135,965 were uninsured and uncollateralized.

Note 3 Investments

At June 30, 2017, the Town had the following investments and maturities:

Investment Type	Fair Value	Not Applicable	Maturities		
			< 1 Year	1 - 5 Years	> 5 Years
Debit securities:					
Corporate bonds	\$ 366,304	\$ -	\$ -	\$ 61,058	\$ 305,246
Equity securities:					
ETFs - domestic	542,891	542,891	-	-	-
ETFs - foreign	272,190	272,190	-	-	-
ETFs - fixed income	846,906	846,906	-	-	-
Common stock	835,285	835,285	-	-	-
Foreign stock	<u>27,128</u>	<u>27,128</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 2,890,704</u>	<u>\$ 2,524,400</u>	<u>\$ -</u>	<u>\$ 61,058</u>	<u>\$ 305,246</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value on 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 fluctuation in interest rates.

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer. Investments in any one issuer (other than U.S. Treasury securities and Federal agency securities) that represent 5% or more of total investments are as follows:

	% of Total	Fair Value
Ishares Investment	13.24%	\$ 382,620
Vanguard	13.63%	\$ 393,886

Custodial Credit Risk

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.

The Town's investments in U.S. Government and agencies are subject to custodial credit risk exposure because the related securities are uninsured, unregistered and/or held by the Town's brokerage firm, which is also the counterparty to these securities.

Credit Risk

Under Maine statute, municipalities may invest in corporate bonds and other obligations of any U.S. or Canadian corporation, provided that the securities are rated within the three highest grades by any rating service approved by the Superintendent of Financial institutions are payable in U.S. funds. At June 30, 2017, the Town's investments in corporate securities were in compliance with this statute, except for four securities with a fair value of \$148,952.

Note 3 Investments (Continued)**Fair Value Hierarchy**

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72 (GASB 72), *Fair Value Measurement and Application*.

The Town has the following fair value measurements as of June 30, 2017.

Investments by fair value level	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)
Debit securities:				
Corporate bonds	\$ 366,304	\$ -	\$ 366,304	\$ -
Equity securities:				
ETFs - domestic	542,891	542,891	-	-
ETFs - foreign	272,190	272,190	-	-
ETFs - fixed income	846,906	846,906	-	-
Common stock	835,285	835,285	-	-
Foreign stock	27,128	27,128	-	-
Totals	<u>\$ 2,890,704</u>	<u>\$ 2,524,400</u>	<u>\$ 366,304</u>	<u>\$ -</u>

Equity securities are classified in Level I are valued using prices quoted in active markets for those securities.

Corporate bonds classified in Level II are valued using standard inputs consisting of publicly reliable sources or using a matrix pricing technique.

Note 4 Property Tax

The Town's property taxes for the July 1, 2016 to June 30, 2017 fiscal year were committed on July 5, 2016. Taxes were due in four installments on August 15, 2016, November 15, 2016, February 15, 2017, and May 15, 2017. The tax commitment was based on the April 1, 2016 assessed real estate and personal property values totaling \$973,038,704.

The Town is permitted by the laws of the State of Maine to levy taxes 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 \$53,489 for the year ended June 30, 2017.

For both government-wide financial statements and the General Fund's financial statements, property taxes levied for the fiscal year are recorded as receivables at the time the levy is made. In the General Fund's financial statements, however, outstanding taxes receivable that are estimated to be collected after sixty (60) days after the end of the fiscal year recorded as unavailable property taxes (under the *deferred inflows of resources* financial statement element) and the year-over-year changes in this account are netted with tax revenues.

Note 4 Property Tax (Continued)

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. Property acquired by foreclosure for non-payment of taxes is recorded at the amount of expired tax liens plus the cost involved in foreclosure. Liens and any current taxes on the same parcel are not included as part of the tax acquired property account until expiration of statutory time limits.

The following summarizes the tax levy for fiscal year 2017:

Real estate valuation	\$ 957,707,664
Personal property valuation	<u>15,331,040</u>
Total valuation	973,038,704
Mil rate (per \$1,000 of valuation)	<u>14.85</u>
Tax commitment	<u>\$ 14,449,625</u>

Collection of fiscal year 2017 taxes levied is as follows:

Original tax commitment	\$ 14,449,625
Supplemental taxes	<u>4,076</u>
Total tax commitment	<u>14,453,701</u>
Less:	
Abatements of current year taxes	16,611
Estimate for uncollectible accounts	1,050
Current year taxes receivable at year end	<u>471,708</u>
Current year tax collections	<u>\$ 13,964,332</u>
Collection rate of current year taxes	96.7%

Note 5 Interfund Accounts and Transactions

Interfund Receivables and Payables

Individual interfund receivable and payable balances at June 30, 2017 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 45,798	1,910,090
Moose Pond Trust	-	2,009
Other Governmental Funds	1,036,450	43,789
Sewer Department	572,754	-
Salmon Point Campground	300,886	-
Totals	<u>\$ 1,955,888</u>	<u>\$ 1,955,888</u>

The interfund receivables and payables represent revenues received in and expenditures made out of a centralized checking account maintained in the general Fund. The general fund's *due to other funds* balance represents the amount in the centralized checking account that belongs to other funds and is not available for general fund purposes.

