

Audited Financial Statements

Town of Readfield, Maine

June 30, 2016



Proven Expertise and Integrity

TOWN OF READFIELD, MAINE

CONTENTS

JUNE 30, 2016

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	12
STATEMENT B - STATEMENT OF ACTIVITIES	13 - 14
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET – GOVERNMENTAL FUNDS	15
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	16
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	17
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18
NOTES TO FINANCIAL STATEMENTS	19 - 39
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	40
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS – BUDGET AND ACTUAL – GENERAL FUND	41 - 42
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	43

SCHEDULE A - SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND	44 - 47
SCHEDULE B - COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	48
SCHEDULE C - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	49
SPECIAL REVENUE FUNDS DESCRIPTION	50
SCHEDULE D - COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS	51
SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS	52
PERMANENT FUNDS DESCRIPTION	53
SCHEDULE F - COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS	54 - 55
SCHEDULE G - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR PERMANENT FUNDS	56 - 57
GENERAL CAPITAL ASSETS DESCRIPTION	58
SCHEDULE H - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	59
SCHEDULE I - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	60
SCHEDULE J - SCHEDULE OF VALUATION, ASSESSMENT AND COLLECTION OF TAXES	61

FEDERAL COMPLIANCE

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	62 - 63
---	---------



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

Select Board
Town of Readfield
Readfield, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Readfield, Maine, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Readfield, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Readfield, Maine as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 41 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Readfield, Maine's basic financial statements. The Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the Schedule of Valuation, Assessment and Collection of Taxes are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the Schedule of Valuation, Assessment and Collection of Taxes are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been

subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the Schedule of Valuation, Assessment and Collection of Taxes 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 April 7, 2017, on our consideration of the Town of Readfield, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Readfield, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
April 7, 2017

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

(UNAUDITED)

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

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

The above mentioned financial statements have one column for the Town's activity. The type of activity presented for the Town of Readfield is:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, boards and commissions, town buildings, community services, recreation, parks and activities, protection, cemeteries, roads and drainage, solid waste, education, regional assessments and unclassified.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Readfield, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Readfield are categorized as governmental funds.

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities decreased by \$185,468 from \$23,151,796 to \$22,966,328.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased for the governmental activities to a balance of \$2,242,421 at the end of the fiscal year.

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

	Governmental Activities	
	2016	2015 (Restated)
Assets		
Current Assets	\$ 2,545,262	\$ 2,525,170
Capital Assets	21,453,893	21,890,217
Total Assets	23,999,155	24,415,387
Liabilities		
Current Liabilities	304,558	290,407
Long-term Debt Outstanding	713,178	955,769
Total Liabilities	1,017,736	1,246,176
Deferred Inflows of Resources		
Prepaid Taxes	15,091	17,415
Total Deferred Inflows of Resources	15,091	17,415
Net Position		
Net Investment in Capital Assets	20,492,991	20,688,856
Restricted: Permanent Funds	230,916	231,711
Unrestricted	2,242,421	2,231,229
Total Net Position	\$ 22,966,328	\$ 23,151,796

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

	Governmental Activities	
	2016	2015
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 213,878	\$ 190,188
Operating Grants and Contributions	55,068	58,005
<i>General Revenues:</i>		
Taxes	4,925,468	4,940,197
Grants and Contributions Not Restricted to Specific Programs	218,562	211,165
Miscellaneous	58,664	64,269
Total Revenues	<u>5,471,640</u>	<u>5,463,824</u>
Expenses		
General Government	438,868	465,200
Boards and Commissions	3,284	8,735
Town Buildings	33,598	35,810
Community Services	58,354	52,381
Recreation, Parks and Activities	34,089	20,240
Protection	181,561	171,877
Cemeteries	31,532	28,318
Roads and Drainage	898,441	932,797
Solid Waste	253,468	236,948
Education	3,325,546	3,163,541
Regional Assessments	301,054	326,706
Unclassified	22,522	24,522
Interest on Long-term Debt	43,592	43,344
Capital Outlay	31,199	22,791
Total Expenses	<u>5,657,108</u>	<u>5,533,210</u>
Change in Net Position	(185,468)	(69,386)
Net Position - July 1, Restated	<u>23,151,796</u>	<u>23,221,182</u>
Net Position - June 30	<u>\$ 22,966,328</u>	<u>\$ 23,151,796</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by .14%, while total expenses increased by 2.24%.

Financial Analysis of the Town's Fund Statements

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

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

	<u>2016</u>	<u>2015</u>
General Fund:		
Nonspendable	\$ 4,047	\$ 4,047
Committed	699,959	656,957
Unassigned	<u>1,335,802</u>	<u>1,402,612</u>
Total General Fund	<u>\$ 2,039,808</u>	<u>\$ 2,063,616</u>
Nonmajor Funds:		
Special Revenue Funds:		
Assigned	\$ 4,767	\$ 4,767
Permanent Funds:		
Nonspendable	123,570	122,670
Restricted	<u>107,346</u>	<u>109,041</u>
Total Nonmajor Funds	<u>\$ 235,683</u>	<u>\$ 236,478</u>

The general fund total fund balance decreased by \$23,808 from the prior fiscal year. The nonmajor fund balances decreased by \$795 from the prior fiscal year.

Budgetary Highlights

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

The general fund actual revenues were over budget by \$154,302. This was primarily the result of taxes and intergovernmental revenues that were received in excess of budgeted amounts.

The general fund actual expenditures were under the budget by \$196,938. All expenditure categories were under budget with the exception of protection.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2016, the net book value of capital assets recorded by the Town decreased by \$436,324 from the prior year. This decrease is the result of capital additions of \$153,435 less current year depreciation expense of \$589,759. Refer to Note 4 of Notes to Financial Statements for more detailed information.

