

Audited Financial Statements and
Other Financial Information

Town of Poland, Maine

June 30, 2016



Proven Expertise and Integrity

TOWN OF POLAND, MAINE

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JUNE 30, 2016

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INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Poland
Poland, Maine

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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 and the aggregate remaining fund information of the Town of Poland, 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 and pension information on pages 4 through 10 and 44 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Poland, Maine's basic financial statements. The Schedule of Departmental Operations – General Fund, Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Departmental Operations – General Fund, Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues, combining and individual nonmajor fund financial statements 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, Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues, combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2017, on our consideration of the Town of Poland, 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 Poland, Maine’s internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
February 1, 2017

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

(UNAUDITED)

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the above mentioned financial statements have a separate column for the type of Town's activity. The type of activity presented for the Town of Poland is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, education, TIF, health and sanitation and recreation and culture.

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 Poland, 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 Poland can be 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 Poland presents only 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 "Nonmajor 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 Balance 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, a Schedule of Proportionate Share of the Net Pension Liability and a Schedule of Contributions.

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 and business-type activities. The Town's total net position for governmental activities increased by \$262,272 from \$10,527,611 to \$10,789,883.

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 governmental activities to a balance of \$4,895,766 at the end of this year.

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

	2016	2015
Assets:		
Current Assets	\$ 8,382,275	\$ 8,353,485
Noncurrent Assets	15,028,834	16,495,726
Total Assets	23,411,109	24,849,211
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	209,798	71,222
Total Deferred Outflows of Resources	209,798	71,222
Liabilities:		
Current Liabilities	2,040,639	2,011,229
Long-term Debt Outstanding	10,605,046	12,199,808
Total Liabilities	12,645,685	14,211,037
Deferred Inflows of Resources:		
Prepaid Taxes	7	441
Deferred Inflows Related to Pensions	185,332	181,344
Total Deferred Inflows of Resources	185,339	181,785
Net Position:		
Net Investment in Capital Assets	2,874,434	2,605,302
Restricted for: Special revenue funds	1,014,504	1,043,375
Permanent funds	2,005,179	2,126,485
Unrestricted	4,895,766	4,752,449
Total Net Position	\$ 10,789,883	\$ 10,527,611

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

	<u>2016</u>	<u>2015</u>
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 490,844	\$ 1,697,021
Operating grants and contributions	411,387	432,762
<i>General revenues:</i>		
Taxes	11,618,678	11,349,177
Grants and contributions not restricted to specific programs	368,044	388,308
Investment income	(31,679)	133,344
Miscellaneous	138,265	144,989
Total Revenues	<u>12,995,539</u>	<u>14,145,601</u>
Expenses		
General government	1,105,572	1,033,570
Public safety	1,216,087	1,148,563
Public works	700,088	746,776
Recreation and culture	488,172	513,682
Health and sanitation	199,823	195,503
TIF	1,130,057	1,888,935
Education	6,525,104	6,360,174
County tax	716,690	692,318
Overlay	18,501	15,737
Capital outlay	357,656	43,926
Interest on long-term debt	275,517	78,182
Total Expenses	<u>12,733,267</u>	<u>12,717,366</u>
Change in Net Position	262,272	1,428,235
Net Position - July 1	<u>10,527,611</u>	<u>9,099,376</u>
Net Position - June 30	<u>\$ 10,789,883</u>	<u>\$ 10,527,611</u>

Revenues and Expenses

Revenues decreased 8.13% from the prior year, a decrease of \$1,150,062, primarily due to decreases in TIF income. Expenses increased .13% or \$12,148 from the prior year, primarily due to education expenses. Most other expenses were consistent with the previous year.

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 Poland, Maine
Fund Balances - Governmental Funds
June 30,

	2016	2015
Major Funds:		
General Fund:		
Nonspendable	\$ 39,993	\$ 63,521
Committed	45,545	8,651
Assigned	125,339	635,602
Unassigned	2,586,523	2,296,545
Total Major Funds	\$ 2,797,400	\$ 3,004,319
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 1,014,504	\$ 1,043,375
Assigned	69,896	66,418
Capital Projects Funds:		
Assigned	2,120,893	1,633,987
Permanent Funds:		
Restricted	2,005,179	2,126,485
Unassigned	(19)	(19)
Total Nonmajor Funds	\$ 5,210,453	\$ 4,870,246

The general fund total fund balance recognized a decrease of \$206,919 when compared to the prior fiscal year. The nonmajor fund balances increased by \$340,207 from the prior fiscal year.