Interfund Transfers

Interfund transfers for the year ended June 30, 2017 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 214,410	\$ 189,812
Moose Pond Trust	-	59,569
Other Governmental Funds	189,812	124,841
Salmon Point Campground	-	30,000
Totals	<u>\$ 404,222</u>	<u>\$ 404,222</u>

Transfers consist of an \$85,000 budgeted transfer from the General Fund to fund various capital reserves, a \$104,812 transfer from the General Fund to the Route 302 TIF Fund, a \$70,000 transfer from the Route 302 TIF Fund to the General Fund to cover expenditures, a \$30,000 transfer from the Salmon Point Campground to the General Fund, a \$10,000 transfer from the Employee Accrued Benefit Reserve fund to cover vacation payout for a retired employee, and a budgeted \$59,569 transfer from the Moose Pond Trust Fund to the General Fund.

Note 6 Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2017 was:

Governmental Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Non-depreciable Capital Assets:				
Land	\$ 499,773	\$ -	\$ -	\$ 499,773
Depreciable Capital Assets:				
Land improvements	257,663	-	-	257,663
Buildings and improvements	2,558,082	108,308	-	2,666,390
Machinery and equipment	4,998,722	300,813	(25,583)	5,273,952
Infrastructure	<u>2,393,299</u>	<u>475,528</u>	<u>-</u>	<u>2,868,827</u>
Total capital assets	10,707,539	884,649	(25,583)	11,566,605
Less: Accumulated Depreciation:				
Land improvements	92,758	10,307	-	103,065
Buildings and improvements	1,113,742	120,559	-	1,234,301
Machinery and equipment	2,483,334	338,945	(25,583)	2,796,696
Infrastructure	<u>452,070</u>	<u>175,091</u>	<u>-</u>	<u>627,161</u>
Total accumulated depreciation	<u>4,141,904</u>	<u>644,902</u>	<u>(25,583)</u>	<u>4,761,223</u>
Net capital assets	<u>\$ 6,565,635</u>	<u>\$ 239,747</u>	<u>\$ -</u>	<u>\$ 6,805,382</u>

Depreciation expense for governmental activities for the year totaled \$644,902, and was allocated to the functional categories as follows:

General government	\$ 102,374
Public safety	137,395
Public works	371,910
Culture and Recreation	16,812
Health and Sanitation	<u>16,411</u>
Depreciation expense, governmental activities	<u>\$ 644,902</u>

Note 6 Capital Assets (Continued)

Capital asset activity for business-type activities for the year ended June 30, 2017 was:

Business-type Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Non-depreciable Capital Assets:				
Land	\$ 661,894	\$ -	\$ -	\$ 661,894
Depreciable Capital Assets:				
Land improvements	112,880	-	-	112,880
Buildings and improvements	15,851	-	-	15,851
Machinery and equipment	19,298	-	-	19,298
Infrastructure	<u>653,374</u>	<u>19,740</u>	<u>-</u>	<u>673,114</u>
Total capital assets	1,463,297	19,740	-	1,483,037
Less: Accumulated Depreciation:				
Land improvements	101,095	2,357	-	103,452
Buildings and improvements	7,801	350	-	8,151
Machinery and equipment	16,384	1,456	-	17,840
Infrastructure	<u>155,130</u>	<u>27,255</u>	<u>-</u>	<u>182,385</u>
Total accumulated depreciation	<u>280,410</u>	<u>31,418</u>	<u>-</u>	<u>311,828</u>
Net capital assets	<u>\$ 1,182,887</u>	<u>\$ (11,678)</u>	<u>\$ -</u>	<u>\$ 1,171,209</u>

Depreciation expense for business-type activities for the year totaled \$31,418, and was allocated to the proprietary funds as follows:

Sewer Fund	\$ 27,254
Salmon Point	<u>4,164</u>
Depreciation expense, business-type activities	<u>\$ 31,418</u>

Note 7 Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2017:

Governmental Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ 225,000	\$ -	\$ (75,000)	\$ 150,000	\$ 75,000
Capital leases payable	158,898	-	(36,697)	122,201	37,950
Compensated absences	<u>114,838</u>	<u>-</u>	<u>(18,549)</u>	<u>96,289</u>	<u>-</u>
Total long-term debt	<u>\$ 339,838</u>	<u>\$ -</u>	<u>\$ (130,246)</u>	<u>\$ 368,490</u>	<u>\$ 112,950</u>

The Town's business-type activities due not carry any long-term debts. Interest paid on bonds payable during the year totaled \$5,631.