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

	2016	2015 (Restated)
Land and non-depreciable assets	\$ 2,865,844	\$ 2,865,844
Buildings and improvements	274,832	316,328
Machinery, equipment and vehicles	99,630	148,461
Infrastructure	<u>18,213,587</u>	<u>18,559,584</u>
Total	<u><u>\$ 21,453,893</u></u>	<u><u>\$ 21,890,217</u></u>

Debt

At June 30, 2016, the Town had \$960,902 in bonds outstanding versus \$1,201,361 last year. Other obligations include accrued vacation and sick time. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of at least two months, while also maintaining significant reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's Office at 8 Old Kents Hill Road, Readfield, Maine 04355.

TOWN OF READFIELD, MAINE

STATEMENT OF NET POSITION

JUNE 30, 2016

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,701,582
Investments	316,742
Accounts receivable (net of allowance for uncollectibles):	
Taxes	401,958
Liens	90,371
Other	30,562
Tax acquired property	4,047
Total current assets	<u>2,545,262</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	2,865,844
Buildings, equipment and infrastructure, net of accumulated depreciation	18,588,049
Total noncurrent assets	<u>21,453,893</u>
TOTAL ASSETS	<u><u>\$ 23,999,155</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 13,410
Accrued payroll	5,928
Other liabilities	9,356
Current portion of long-term obligations	275,864
Total current liabilities	<u>304,558</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	713,178
Total noncurrent liabilities	<u>713,178</u>
TOTAL LIABILITIES	<u>1,017,736</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	15,091
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>15,091</u>
NET POSITION	
Net investment in capital assets	20,492,991
Restricted: nonspendable	123,570
Restricted for: permanent funds	107,346
Unrestricted	2,242,421
TOTAL NET POSITION	<u><u>22,966,328</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 23,999,155</u></u>

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

STATEMENT B

TOWN OF READFIELD, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total
					Governmental Activities
Governmental activities:					
General government	\$ 438,868	\$ 36,988	\$ -	\$ -	\$ (401,880)
Boards and commissions	3,284	-	-	-	(3,284)
Town buildings	33,598	-	-	-	(33,598)
Community services	58,354	-	-	-	(58,354)
Recreation, parks and activities	34,089	25,467	-	-	(8,622)
Protection	181,561	-	19,379	-	(162,182)
Cemeteries	31,532	-	-	-	(31,532)
Roads and drainage	898,441	-	35,689	-	(862,752)
Solid waste	253,468	142,453	-	-	(111,015)
Education	3,325,546	-	-	-	(3,325,546)
Regional assessments	301,054	8,970	-	-	(292,084)
Unclassified	22,522	-	-	-	(22,522)
Interest on long-term debt	43,592	-	-	-	(43,592)
Capital outlay	31,199	-	-	-	(31,199)
Total government	<u>\$ 5,657,108</u>	<u>\$ 213,878</u>	<u>\$ 55,068</u>	<u>\$ -</u>	<u>(5,388,162)</u>

STATEMENT B (CONTINUED)

TOWN OF READFIELD, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(5,388,162)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	4,424,639
Excise taxes	500,829
Grants and contributions not restricted to specific programs	218,562
Miscellaneous	<u>58,664</u>
Total general revenues	<u>5,202,694</u>
Change in net position	(185,468)
NET POSITION - JULY 1, RESTATED	<u>23,151,796</u>
NET POSITION - JUNE 30	<u><u>\$ 22,966,328</u></u>

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

STATEMENT C

TOWN OF READFIELD, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,663,853	\$ 37,729	\$ 1,701,582
Investments	123,078	193,664	316,742
Accounts receivables (net of allowance for uncollectibles):			
Taxes	401,958	-	401,958
Liens	90,371	-	90,371
Other	30,562	-	30,562
Tax acquired property	4,047	-	4,047
Due from other funds	1,175	5,465	6,640
TOTAL ASSETS	\$ 2,315,044	\$ 236,858	\$ 2,551,902
LIABILITIES			
Accounts payable	\$ 13,410	\$ -	\$ 13,410
Accrued payroll	5,928	-	5,928
Other liabilities	9,356	-	9,356
Due to other funds	5,465	1,175	6,640
Accrued compensated absences	28,140	-	28,140
TOTAL LIABILITIES	62,299	1,175	63,474
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenues	197,846	-	197,846
Prepaid taxes	15,091	-	15,091
TOTAL DEFERRED INFLOWS OF RESOURCES	212,937	-	212,937
FUND BALANCES			
Nonspendable: Tax acquired property	4,047	-	4,047
Permanent funds principal	-	123,570	123,570
Restricted	-	107,346	107,346
Committed	699,959	-	699,959
Assigned	-	4,767	4,767
Unassigned	1,335,802	-	1,335,802
TOTAL FUND BALANCES	2,039,808	235,683	2,275,491
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,315,044	\$ 236,858	\$ 2,551,902

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

TOWN OF READFIELD, MAINE

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

	Total Governmental Funds
Total Fund Balances	\$ 2,275,491
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	21,453,893
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	197,846
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	<u>(960,902)</u>
Net position of governmental activities	<u>\$ 22,966,328</u>

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

TOWN OF READFIELD, MAINE

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

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property taxes	\$ 4,389,639	\$ -	\$ 4,389,639
Excise taxes	500,829	-	500,829
Intergovernmental revenues	273,630	-	273,630
Charges for services	213,878	-	213,878
Miscellaneous revenues	59,432	(768)	58,664
TOTAL REVENUES	<u>5,437,408</u>	<u>(768)</u>	<u>5,436,640</u>
EXPENDITURES			
Current:			
General government	417,229	-	417,229
Boards and commissions	3,284	-	3,284
Town buildings	33,598	-	33,598
Community services	58,354	-	58,354
Recreation, parks and activities	26,544	-	26,544
Protection	156,173	-	156,173
Cemeteries	31,532	-	31,532
Roads and drainage	523,876	-	523,876
Solid waste	246,281	-	246,281
Education	3,325,546	-	3,325,546
Regional assessments	301,054	-	301,054
Unclassified	22,495	27	22,522
Debt service:			
Principal	240,459	-	240,459
Interest	43,592	-	43,592
Capital outlay	31,199	-	31,199
TOTAL EXPENDITURES	<u>5,461,216</u>	<u>27</u>	<u>5,461,243</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(23,808)</u>	<u>(795)</u>	<u>(24,603)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	300	300
Transfers (out)	-	(300)	(300)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(23,808)	(795)	(24,603)
FUND BALANCES - JULY 1	<u>2,063,616</u>	<u>236,478</u>	<u>2,300,094</u>
FUND BALANCES - JUNE 30	<u>\$ 2,039,808</u>	<u>\$ 235,683</u>	<u>\$ 2,275,491</u>