Budgetary Highlights

General fund actual revenues exceeded the budget by \$326,759. All line items exceeded the budget.

The general fund actual expenditures were under budget by \$200,587. All expenditure categories were underspent with the exception of public safety and debt service.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2016, the net book value of capital assets recorded by the Town decreased by \$484,576 over the prior year. This decrease is the result of capital additions of \$41,294 less net current year depreciation expense of \$525,870. For additional information on capital assets, refer to Note 4 of Notes to Financial Statements.

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

	<u>2016</u>	<u>2015</u>
Land and improvements	\$ 576,568	\$ 576,568
Construction in progress	-	2,090,560
Buildings and improvements	4,863,280	2,876,940
Machinery and equipment	212,400	260,108
Furniture and fixtures	3,960	4,620
Vehicles	1,323,027	1,512,495
Infrastructure	4,699,743	4,842,263
Total	<u>\$ 11,678,978</u>	<u>\$ 12,163,554</u>

Debt

At June 30, 2016, the Town had \$12.03 million in bonds outstanding versus \$13.78 million last year, a decrease of \$1,749,420 or 12.70%. Other obligations are net pension liability and accrued compensated absences. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately 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 Town Finance Dept. at 1231 Maine Street, Poland, Maine 04274.

TOWN OF POLAND, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,313,908
Investments	1,544,061
Accounts receivable (net of allowance for uncollectibles):	
Taxes	285,897
Liens	71,038
Other	113,176
Due from other governments	14,202
Tax acquired property	21,798
Inventory	18,195
Total current assets	<u>8,382,275</u>
Noncurrent assets:	
Receivable for long-term debt obligations from RSU No. 16	3,349,856
Capital assets:	
Land, infrastructure, and other assets not being depreciated	576,568
Buildings and vehicles net of accumulated depreciation	<u>11,102,410</u>
Total noncurrent assets	<u>15,028,834</u>
TOTAL ASSETS	<u><u>23,411,109</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>209,798</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>209,798</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 23,620,907</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 90,841
Accrued expenses	18,800
Due to other governments	2,715
Escrow accounts	45,545
Current portion of long-term obligations	<u>1,882,738</u>
Total current liabilities	<u>2,040,639</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	10,271,662
Net pension liability	<u>333,384</u>
Total noncurrent liabilities	<u>10,605,046</u>
TOTAL LIABILITIES	<u><u>12,645,685</u></u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	7
Deferred inflows related to pensions	<u>185,332</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>185,339</u>
NET POSITION	
Net investment in capital assets	2,874,434
Restricted for: Special Revenues	1,014,504
Permanent funds	2,005,179
Unrestricted	<u>4,895,766</u>
TOTAL NET POSITION	<u><u>10,789,883</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 23,620,907</u></u>

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

TOWN OF POLAND, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
Governmental activities:					
General government	\$ 1,105,572	\$ 31,362	\$ -	\$ -	\$ (1,074,210)
Public safety	1,216,087	304,338	-	-	(911,749)
Public works	700,088	-	72,868	-	(627,220)
Recreation and culture	488,172	135,951	-	-	(352,221)
Health and sanitation	199,823	19,193	-	-	(180,630)
TIF	1,130,057	-	338,519	-	(791,538)
Education	6,525,104	-	-	-	(6,525,104)
County tax	716,690	-	-	-	(716,690)
Overlay	18,501	-	-	-	(18,501)
Capital outlay	357,656	-	-	-	(357,656)
Interest on long-term debt	275,517	-	-	-	(275,517)
Total government	<u>\$ 12,733,267</u>	<u>\$ 490,844</u>	<u>\$ 411,387</u>	<u>\$ -</u>	<u>(11,831,036)</u>

STATEMENT B (CONTINUED)
TOWN OF POLAND, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(11,831,036)</u>
General revenues:	
Taxes	
Property taxes, levied for general purposes	10,450,195
Excise taxes	1,168,483
Grants and contributions not restricted to specific programs	368,044
Investment income, net of unrealized gains/(losses)	(31,679)
Miscellaneous	<u>138,265</u>
Total revenues	<u>12,093,308</u>
Change in net position	262,272
NET POSITION - JULY 1	<u>10,527,611</u>
NET POSITION - JUNE 30	<u><u>\$ 10,789,883</u></u>