The annual requirement to amortize debt outstanding as of June 30, 2017 is as follows:

Governmental Activities	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
Fiscal Year 2018	\$ 75,000	\$ 3,419	\$ 78,419
Fiscal Year 2019	<u>75,000</u>	<u>1,146</u>	<u>76,146</u>
Total	<u>\$ 150,000</u>	<u>\$ 4,565</u>	<u>\$ 154,565</u>

The Town's general obligation bond was issued in 2015 and is due in annual installments of principal and semi-annual installments of interest. The bond carries an interest rate of 2.99% per annum. Annual principal installments are \$75,000. The bond matures in September 2018.

The Town's lease obligations consist of copiers and two public works trucks. The leased assets are included in the general capital assets of governmental activities and are being amortized through depreciation expense. Interest paid on lease obligations during the year totaled \$4,507. The copiers lease requires annual payments of \$4,543 and the truck leases require annual payments of \$37,561. The copier lease expires in August 2020 and the truck leases expire in January 2020.

Future minimum lease payments on lease obligations are as follows:

Fiscal Year 2018	\$ 42,103
Fiscal Year 2019	42,103
Fiscal Year 2020	42,103
Fiscal Year 2021	<u>4,543</u>
Total minimum lease payments	130,852
Less: Amount representing interest	<u>(8,651)</u>
Present value of lease obligations	<u>\$ 122,201</u>

Note 8 Overlapping Debt

At June 30, 2017, the Town's proportionate share of Cumberland County's bonded debt is 2.3% of the total \$37,435,000 outstanding, or \$861,434.

At June 30, 2017, the Town's proportionate share of the Maine School Administrative District No. 61's bonded debt is 35.7% of the total \$11,214,240 outstanding, or \$400,119.

These obligations are not reported in the Town's financial statements. Debt service is included in the annual County and School assessments to the Town.

Note 9 Defined Benefit Pension Plan**General Information about the Pension Plan***Plan Description*

The Town is a member of the Maine Public Employees Retirement System's (MainePERS) State 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, 2017, the Town's plan membership consisted of 2 individuals drawing retirement benefits from the plan with an annual benefit of \$11,080.

Title 5 of the Maine Revised Statutes Annotated assigned 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. Maine(PERS) issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (800) 451-9800.

Pension Benefits

Benefit terms are established in Maine statute. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for 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 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%.

Note 9 Defined Benefit Pension Plan (Continued)

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.

Member and Employer 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. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations. The Town had no contribution requirements for the year ended June 30, 2017, in accordance with actuarially determined requirements through an actuarial valuation performed as of June 30, 2016.

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

At June 30, 2017, the Town reported a net pension asset of \$359,002. The net pension asset was measured as of June 30, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of the date.

For the year ended June 30, 2017, the Town recognized total pension revenue of \$22,962. At June 30, 2017, the Town reported no deferred outflows of resources related to pensions, and reported deferred inflow of resources related to pensions totaling \$21,719 as a result of net differences between projected and actual earnings on pension plan investments.

The deferred inflows of resources are expected to be recognized in pension expense as follows:

Fiscal Year 2018	\$	5,430
Fiscal Year 2019		5,430
Fiscal Year 2020		5,430
Fiscal Year 2021		<u>5,430</u>
Total	\$	<u>21,719</u>

Actuarial Methods and Assumptions

The total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2016, 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 used.

Note 9 Defined Benefit Pension Plan (Continued)

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 a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2016 are as follows:

Investment Rate of Return – 6.875% per annum, compounded annually; 7.125% was used for the period ended June 30, 2015.

Inflation Rate – 2.75%; 3.50% was used for the period ended June 30, 2015.

Annual Salary Increases, including inflation – 2.75% - 9.00%; 3.50% - 9.50% was used for the period ended June 30, 2015.

Cost of Living Benefit Increases – 2.20%; 2.55% was used for the period ended June 30, 2015.

Mortality Rates – For active members and non-disabled retirees, the RP 2014 Total Dataset Healthy Annuitant Table, for males and females is used.

Note 9 Defined Benefit Pension Plan (Continued)

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 percentages and by adding expected inflation. Best estimate of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equities	20%	5.7%
Non-US Equities	20%	5.5%
Private Equity	10%	7.6%
Real Assets:		
Real Estate	10%	5.2%
Infrastructure	10%	5.3%
Hard Assets	5%	5.0%
Fixed Income	25%	2.9%

Discount Rate

The discount rate used by the Plan to measure the collective total pension liability was 6.875% for 2016 and 7.125% for 2015. 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.