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

TOWN OF READFIELD, MAINE

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (24,603)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	153,435
Depreciation expense	<u>(589,759)</u>
	<u>(436,324)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>240,459</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>35,000</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ (185,468)</u></u>

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Readfield was incorporated under the laws of the State of Maine. The Town operates under Town selectmen-manager form of government and provides the following services: general government, protection, roads and drainage, solid waste, community services, education, recreation and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

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

Implementation of New Accounting Standards

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

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

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column, and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

1. Governmental Funds:

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

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

Nonmajor Funds

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

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

Basis of Accounting

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

1. Accrual

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

Budget

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

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Select Board was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. The Town does not adopt budgets for Special Revenue Funds.

Deposits and Investments

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements
- Money market mutual funds

The Town of Readfield has a formal investment policy that follows the State of Maine Statutes.

Interfund Receivables and Payables

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

Transactions Between Funds

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

Allowance for Uncollectible Accounts

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

Capital Assets

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

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

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

Estimated useful lives are as follows:

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

Long-term Obligations

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

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

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

Compensated Absences

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2016, the Town's liability for compensated absences is \$28,140.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

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

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

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

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Select Board.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no deferred outflows of resources.

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied September 2, 2015 on the assessed value listed as of April 1, 2015, for all real and personal property located in the Town. Taxes were due in two installments on October 2, 2015 and February 26, 2016. Interest on unpaid taxes commenced on October 3, 2015 and February 27, 2016, at 4% per annum.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$10,063 for the year ended June 30, 2016.

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

Program Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2016, the Town's cash and cash equivalents amounting to \$1,701,582 were comprised of bank deposits of \$1,792,821. Of these deposits \$1,711,195 was fully covered by federal depository insurance and consequently was not exposed to custodial credit risk and \$26 was insured by the NCUSIF and consequently was not exposed to custodial credit risk. The cash equivalents of \$37,730 were covered by the Securities Investor Protection Corporation (SIPC). The remaining deposits of \$43,870 were uncollateralized and uninsured.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 50,831
Sweep accounts	1,389,903
Savings accounts	20,487
Money market accounts	293,870
Cash and cash equivalents	37,730
	<u>\$ 1,792,821</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. The Town's investment in certificates of deposit for \$123,078 was insured by the NCUSIF and consequently was not exposed to custodial credit risk. The debt and equity securities of \$193,664 was fully covered by the Securities Investor Protection Corporation (SIPC).

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Debt securities:				
Municipal bonds	\$ 30,957	\$ -	\$ 20,521	\$ 10,436
Equity securities:				
Mutual funds	162,707	162,707	-	-
Certificates of deposit	123,078	-	123,078	-
	<u>\$ 316,742</u>	<u>\$ 162,707</u>	<u>\$ 143,599</u>	<u>\$ 10,436</u>

Fair Value Hierarchy

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

	June 30, 2016 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
Municipal bonds	\$ 30,957	\$ -	\$ 30,957	\$ -
Total debt securities	<u>30,957</u>	<u>-</u>	<u>30,957</u>	<u>-</u>
Equity securities:				
Mutual funds - domestic and foreign	162,707	162,707	-	-
Total equity securities	<u>162,707</u>	<u>162,707</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>193,664</u>	<u>\$ 162,707</u>	<u>\$ 30,957</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	37,730			
Total cash equivalents measured at the NAV	<u>37,730</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 231,394</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2016 in a manner consistent with the Financial

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Accounting Standards Board's measurement principles for investment companies. Certificates of deposit held with local financial institutions for \$123,078 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

Credit risk – Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various insured certificates of deposit. Certain long-term trust funds are invested through a financial institution with trust powers in a mix of securities that comply with state and federal regulations to provide long-term growth and income. As of June 30, 2016, the Town's investments in municipal bonds were rated AA- (\$20,521), A+ (\$10,436) by Standard & Poor's Rating Service.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	Receivables (Due from)	Payables (Due to)
General fund	\$ 1,175	\$ 5,465
Nonmajor special revenue funds	4,767	-
Nonmajor permanent funds	698	1,175
	<u>\$ 6,640</u>	<u>\$ 6,640</u>

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS

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

	Balance, 7/1/15 (Restated)	Additions	Disposals	Balance, 6/30/16
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 2,865,844	\$ -	\$ -	\$ 2,865,844
	<u>2,865,844</u>	<u>-</u>	<u>-</u>	<u>2,865,844</u>
Depreciated assets:				
Buildings & improvements	807,841	-	-	807,841
Land improvements	213,952	-	-	213,952
Machinery & equipment	207,331	6,500	-	213,831
Vehicles	755,178	-	-	755,178
Infrastructure	24,646,676	146,935	-	24,793,611
	<u>26,630,978</u>	<u>153,435</u>	<u>-</u>	<u>26,784,413</u>
Less: accumulated depreciation	<u>(7,606,605)</u>	<u>(589,759)</u>	<u>-</u>	<u>(8,196,364)</u>
	<u>19,024,373</u>	<u>(436,324)</u>	<u>-</u>	<u>18,588,049</u>
Net capital assets	<u>\$ 21,890,217</u>	<u>\$ (436,324)</u>	<u>\$ -</u>	<u>\$ 21,453,893</u>
<u>Current year depreciation</u>				
General government				\$ 21,639
Recreation, parks & activities				7,545
Protection				31,888
Roads & drainage				521,500
Solid waste				<u>7,187</u>
Total depreciation expense				<u>\$ 589,759</u>

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT

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

	Balance 7/1/15	Additions	Deletions	Balance, 6/30/16	Current Year Portion
Bonds payable	\$ 1,201,361	\$ -	\$ (240,459)	\$ 960,902	\$ 247,724
Accrued compensated absences	20,928	7,212	-	28,140	28,140
Total	<u>\$ 1,222,289</u>	<u>\$ 7,212</u>	<u>\$ (240,459)</u>	<u>\$ 989,042</u>	<u>\$ 275,864</u>

The following is a summary of bonds outstanding as of June 30, 2016:

\$1,500,000, 2008 General Obligation Bond due in annual principal installments of \$150,000 through August of 2018. Interest is charged at a rate of 4.11% per annum.	\$ 450,000
\$700,000, 2013 General Obligation Bond due in annual principal and interest installments of \$109,117 through July of 2020. Interest is charged at a rate of 2.23% per annum.	<u>510,902</u>
Total Bonds Payable	<u>\$ 960,902</u>

The annual principal and interest requirements to amortize the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 247,724	\$ 36,053	\$ 283,777
2018	249,903	27,760	277,663
2019	252,131	19,316	271,447
2020	104,408	4,709	109,117
2021	106,736	2,380	109,116
	<u>\$ 960,902</u>	<u>\$ 90,218</u>	<u>\$ 1,051,120</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ended June 30, 2016 was \$43,592.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

NOTE 6 - NONSPENDABLE FUND BALANCES

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

General fund:

Tax acquired property	\$ 4,047
Nonmajor permanent funds (Schedule F)	<u>123,570</u>
	<u>\$ 127,617</u>

NOTE 7 - RESTRICTED FUND BALANCES

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

Nonmajor permanent funds (Schedule F)	<u>\$ 107,346</u>
---------------------------------------	-------------------

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 8 - COMMITTED FUND BALANCES

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

	Balance 7/1/15	Appropriation	Applied Receipts	Actual Expenditures	Counted Rev Reduction	Use of CF to Reduce Budget	Balance 6/30/16
Admin Technology	\$ 3,730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,730
Backhoe	23,969	2,600	2,048	2,449	-	-	26,168
Ballfield	7,236	8,645	-	4,474	-	8,645	2,762
Beach	11,733	9,060	7,426	7,476	9,060	-	11,683
Cemeteries	2,917	29,110	79	28,812	-	-	3,294
Cemetery - Living Fence	2,734	7,000	-	2,720	7,000	-	14
Cemetery Capital	12,900	-	-	-	-	-	12,900
Dispatching	6,761	-	-	-	-	-	6,761
Enterprise Fund	19,216	10,000	7,127	-	-	10,000	26,343
FD Annual Physicals	4,667	125	-	-	-	125	4,667
FD Emerg Comm	2,348	-	-	-	-	-	2,348
Fire Dept Equip	79,257	98,290	7,041	99,155	5,580	8,500	71,353
Fire PPG Replacement	8,000	2,000	-	6,175	-	-	3,825
Fire Tower sites	2,221	2,000	12,338	1,465	-	-	15,094
Fire Station Addition	35,522	-	-	-	-	-	35,522
Fire Station Improvements	9,205	-	-	-	-	-	9,205
Forestry	697	-	-	-	-	-	697
Gile Hall	24,836	-	-	-	-	-	24,836
Grant Writing	6,366	2,500	-	1,425	-	2,500	4,941
Heating Assistance	1,001	1,500	650	710	1,500	-	941
Heritage Days	5,012	10,000	1,265	10,107	-	5,000	1,170
Library Operations	6,215	26,438	5,519	29,429	2,075	-	6,668
Library Building Imp	1,123	-	-	-	-	-	1,123
Maranacook Dam	16,470	28,000	-	7,995	-	8,000	28,475
Millstream Bridge	369	-	-	-	-	-	369
Millstream Dam project	-	-	2,721	-	-	-	2,721
Open Space	6,815	-	-	-	-	-	6,815
Playground	1,095	1,095	-	1,095	-	1,095	-
Capital Equipment	16,939	7,200	-	4,000	-	4,000	16,139
Recreation	22,800	9,006	8,536	5,922	9,006	-	25,414
Reflections	-	5,000	-	-	-	-	5,000
Revaluation	65,000	-	-	-	-	-	65,000
Road/Bridge Bond	5,830	-	-	-	-	-	5,830
Road Bond 13-14	454	-	-	-	-	-	454
Snowmobiling	1,438	1,436	1,490	1,436	1,436	-	1,492
Summer Roads/Regional	120,943	547,284	44,659	523,875	37,388	-	151,623
Conservation Land	29,556	4,365	-	1,150	-	4,000	28,771
Town Boundaries	1,260	2,500	-	-	-	-	3,760
Trails	-	2,700	2,850	2,553	2,700	-	297
TS Operations	60,039	126,797	19,581	121,916	18,800	-	65,701
TS Capital	26,046	38,000	-	14,730	19,000	19,000	11,316
Water Holes (Fund 5)	4,237	500	-	-	-	-	4,737
	<u>\$ 656,957</u>	<u>\$ 983,151</u>	<u>\$ 123,330</u>	<u>\$ 879,069</u>	<u>\$ 113,545</u>	<u>\$ 70,865</u>	<u>\$ 699,959</u>

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 - ASSIGNED FUND BALANCES

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

Nonmajor special revenue funds (Schedule D)	<u>\$ 4,767</u>
---	-----------------

NOTE 10 - JOINT VENTURE

The Town has entered into a joint venture with a number of other Towns. This joint venture is considered to be a separate reporting entity and has not been included within the financial statements of the Town of Readfield. A brief description of the joint venture, FirstPark, follows:

FirstPark

Kennebec Regional Development Authority (FirstPark) was formed in 1998 through an act of the Maine State Legislature. Its primary purposes, according to the act, were to strengthen the financial condition of local governments within the geographic territory of the Authority, while combining resources and sharing costs for meeting regional and economic development needs and challenges; to promote and develop infrastructure and programs for employment and economic development opportunities; and other conditions to positively affect regional development. The intent was that the members would fund the startup costs and then jointly benefit from the tax revenues generated later on. There are currently 24 local governments who are members of the Authority, including the Town of Readfield.