Sensitivity of the Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rates

The following presents the Department's proportionate share of the net pension liability calculated using the discount rate of 6.875% , as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.875%) or 1 percentage point higher (7.875%) than the current rate

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Discount Rate	5.875%	6.875%	7.875%
Net pension asset	\$ 352,807	\$ 359,002	\$ 364,634

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MainePERS financial report.

Note 10 Deferred Compensation Plan**Plan Description**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through various retirement vehicles. 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 included employee contributions for 2017, 2016 and 2015 were \$102,421, \$93,100 and \$89,087, respectively.

Note 11 Outside Compensation Funds

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.

Note 12 Components of the General Fund's Fund Balance

The General Fund's unassigned fund balance as of June 30, 2017 is \$3,989,326. The remainder of the General Fund's fund balance is composed of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund				
Tax Acquired Property	\$ 14,136	\$ -	-	\$ -
Public Works Miscellaneous	-	3,310	-	-
Police Dept Drug Forfeiture	-	2,040	-	-
Fireworks / Bottle Donations	-	1,382	-	-
Wreath / Bottle Donations	-	70	-	-
Recreation Donations	-	7,572	-	-
Recreation Grants	-	10,000	-	-
Fire Department Grant	-	8,142	-	-
Fire Department Donations	-	8,834	-	-
Subsequent Year's Expenditures	-	-	-	415,367
Total General Fund	<u>14,136</u>	<u>41,350</u>	<u>-</u>	<u>415,367</u>
Moose Pond Trust	-	1,602,575	-	-
Other Governmental Funds				
Special Revenue Funds:				
CDBG	-	388,752	-	-
Bridgton Baseball & Softball	-	879	-	-
Capital Project Funds:				
Employee Accrued Benefits Reserve	-	-	5,000	-
Municipal Building Reserve	-	-	185,927	-
Fire Dept Apparatus Reserve	-	-	175,558	-
Capital Projects Reserve	-	-	20,000	-
Pondicherry Park Reserve	-	-	19,820	-
HAM Complex Reserve	-	-	65,000	-
Public Works Equipment Reserve	-	-	28,935	-
Route 302 TIF Fund	-	164,454	-	-
Permanent Funds:				
Bridgton Trust Funds:				
Cemetery Perpetual Care	-	388,995	-	-
Special Cemetery Fund	-	379,581	-	-
Willis Park Fund	-	53,640	-	-
Village Improvement Fund	-	12,675	-	-
School Fund	-	25,047	-	-
Worthy & Industrious Poor Fund	-	142,719	-	-
Revitalization Fund	-	207,777	-	-
Park Forest Trust	-	81,840	-	-
Total Other Governmental Funds	<u>-</u>	<u>1,846,359</u>	<u>500,240</u>	<u>-</u>
Total Governmental Funds	<u>\$ 14,136</u>	<u>\$ 3,490,284</u>	<u>\$ 500,240</u>	<u>\$ 415,367</u>

Note 13 Contingent Liability**Ecomaine**

The Town is a member community in ecomaine, a non-profit solid waste management corporation serving seventy-one municipalities in southern Maine and New Hampshire. Owned and controlled by twenty of those member communities, ecomaine creates electricity through its processing of waste and also operates an extensive recycling program. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing and to make service payments and pay tipping fees for such processing.

The Town has no explicit, measureable equity interest and therefore, has not reported an asset in these financial statements in connection with its participation in ecomaine. Selected balance sheet information for ecomaine for the year ended June 30, 2017, includes total assets of \$64,040,233, total liabilities of \$17,454,918, and unrestricted net position of \$18,547,554. Ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2012 and a projected closing date. The separate audited financial statements of ecomaine may be obtained from ecomaine's website: <http://www.ecomaine.org>.

In addition, the projected costs for closure and post-closure of the ecomaine landfill are to be allocated among the twenty participating municipalities, include the Town of Bridgton. As of June 30, 2017, the outstanding share of projected landfill closure and post-closure costs totaled \$14,564,514, of which the Town's share, based on estimated tonnage, amounts to \$655,403, or 4.5%.

Litigation

The Town is subject to certain legal proceedings and claims which arise in the ordinary course of conducting its activities. In the opinion of management, the Town has defensible positions and any ultimate liabilities are covered by insurance or will not materially affect the financial position of the Town.

State and Federal Grants

The Town participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Town, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance or participates in a public entity risk pool. Currently, the Town is insured by Chalmers Insurance Group.

Based on coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2017.

Note 14 Prior Period Restatements and Reclassifications

During the year, management discovered errors in the prior year financial statements that required the beginning balances of net position and fund balance to be restated. In the government-wide financial statements, the errors resulted in net position of governmental activities being restated downward by \$24,300. In the governmental funds, the errors resulted in the General Fund's fund balance being restated downward by \$110,179. Additionally, the Route 302 TIF fund was reclassified as a special revenue fund, where it had previously been included in the General Fund.

Note 15 Change in Estimates

For fiscal year 2017, management changed its estimates relating to the uncollectibility of long outstanding personal property taxes. In prior years, management had estimated \$0 for an allowance for uncollectible accounts. In 2017 and going forward, management will estimate an allowance based on an aging of the accounts. The current year estimate resulted in an initial charge of \$116,163 in bad debt expense. This allowance is netted with taxes receivable on the financial statements. Taxes receivable, net, is composed of the following as of June 30, 2017:

Real estate taxes receivable	\$ 453,157
Personal property taxes receivable	126,874
Allowance for uncollectible personal property taxes	<u>(116,163)</u>
 Taxes receivable, net	 <u>\$ 463,868</u>

Note 15 Subsequent Events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through March 1, 2018, the date the financial statements were available to be issued.

Budgetary Comparison Schedule

Schedule 1

Budget and Actual ▪ General Fund ▪ Budgetary Basis

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 14,781,614	\$ 14,449,625	\$ 14,563,058	\$ 113,433
Excise taxes	794,000	794,000	956,658	162,658
Licenses and permits	94,600	94,600	154,210	59,610
Intergovernmental	494,172	538,079	575,686	37,607
Charges for services	327,402	327,402	335,240	7,838
Lien interest and costs	88,500	88,500	103,954	15,454
All other revenue	<u>40,900</u>	<u>40,900</u>	<u>60,834</u>	<u>19,934</u>
Total revenues	16,621,188	16,333,106	16,749,640	416,534
Expenditures				
General government	1,963,019	1,981,349	1,877,024	104,325
Public safety	1,400,630	1,416,206	1,276,512	139,694
Public works	1,748,047	1,795,646	1,618,548	177,098
Stipends	12,450	12,450	10,886	1,564
Capital expenditures	951,610	1,064,745	693,292	371,453
Outside agencies	246,750	246,750	220,577	26,173
Outside services	62,188	62,188	67,863	(5,675)
Fixed charges and assessments	<u>10,389,092</u>	<u>10,468,136</u>	<u>10,517,160</u>	<u>(49,024)</u>
Total expenditures	<u>16,773,786</u>	<u>17,047,470</u>	<u>16,281,862</u>	<u>765,608</u>
Revenue Surplus (Deficit)	(152,598)	(714,364)	467,778	1,182,142
Other Financing Sources (Uses)				
Sale of municipal property	13,000	13,000	-	13,000
Transfers in from other funds	204,410	204,410	214,410	(10,000)
Transfers out to other funds	<u>(189,812)</u>	<u>(189,812)</u>	<u>(189,812)</u>	<u>-</u>
Total other financing sources (uses)	<u>27,598</u>	<u>27,598</u>	<u>24,598</u>	<u>(3,000)</u>
Change in Fund Balance	<u>\$ (125,000)</u>	<u>\$ (686,766)</u>	<u>\$ 492,376</u>	<u>\$ 1,179,142</u>
Additions to (Use of) Fund Balance				
Nonspendable	\$ -	\$ -	\$ 7,998	
Restricted	-	-	10,579	
Assigned	-	(193,470)	221,897	
Unassigned	<u>(125,000)</u>	<u>(493,296)</u>	<u>251,902</u>	
	<u>\$ (125,000)</u>	<u>\$ (686,766)</u>	<u>\$ 492,376</u>	

Schedule of Changes in Net Pension Liability and Related Ratios

Schedule 2

MainePERS Participating Local District Consolidated Plan

Employer ID: 0176

	2016	2015	2014
Total Pension Liability			
Interest	\$ 4,528	\$ 4,588	\$ 5,622
Difference between actual and expected experience	1,259	5,635	(7,889)
Change in assumptions	(1,740)	382	-
Benefit payments	<u>(11,080)</u>	<u>(11,080)</u>	<u>(11,628)</u>
Net change in total pension liability	(7,033)	(475)	(13,895)
Beginning total pension liability	<u>68,984</u>	<u>69,459</u>	<u>83,354</u>
Ending total pension liability (a)	<u>\$ 61,951</u>	<u>\$ 68,984</u>	<u>\$ 69,459</u>
Fiduciary Net Position			
Net investment income	\$ 1,765	\$ 8,060	\$ 63,714
Benefit payments	(11,080)	(11,080)	(11,628)
Administrative expense	<u>(363)</u>	<u>(381)</u>	<u>(316)</u>
Net change in fiduciary net position	(9,678)	(3,401)	51,770
Beginning fiduciary net position	<u>430,631</u>	<u>434,032</u>	<u>382,262</u>
Ending fiduciary net position (b)	<u>\$ 420,953</u>	<u>\$ 430,631</u>	<u>\$ 434,032</u>
Net Pension Asset (b - a)	<u>\$ 359,002</u>	<u>\$ 361,647</u>	<u>\$ 364,573</u>
Fiduciary net position as a percentage of total pension liability	679.5%	624.2%	624.9%
Covered employee payroll	\$ -	\$ -	\$ -
Net pension asset as a percentage of covered employee payroll	0.0%	0.0%	0.0%

* The amounts presented have a measurement date of the previous fiscal year end.