This statute states that the Town may be responsible for liabilities it incurs during its membership that may not have been paid for. It may withdraw its membership at any time with one year's warning to the corporation and the sale of its stake. An amount for any contingent liabilities at this time cannot be determined.

The Authority derives the bulk of its revenue from the participants, but also receives some grant revenues from the State of Maine and tenant's rental income. In fiscal year 2016, the Town of Readfield contributed \$25,130. Complete financial statements may be obtained from Kennebec Regional Development Authority/First Park at P.O. Box 246, Oakland, Maine 04963.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of certain outside agency's debt. As of June 30, 2016, the County of Kennebec did not have any debt. The Town's share of school debt was as follows:

	Outstanding Debt	Town's Percentage	Total Share
RSU #38	\$ 3,951,750	28.28%	<u>\$ 1,117,460</u>

NOTE 12 - 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, participates in a public entity risk pool, or is effectively self-insured. Currently the Town participates in several public-entity and self-insured risk pools sponsored by the Maine Municipal Association.

Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2016. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 13 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION –
RETIREMENT CORPORATION

A. Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the International City Management Association Retirement Corporation (ICMA-RC). The plan, available to Town employees, Town management and professional level employees, permits them to defer a portion of their salary, in addition to Town contributions, until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. 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. Employees may opt to use a different plan with similar terms.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 - DEFERRED COMPENSATION PLAN (CONTINUED)

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.

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Select Board. For professional employees that choose to participate in the 457 plan alone, the Town will contribute an amount equal to the required employer contribution for the defined benefit plan up to 10.00% of an employee's annual salary. For the Town's non-professional employees, the Town will contribute an amount equal to 5%, 8%, or 10% of their annual salary depending on years of service. Employees may contribute additional amounts of their own choosing.

The Town's contributions to the plan for 2016, 2015, and 2014, were \$17,603, \$19,091, and \$5,947, respectively.

NOTE 14 - OVERSPENT APPROPRIATIONS

At June 30, 2016, the Town had the following overspent appropriations which were approved in the subsequent Town meeting:

Insurance	\$ 6,308
Office equipment	244
Code enforcement	2,410
Gile Hall	3,572
Library	2,991
Readfield TV	3,028
Street lights	224
Heritage Days	107
Community Park	180
Fire department - equipment	6,445
Personal protection gear	4,175
Interlocal	5,151
	<u>\$ 34,835</u>

NOTE 15 - CONTINGENCIES

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15 - CONTINGENCIES (CONTINUED)

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

NOTE 16 - RESTATEMENT

The beginning net position of the governmental activities has been restated as of July 1, 2015. This balance was restated to correct the accumulated depreciation balance. The governmental activities were restated by \$447,703.

NOTE 17 - COMPARATIVE DATA/RECLASSIFICATIONS

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

Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund

TOWN OF READFIELD, MAINE

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

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 2,063,616	\$ 2,063,616	\$ 2,063,616	\$ -
Resources (Inflows):				
Taxes:				
Property Taxes	4,330,684	4,330,684	4,366,594	35,910
Excise Taxes	426,000	426,000	500,829	74,829
Interest on Taxes	16,000	16,000	23,045	7,045
Total Taxes	4,772,684	4,772,684	4,890,468	117,784
Intergovernmental Revenues:				
State Revenue Sharing	110,000	110,000	138,066	28,066
Homestead Exemption	70,783	70,783	73,154	2,371
Local Road Assistance	35,000	35,000	35,689	689
Other	18,750	23,282	26,721	3,439
Total Intergovernmental Revenues	234,533	239,065	273,630	34,565
Licenses, Permits and Fees	22,950	22,950	36,988	14,038
Charges for Services:				
Library	2,075	2,075	5,519	3,444
Recreation	20,766	20,766	19,948	(818)
Regional Assessments	2,388	2,388	8,970	6,582
Transfer Station	145,598	145,598	142,453	(3,145)
Total Charges for Services	170,827	170,827	176,890	6,063
Investment Income	2,500	2,500	3,349	849
Miscellaneous Revenues:				
Cable TV Franchise Fees	24,000	24,000	26,066	2,066
First Park	9,500	9,500	10,503	1,003
Cemeteries	7,000	7,000	79	(6,921)
Protection	5,580	5,580	19,379	13,799
Enterprise Fund	10,000	10,000	56	(9,944)
Transfers from Other Funds	19,000	19,000	-	(19,000)
Total Miscellaneous Revenues	75,080	75,080	56,083	(18,997)
Amounts Available for Appropriation	7,342,190	7,346,722	7,501,024	154,302

SCHEDULE 1 (CONTINUED)
TOWN OF READFIELD, MAINE

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

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Charges to Appropriations (Outflows):				
General Government	459,076	459,076	417,229	41,847
Boards and Commissions	7,545	7,545	3,284	4,261
Town Buildings	35,708	35,708	33,598	2,110
Community Services	59,122	59,122	58,354	768
Recreation, Parks and Activities	31,072	31,072	26,544	4,528
Protection	153,165	153,165	156,173	(3,008)
Cemeteries	36,110	36,110	31,532	4,578
Roads and Drainage	528,838	547,284	523,876	23,408
Solid Waste	256,195	256,195	246,281	9,914
Education	3,325,546	3,325,546	3,325,546	-
Regional Assessments	305,930	305,930	301,054	4,876
Unclassified	88,353	74,439	22,495	51,944
Debt Service:				
Principal	245,592	240,459	240,459	-
Interest	39,525	44,658	43,592	1,066
Capital Outlay	81,845	81,845	31,199	50,646
Transfers to Other Funds	-	-	-	-
Total Charges to Appropriations	5,653,622	5,658,154	5,461,216	196,938
Budgetary Fund Balance, June 30	<u>\$ 1,688,568</u>	<u>\$ 1,688,568</u>	<u>\$ 2,039,808</u>	<u>\$ 351,240</u>
Utilization of Unassigned Fund Balance	\$ 300,183	\$ 300,183	\$ -	\$ (300,183)
Utilization of Committed Fund Balance	74,865	74,865	-	(74,865)
	<u>\$ 375,048</u>	<u>\$ 375,048</u>	<u>\$ -</u>	<u>\$ (375,048)</u>