This schedule is intended to show information for ten years.

The data presented is attributable to those years beginning with the District's first year of GASB 68 implementation; the fiscal year ended June 30, 2014.

Schedule of Contributions

Schedule 3

MainePERS Participating Local District Consolidated Plan

Employer ID: 0176

	2016	2015	2014
	<u> </u>	<u> </u>	<u> </u>
Actuarially determined contributions	\$ -	\$ -	\$ -
Actual contributions	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered employee payroll	 \$ -	 \$ -	 \$ -
 Actual contributions as a percentage of covered employee payroll	 0.0%	 0.0%	 0.0%

Note 1 Budgetary Accounting

On an annual basis, the Town adopts an appropriated budget for the General Fund. Formal budgetary integration is employed as a management control device. The budget is prepared on budgetary basis of accounting which may differ from the modified accrual basis of accounting used to prepare financial statements of the General Fund. For the fiscal year 2017 financial statements, however, there are no differences between the budgetary basis of accounting and the modified accrual basis of accounting.

Note 2 Original to Final Budget Differences

For fiscal year 2017, the Town adopted an original budget with a deficit of \$125,000. The final budget, which includes authorized changes to the budget after the beginning of the fiscal year, budgeted a deficit of \$686,766.

The variances between the original budget and the final budget were as follows:

- A clerical error in calculating the total property taxes to be committed resulted in a reduction of estimated revenues by \$331,989.
- The homestead exemption and BETE reimbursement were adjusted upward by \$43,907 based on data used on the date of commitment, increasing estimated revenues.
- Overlay for tax abatements was calculated on the date of commitment totaling \$53,489, increasing budgeted expenditures.
- Fiscal year 2016 carry forwards were approved totaling \$193,470, increasing budgeted expenditures.
- Uses of restricted funds for their designated purposes totaled \$16,725, increasing budgeted expenditures.
- A transfer in occurred from the employee accrued benefit reserve fund for \$10,000, increasing budgeted expenditures.

Note 3 Budget to Actual Results

Despite the final budgeted deficit of \$686,766, actual results were that a surplus of \$492,376 was realized. This surplus was a result of revenues coming in over budget by a total of \$416,534, expenditures coming in under budget by a total of \$765,608, and other financing sources coming in over budget by \$3,000.

Budget categories that came in above budgeted expenditures were outside services by \$5,675 due to payments to the Bridgton Easy Rider snowmobile club, and fixed charges and assessments by \$49,024 due to a non-cash accrual charge of \$116,163 for bad debts resulting from a change in estimates on outstanding receivables.

Schedule of Departmental Operations
For the Year Ended June 30, 2017

Schedule 4

	Current Year Appropriations and Amounts Carried Forward	Current Year Expenditures	Unexpended / (Overdrawn)	Unexpended Amounts Carried Forward
General Government				
Administration	\$ 1,024,893	\$ 1,005,998	\$ 18,895	\$ 14,413
Assessing	38,650	34,450	4,200	-
Code enforcement	88,938	86,615	2,323	-
Economic development	163,953	126,630	37,323	-
General assistance	24,764	11,559	13,205	-
Insurance	199,690	191,210	8,480	-
Municipal complex	117,962	97,351	20,611	-
Recreation	147,691	161,125	(13,434)	-
Town clerk	174,808	162,086	12,722	-
Total General Government	1,981,349	1,877,024	104,325	14,413
Public Safety				
Ambulance	51,000	51,000	-	-
Animal control	12,106	7,896	4,210	-
Emergency management	9,704	4,608	5,096	4,032
Fire department	332,326	245,678	86,648	22,904
Health officer	1,520	1,102	418	-
Hydrants	188,000	187,751	249	-
Police department	790,105	746,310	43,795	-
Streetlights	31,445	32,167	(722)	-
Total Public Safety	1,416,206	1,276,512	139,694	26,936
Public Works				
Building maintenance	15,618	13,127	2,491	1,000
Cemeteries	64,733	36,425	28,308	7,000
Parks department	157,869	150,782	7,087	4,000
Pondicherry park	13,550	9,702	3,848	-
Public works department	686,443	646,385	40,058	6,263
Septic disposal	750	328	422	-
Town hall	18,125	13,757	4,368	-
Transfer station	454,356	415,873	38,483	3,767
Vehicle maintenance	384,202	332,169	52,033	-
Total Public Works	1,795,646	1,618,548	177,098	22,030
Stipends				
Stipends	12,450	10,886	1,564	-