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

Other Supplementary Information

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

- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function
- Schedule of Valuation, Assessment and Collection of Taxes

TOWN OF READFIELD, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General Government -					
Administration	\$ 299,370	\$ -	\$ 299,370	\$ 278,012	\$ 21,358
Grant writing	2,500	-	2,500	1,425	1,075
Insurance	24,650	-	24,650	30,958	(6,308)
Office equipment	3,505	-	3,505	3,749	(244)
Assessing	21,400	-	21,400	17,538	3,862
Code enforcement	28,746	-	28,746	31,156	(2,410)
Boundaries	2,500	-	2,500	-	2,500
Municipal maintenance	74,905	-	74,905	53,681	21,224
Heating assistance	1,500	-	1,500	710	790
	<u>459,076</u>	<u>-</u>	<u>459,076</u>	<u>417,229</u>	<u>41,847</u>
Boards and Commissions -					
Appeals Board	407	-	407	-	407
Conservation Commission	4,365	-	4,365	1,149	3,216
Planning Board	2,773	-	2,773	2,135	638
	<u>7,545</u>	<u>-</u>	<u>7,545</u>	<u>3,284</u>	<u>4,261</u>
Town Buildings -					
Fire station	10,700	-	10,700	8,603	2,097
Gile Hall	18,122	-	18,122	21,694	(3,572)
Library	5,386	-	5,386	3,294	2,092
Maintenance building	1,500	-	1,500	7	1,493
	<u>35,708</u>	<u>-</u>	<u>35,708</u>	<u>33,598</u>	<u>2,110</u>
Community Services -					
Animal control	16,622	-	16,622	10,131	6,491
Kennebec Land Trust	200	-	200	-	200
Kennebec Valley Council of Governments	4,395	-	4,395	4,325	70
Library	26,438	-	26,438	29,429	(2,991)
Maranacook Lake Dam	250	-	250	-	250
Readfield TV	5,717	-	5,717	8,745	(3,028)
Street lights	5,500	-	5,500	5,724	(224)
	<u>59,122</u>	<u>-</u>	<u>59,122</u>	<u>58,354</u>	<u>768</u>

TOWN OF READFIELD, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Recreation, Parks and Activities -					
Beach	9,060	-	9,060	7,476	1,584
Recreation	9,006	-	9,006	5,922	3,084
Heritage Days	10,000	-	10,000	10,107	(107)
Community Park	306	-	306	486	(180)
Trails	2,700	-	2,700	2,553	147
	<u>31,072</u>	<u>-</u>	<u>31,072</u>	<u>26,544</u>	<u>4,528</u>
Protection -					
Fire department - operations	84,790	-	84,790	79,210	5,580
Fire department - equipment	13,500	-	13,500	19,945	(6,445)
Ambulance	22,000	-	22,000	21,434	566
Water holes	500	-	500	-	500
Tower site	2,000	-	2,000	1,465	535
Dispatching	28,000	-	28,000	27,944	56
Annual physicals	125	-	125	-	125
Personal protection gear	2,000	-	2,000	6,175	(4,175)
Emergency ops	250	-	250	-	250
	<u>153,165</u>	<u>-</u>	<u>153,165</u>	<u>156,173</u>	<u>(3,008)</u>
Cemeteries -					
Cemeteries	29,110	-	29,110	28,812	298
Living Fence	7,000	-	7,000	2,720	4,280
	<u>36,110</u>	<u>-</u>	<u>36,110</u>	<u>31,532</u>	<u>4,578</u>
Roads and Drainage -					
Summer roads	247,950	-	247,950	226,630	21,320
Winter maintenance	260,500	-	260,500	260,422	78
Vehicle maintenance	18,000	18,446	36,446	29,285	7,161
Interlocal	2,388	-	2,388	7,539	(5,151)
	<u>528,838</u>	<u>18,446</u>	<u>547,284</u>	<u>523,876</u>	<u>23,408</u>

TOWN OF READFIELD, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Capital Outlay -					
Equipment	7,200	-	7,200	4,000	3,200
Fairgrounds athletic fields	8,645	-	8,645	4,474	4,171
Transfer station	38,000	-	38,000	14,730	23,270
Maranacook Dam	28,000	-	28,000	7,995	20,005
	<u>81,845</u>	<u>-</u>	<u>81,845</u>	<u>31,199</u>	<u>50,646</u>
Solid Waste -					
Transfer station	253,595	-	253,595	243,832	9,763
Backhoe	2,600	-	2,600	2,449	151
	<u>256,195</u>	<u>-</u>	<u>256,195</u>	<u>246,281</u>	<u>9,914</u>
Education -					
RSU #38	3,324,451	-	3,324,451	3,324,451	-
Playground	1,095	-	1,095	1,095	-
	<u>3,325,546</u>	<u>-</u>	<u>3,325,546</u>	<u>3,325,546</u>	<u>-</u>

TOWN OF READFIELD, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Regional Assessments -					
Cobbossee Watershed District	19,825	-	19,825	19,821	4
Kennebec County tax	260,000	-	260,000	256,103	3,897
First Park	26,105	-	26,105	25,130	975
	<u>305,930</u>	<u>-</u>	<u>305,930</u>	<u>301,054</u>	<u>4,876</u>
Debt Service -					
Principal	245,592	(5,133)	240,459	240,459	-
Interest	39,525	5,133	44,658	43,592	1,066
	<u>285,117</u>	<u>-</u>	<u>285,117</u>	<u>284,051</u>	<u>1,066</u>
Unclassified -					
Abatements/overlay	10,063	4,532	14,595	14,056	539
Non-profits	7,144	-	7,144	6,144	1,000
Revaluation	5,000	-	5,000	-	5,000
Readfield enterprise fund	10,000	-	10,000	-	10,000
Contingency	50,000	(18,446)	31,554	-	31,554
Snowmobiling	1,436	-	1,436	1,436	-
General assistance	4,710	-	4,710	859	3,851
	<u>88,353</u>	<u>(13,914)</u>	<u>74,439</u>	<u>22,495</u>	<u>51,944</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 5,653,622</u>	<u>\$ 4,532</u>	<u>\$ 5,658,154</u>	<u>\$ 5,461,216</u>	<u>\$ 196,938</u>