Schedule of Departmental Operations
For the Year Ended June 30, 2017

Schedule 4 (Continued)

	Current Year Appropriations and Amounts Carried Forward	Current Year Expenditures	Unexpended / (Overdrawn)	Unexpended Amounts Carried Forward
Capital Expenditures				
Fire department	\$ 87,267	\$ 71,701	\$ 15,566	\$ 15,000
Marketing	40,000	24,910	15,090	15,090
Public works department	746,478	570,282	176,196	90,527
Salmon point	70,000	1,300	68,700	68,700
Streetscape	30,000	3,611	26,389	26,389
Town hall	85,000	2,909	82,091	82,091
Police departmnet locker room	6,000	6,000	-	-
Transfer station concrete pad	-	12,579	(12,579)	-
Total Capital Expenditures	1,064,745	693,292	371,453	297,797
Outside Agencies				
Bridgton community center	76,750	76,081	669	-
Bridgton public library	79,000	79,000	-	-
Bridgton rec advancement group	50,000	24,496	25,504	25,503
Lakes region television	41,000	41,000	-	-
Total Outside Agencies	246,750	220,577	26,173	25,503
Outside Services				
Outside services	62,188	62,188	-	-
Bridgton easy rider club	-	5,675	(5,675)	-
Total Outside Services	62,188	67,863	(5,675)	-
Fixed Costs and Assessments				
Contingency	55,555	26,867	28,688	28,688
Long-term Debt	118,254	118,192	62	-
County Fees	742,552	741,042	1,510	-
Education	9,471,872	9,471,872	-	-
Magic Lantern TIF	26,414	26,413	1	-
Abatements	53,489	16,611	36,878	-
Bad debt expense	-	116,163	(116,163)	-
Total Fixed Costs	10,468,136	10,517,160	(49,024)	28,688
Other Financing Uses				
Transfers out to capital reserves	189,812	189,812	-	-
Total Expenditures and Transfers	\$ 17,237,282	\$ 16,471,674	\$ 765,608	\$ 415,367

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 As of June 30, 2017

Schedule 5

	CDBG	Bridgton Baseball and Softball	Planning Board	Total
Assets				
Cash and cash equivalents	\$ -	\$ 879	\$ -	\$ 879
Accounts receivable	27,202	-	-	27,202
Due from other funds	<u>361,550</u>	<u>-</u>	<u>10,205</u>	<u>371,755</u>
Total Assets	<u>\$ 388,752</u>	<u>\$ 879</u>	<u>\$ 10,205</u>	<u>\$ 399,836</u>
Liabilities				
Escrows	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,205</u>	<u>\$ 10,205</u>
Total Liabilities	-	-	10,205	10,205
Fund Balances				
Restricted	<u>388,752</u>	<u>879</u>	<u>-</u>	<u>389,631</u>
Total Fund Balances	<u>388,752</u>	<u>879</u>	<u>-</u>	<u>389,631</u>
Total Liab and Fund Balances	<u>\$ 388,752</u>	<u>\$ 879</u>	<u>\$ 10,205</u>	<u>\$ 399,836</u>

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances**

Schedule 6

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2017

	CDBG	Bridgton Baseball and Softball	Planning Board	Total
Revenues				
Intergovernmental	\$ 118,975	\$ -	\$ -	\$ 118,975
Charges for services	<u>-</u>	<u>7,051</u>	<u>-</u>	<u>7,051</u>
Total Revenues	118,975	7,051	-	126,026
Expenditures				
Recreation	-	6,653	-	6,653
Community development	<u>115,646</u>	<u>-</u>	<u>-</u>	<u>115,646</u>
Total Expenditures	<u>115,646</u>	<u>6,653</u>	<u>-</u>	<u>122,299</u>
Net Change in Fund Balance	3,329	398	-	3,727
Beginning Fund Balance	<u>385,423</u>	<u>481</u>	<u>-</u>	<u>385,904</u>
Ending Fund Balance	<u>\$ 388,752</u>	<u>\$ 879</u>	<u>\$ -</u>	<u>\$ 389,631</u>

Combining Balance Sheet
 Nonmajor Capital Project Funds
 As of June 30, 2017

Schedule 7

	<u>Assets</u> Due From General Fund	<u>Fund Balance</u> Committed or Restricted
Committed Capital Project Funds		
Employee Accrued Benefit Reserve	\$ 5,000	\$ 5,000
Municipal Building Reserve	185,927	185,927
Fire Department Apparatus Reserve	175,558	175,558
Capital Projects Reserve	20,000	20,000
Pondicherry Park Reserve	19,820	19,820
HAM Complex Reserve	65,000	65,000
Public Works Equipment Reserve	<u>28,935</u>	<u>28,935</u>
Total committed capital project funds	500,240	500,240
Restricted Capital Project Funds		
Route 302 TIF Fund	<u>164,454</u>	<u>164,454</u>
Total nonmajor capital project funds	<u><u>\$ 664,694</u></u>	<u><u>\$ 664,694</u></u>