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

TOWN OF READFIELD, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 37,729	\$ 37,729
Investments	-	193,664	193,664
Due from other funds	4,767	698	5,465
TOTAL ASSETS	<u>\$ 4,767</u>	<u>\$ 232,091</u>	<u>\$ 236,858</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	1,175	1,175
TOTAL LIABILITIES	<u>-</u>	<u>1,175</u>	<u>1,175</u>
FUND BALANCES			
Nonspendable - principal	-	123,570	123,570
Restricted	-	107,346	107,346
Committed	-	-	-
Assigned	4,767	-	4,767
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>4,767</u>	<u>230,916</u>	<u>235,683</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,767</u>	<u>\$ 232,091</u>	<u>\$ 236,858</u>

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

TOWN OF READFIELD, MAINE

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

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Investment income, net of unrealized gains/(losses)	\$ -	\$ (1,593)	\$ (1,593)
Other	-	825	825
TOTAL REVENUES	<u>-</u>	<u>(768)</u>	<u>(768)</u>
EXPENDITURES			
Other	-	27	27
TOTAL EXPENDITURES	<u>-</u>	<u>27</u>	<u>27</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(795)</u>	<u>(795)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	300	300
Transfers (out)	-	(300)	(300)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	(795)	(795)
FUND BALANCES - JULY 1	<u>4,767</u>	<u>231,711</u>	<u>236,478</u>
FUND BALANCES - JUNE 30	<u><u>\$ 4,767</u></u>	<u><u>\$ 230,916</u></u>	<u><u>\$ 235,683</u></u>

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

Special Revenue Funds

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

TOWN OF READFIELD, MAINE

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

	Town Boundary Lines	Readfield Corner Sewage	Beach Tractor Replacement	Beach Equipment	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	656	1,705	2,400	6	4,767
TOTAL ASSETS	<u>\$ 656</u>	<u>\$ 1,705</u>	<u>\$ 2,400</u>	<u>\$ 6</u>	<u>\$ 4,767</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	656	1,705	2,400	6	4,767
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>656</u>	<u>1,705</u>	<u>2,400</u>	<u>6</u>	<u>4,767</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 656</u>	<u>\$ 1,705</u>	<u>\$ 2,400</u>	<u>\$ 6</u>	<u>\$ 4,767</u>

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

TOWN OF READFIELD, MAINE

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

	Town Boundary Lines	Readfield Corner Sewage	Beach Tractor Replacement	Beach Equipment	Total
REVENUES					
Other	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-	-
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCES - JULY 1	656	1,705	2,400	6	4,767
FUND BALANCES - JUNE 30	\$ 656	\$ 1,705	\$ 2,400	\$ 6	\$ 4,767

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

Permanent Funds

Permanent funds are used to account for assets held by the Town of Readfield, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.

TOWN OF READFIELD, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS
JUNE 30, 2016

	Cemetery Funds						
	Cemetery Fund	Whittier Fund	Kents Hill Fund	Cemetery Expansion Fund	Kesner Fund	Kolreg Fund	Lincoln Fund
ASSETS							
Cash and cash equivalents	\$ 19,333	\$ 573	\$ 2,664	\$ 2,460	\$ 132	\$ 366	\$ 347
Investments	99,234	2,944	13,672	12,627	678	1,879	1,782
Due from other funds	-	2	4	651	-	-	-
TOTAL ASSETS	<u>\$ 118,567</u>	<u>\$ 3,519</u>	<u>\$ 16,340</u>	<u>\$ 15,738</u>	<u>\$ 810</u>	<u>\$ 2,245</u>	<u>\$ 2,129</u>
LIABILITIES							
Due to other funds	<u>\$ 1,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45</u>	<u>\$ 39</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>1,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45</u>	<u>39</u>	<u>-</u>
FUND BALANCES							
Nonspendable - principal	75,450	500	4,910	-	300	500	500
Restricted	42,061	3,019	11,430	15,738	465	1,706	1,629
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>117,511</u>	<u>3,519</u>	<u>16,340</u>	<u>15,738</u>	<u>765</u>	<u>2,206</u>	<u>2,129</u>
TOTAL LIABILITIES AND FUND BALANCES							
BALANCES	<u>\$ 118,567</u>	<u>\$ 3,519</u>	<u>\$ 16,340</u>	<u>\$ 15,738</u>	<u>\$ 810</u>	<u>\$ 2,245</u>	<u>\$ 2,129</u>

TOWN OF READFIELD, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS
JUNE 30, 2016

	Cemetery Funds				Beach		
	Walker	Townsend	Couture	War	Improvement	Trails	Total
	Fund	Fund	Fund	Memorial	Fund	Fund	
ASSETS							
Cash and cash equivalents	\$ 362	\$ 426	\$ 5,071	\$ 532	\$ 5,463	\$ -	\$ 37,729
Investments	1,859	2,188	26,028	2,731	28,042	-	193,664
Due from other funds	-	6	-	-	10	25	698
TOTAL ASSETS	<u>\$ 2,221</u>	<u>\$ 2,620</u>	<u>\$ 31,099</u>	<u>\$ 3,263</u>	<u>\$ 33,515</u>	<u>\$ 25</u>	<u>\$ 232,091</u>
LIABILITIES							
Due to other funds	\$ 29	\$ -	\$ 6	\$ -	\$ -	\$ -	\$ 1,175
TOTAL LIABILITIES	<u>29</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,175</u>
FUND BALANCES							
Nonspendable - principal	600	1,738	20,000	2,157	16,915	-	123,570
Restricted	1,592	882	11,093	1,106	16,600	25	107,346
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,192</u>	<u>2,620</u>	<u>31,093</u>	<u>3,263</u>	<u>33,515</u>	<u>25</u>	<u>230,916</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,221</u>	<u>\$ 2,620</u>	<u>\$ 31,099</u>	<u>\$ 3,263</u>	<u>\$ 33,515</u>	<u>\$ 25</u>	<u>\$ 232,091</u>

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

TOWN OF READFIELD, MAINE

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

	Cemetery Funds						
	Cemetery Fund	Whittier Fund	Kents Hill Fund	Cemetery Expansion Fund	Kesner Fund	Kolreg Fund	Lincoln Fund
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ (816)	\$ (24)	\$ (113)	\$ (103)	\$ (5)	\$ (16)	\$ (15)
Other	600	-	-	200	-	-	-
TOTAL REVENUES	(216)	(24)	(113)	97	(5)	(16)	(15)
EXPENDITURES							
Other	-	-	-	-	9	9	-
TOTAL EXPENDITURES	-	-	-	-	9	9	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(216)	(24)	(113)	97	(14)	(25)	(15)
OTHER FINANCING SOURCES (USES)							
Transfers in	300	-	-	-	-	-	-
Transfers (out)	-	-	-	(300)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	300	-	-	(300)	-	-	-
NET CHANGE IN FUND BALANCES	84	(24)	(113)	(203)	(14)	(25)	(15)
FUND BALANCES - JULY 1	117,427	3,543	16,453	15,941	779	2,231	2,144
FUND BALANCES - JUNE 30	\$ 117,511	\$ 3,519	\$ 16,340	\$ 15,738	\$ 765	\$ 2,206	\$ 2,129

TOWN OF READFIELD, MAINE

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

	Cemetery Funds				Beach Improvement Fund	Trails Fund	Total
	Walker Fund	Townsend Fund	Couture Fund	War Memorial			
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ (16)	\$ (18)	\$ (214)	\$ (22)	\$ (231)	\$ -	\$ (1,593)
Other income	-	-	-	-	-	25	825
TOTAL REVENUES	(16)	(18)	(214)	(22)	(231)	25	(768)
EXPENDITURES							
Other	9	-	-	-	-	-	27
TOTAL EXPENDITURES	9	-	-	-	-	-	27
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(25)	(18)	(214)	(22)	(231)	25	(795)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	300
Transfers (out)	-	-	-	-	-	-	(300)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(25)	(18)	(214)	(22)	(231)	25	(795)
FUND BALANCES - JULY 1	2,217	2,638	31,307	3,285	33,746	-	231,711
FUND BALANCES - JUNE 30	\$ 2,192	\$ 2,620	\$ 31,093	\$ 3,263	\$ 33,515	\$ 25	\$ 230,916

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

General Capital Assets

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

TOWN OF READFIELD, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION

JUNE 30, 2016

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General government	\$ -	\$ 449,995	\$ -	\$ -	\$ 449,995
Recreation, parks & activities	-	226,260	9,615	-	235,875
Protection	-	124,429	610,855	-	735,284
Roads & drainage	-	69,337	256,133	24,793,611	25,119,081
Solid waste	-	151,772	92,406	-	244,178
Town-wide	<u>2,865,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,865,844</u>
Total General Capital Assets	2,865,844	1,021,793	969,009	24,793,611	29,650,257
Less: Accumulated Depreciation	<u>-</u>	<u>(746,961)</u>	<u>(869,379)</u>	<u>(6,580,024)</u>	<u>(8,196,364)</u>
Net General Capital Assets	<u>\$ 2,865,844</u>	<u>\$ 274,832</u>	<u>\$ 99,630</u>	<u>\$ 18,213,587</u>	<u>\$ 21,453,893</u>

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

TOWN OF READFIELD, MAINE

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

	General Capital Assets 7/1/15 (Restated)	Additions	Disposals	General Capital Assets 6/30/16
General government	\$ 449,995	\$ -	\$ -	\$ 449,995
Recreation, parks & activities	235,875	-	-	235,875
Protection	728,784	6,500	-	735,284
Roads & drainage	24,972,146	146,935	-	25,119,081
Solid waste	244,178	-	-	244,178
Town-wide	<u>2,865,844</u>	<u>-</u>	<u>-</u>	<u>2,865,844</u>
Total General Capital Assets	29,496,822	153,435	-	29,650,257
Less: Accumulated Depreciation	<u>(7,606,605)</u>	<u>(589,759)</u>	<u>-</u>	<u>(8,196,364)</u>
Net General Capital Assets	<u>\$ 21,890,217</u>	<u>\$ (436,324)</u>	<u>\$ -</u>	<u>\$ 21,453,893</u>

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

TOWN OF READFIELD, MAINE

SCHEDULE OF VALUATION, ASSESSMENT, AND COLLECTION OF TAXES
FOR THE YEAR ENDED JUNE 30, 2016

VALUATION:

Real Estate	\$ 237,286,710
Personal Property	<u>203,844</u>

TOTAL VALUATION	<u><u>\$ 237,490,554</u></u>
-----------------	------------------------------

ASSESSMENT:

Valuation x Rate - \$237,490,554 x .01808	\$ 4,293,829
Supplemental Taxes	<u>4,134</u>

TOTAL ASSESSMENT CHARGED TO COLLECTOR	4,297,963
---------------------------------------	-----------

COLLECTION AND CREDITS:

Cash Collections (90.50% of assessment)	3,889,813
Tax Abatements (0.33% of assessment)	<u>14,056</u>

TOTAL COLLECTION AND CREDITS	<u>3,903,869</u>
------------------------------	------------------

2015/2016 TAXES RECEIVABLE - JUNE 30, 2016	<u><u>\$ 394,094</u></u>
--	--------------------------

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



Proven Expertise and Integrity

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

Select Board
Town of Readfield
Readfield, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Readfield, Maine as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Readfield, Maine's basic financial statements, and have issued our report thereon dated April 7, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Readfield, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Readfield, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Readfield, Maine's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
April 7, 2017