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance**

Schedule 8

Nonmajor Capital Projects Funds

For the Year Ended June 30, 2017

	Beginning Balance	Revenues	Net Transfers	Expenditures	Ending Balance
Capital Project Funds					
Emp Accrued Benefit Rsv	\$ -	\$ -	\$ 5,000	\$ -	\$ 5,000
Municipal Building Rsv	250,197	-	15,000	(79,270)	185,927
Fire Dept Apparatus Rsv	245,000	-	15,000	(84,442)	175,558
Capital Projects Rsv	10,000	-	10,000	-	20,000
Pondicherry Park Rsv	14,820	-	5,000	-	19,820
HAM Complex Rsv	55,000	-	10,000	-	65,000
Public Works Equip Rsv	80,000	110	15,000	(66,175)	28,935
Route 302 TIF Fund	129,642	-	34,812	-	164,454
	<u>129,642</u>	<u>-</u>	<u>34,812</u>	<u>-</u>	<u>164,454</u>
Totals	<u>\$ 784,659</u>	<u>\$ 110</u>	<u>\$ 109,812</u>	<u>\$ (229,887)</u>	<u>\$ 664,694</u>

Combining Balance Sheet
Non-Major Permanent Funds
 As of June 30, 2017

Schedule 9

	Assets		
	Cash and Equivalents	Investments	Total Assets
Bridgton Trust			
Cemetery Perpetual Care	\$ 3,384	\$ 400,471	\$ 403,855
Special Cemetery Fund	15,896	375,687	391,583
Willis Park Fund	525	54,867	55,392
Village Improvement Fund	531	12,545	13,076
School Fund	232	25,634	25,866
Worthy & Industrious Poor Revitalization Fund	1,252 1,442	146,136 213,145	147,388 214,587
Total Bridgton Trust	23,262	1,228,485	1,251,747
Park Forest Trust Fund	3,278	81,038	84,316
Totals	<u>\$ 26,540</u>	<u>\$ 1,309,523</u>	<u>\$ 1,336,063</u>

	Liabilities and Fund Balances		
	Due to General Fund	Restricted Fund Balance	Total L & FB
Bridgton Trust			
Cemetery Perpetual Care	\$ 14,860	\$ 388,995	\$ 403,855
Special Cemetery Fund	12,002	379,581	391,583
Willis Park Fund	1,752	53,640	55,392
Village Improvement Fund	401	12,675	13,076
School Fund	819	25,047	25,866
Worthy & Industrious Poor Revitalization Fund	4,669 6,810	142,719 207,777	147,388 214,587
Total Bridgton Trust	41,313	1,210,434	1,251,747
Park Forest Trust Fund	2,476	81,840	84,316
Totals	<u>\$ 43,789</u>	<u>\$ 1,292,274</u>	<u>\$ 1,336,063</u>

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance**

Schedule 10

Non-Major Permanent Funds

For the Year Ended June 30, 2017

	Beginning Balance	Revenues	Transfers Out	Expenditures	Ending Balance
Bridgton Trust					
Cemetery Perpetual Care	\$ 372,460	\$ 47,744	\$ (29,684)	\$ (1,525)	388,995
Special Cemetery Fund	344,528	36,463	-	(1,410)	379,581
Willis Park Fund	50,316	5,325	(1,795)	(206)	53,640
Village Improvement Fund	11,504	1,217	-	(46)	12,675
School Fund	23,507	2,487	(852)	(95)	25,047
Worthy & Industrious Poor	134,016	14,184	(4,932)	(549)	142,719
Revitalization Fund	195,467	20,688	(7,578)	(800)	207,777
Total Bridgton Trust	1,131,798	128,108	(44,841)	(4,631)	1,210,434
Park Forest Trust Fund	<u>73,046</u>	<u>9,086</u>	<u>-</u>	<u>(292)</u>	<u>81,840</u>
Totals	<u>\$ 1,204,844</u>	<u>\$ 137,194</u>	<u>\$ (44,841)</u>	<u>\$ (4,923)</u>	<u>\$ 1,292,274</u>



**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

Board of Selectmen
Town of Bridgton

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, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Bridgton, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Town of Bridgton's basic financial statements, and have issued our report thereon dated March 1, 2018.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

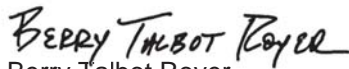
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Bridgton'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.



Berry Talbot Royer
Falmouth, Maine
Certified Public Accountants
March 1, 2018