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

STATEMENT C

TOWN OF POLAND, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 5,072,733	\$ 1,241,175	\$ 6,313,908
Investments	-	1,544,061	1,544,061
Accounts receivable (net of allowance for uncollectibles):			
Taxes	285,897	-	285,897
Liens	71,038	-	71,038
Other	113,176	-	113,176
Due from other governments	14,202	-	14,202
Tax acquired property	21,798	-	21,798
Inventory	18,195	-	18,195
Due from other funds	314,642	2,747,273	3,061,915
TOTAL ASSETS	\$ 5,911,681	\$ 5,532,509	\$ 11,444,190
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 83,427	\$ 7,414	\$ 90,841
Accrued expenses	18,800	-	18,800
Due to other governments	2,715	-	2,715
Due to other funds	2,747,273	314,642	3,061,915
Escrow accounts	45,545	-	45,545
TOTAL LIABILITIES	2,897,760	322,056	3,219,816
DEFERRED INFLOWS OF RESOURCES:			
Prepaid taxes	7	-	7
Deferred tax revenues	216,514	-	216,514
TOTAL DEFERRED INFLOWS OF RESOURCES	216,521	-	216,521
FUND BALANCES:			
Nonspendable	39,993	-	39,993
Restricted	-	3,019,683	3,019,683
Committed	45,545	-	45,545
Assigned	125,339	2,190,789	2,316,128
Unassigned	2,586,523	(19)	2,586,504
TOTAL FUND BALANCES	2,797,400	5,210,453	8,007,853
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,911,681	\$ 5,532,509	\$ 11,444,190

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

TOWN OF POLAND, MAINE

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

	Total Governmental Funds
	Funds
Total Fund Balances	\$ 8,007,853
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	11,678,978
Long-term assets are not available in the current period and therefore are not reported as assets in the funds:	
Receivable for long-term debt obligations from RSU No. 16	3,349,856
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	216,514
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	209,798
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(12,029,061)
Net pension liability	(333,384)
Accrued compensated absences	(125,339)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(185,332)
Net position of governmental activities	\$ 10,789,883

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

TOWN OF POLAND, MAINE

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

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
General tax revenue	\$ 11,730,777	\$ -	\$ 11,730,777
Intergovernmental revenue	779,431	-	779,431
Charges for services	354,893	135,951	490,844
Investment income, net of unrealized gains/(losses)	12,688	(44,367)	(31,679)
Other revenue	126,259	12,006	138,265
TOTAL REVENUES	13,004,048	103,590	13,107,638
EXPENDITURES			
Current:			
General government	1,033,619	1	1,033,620
Public safety	998,869	-	998,869
Public works	506,424	-	506,424
Recreation and culture	197,032	289,618	486,650
Health and sanitation	187,271	-	187,271
TIF	-	1,826,754	1,826,754
Education	6,525,104	-	6,525,104
County tax	716,690	-	716,690
Overlay	18,501	-	18,501
Debt service:			
Interest	275,517	-	275,517
Capital outlay	-	398,950	398,950
TOTAL EXPENDITURES	10,459,027	2,515,323	12,974,350
EXCESS REVENUES OVER (UNDER) EXPENDITURES	2,545,021	(2,411,733)	133,288
OTHER FINANCING SOURCES (USES)			
Transfers in	-	2,806,118	2,806,118
Transfers (out)	(2,751,940)	(54,178)	(2,806,118)
TOTAL OTHER FINANCING SOURCES (USES)	(2,751,940)	2,751,940	-
NET CHANGE IN FUND BALANCES	(206,919)	340,207	133,288
FUND BALANCES - JULY 1	3,004,319	4,870,246	7,874,565
FUND BALANCES - JUNE 30	\$ 2,797,400	\$ 5,210,453	\$ 8,007,853

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

TOWN OF POLAND, 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>\$ 133,288</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 to allocated those expenditures over the life of the assets:	
Capital asset purchases capitalized	2,131,854
Capital asset dispositions	(2,090,560)
Depreciation expense	<u>(525,870)</u>
	<u>(484,576)</u>
Deferred outflows of resources are consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>138,576</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>(112,099)</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>767,104</u>
Deferred inflows of resources are consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>(3,988)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Net pension liability	(162,637)
Accrued compensated absences	(13,396)
	<u>(176,033)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 262,272</u>

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Poland was incorporated under the laws of the State of Maine. The Town operates under the selectmen-manager form of government and provides the following services: general government services, public safety, public works, health and sanitation, education, and recreation.

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

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and 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 POLAND, 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, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

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 POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major fund:

- 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. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- d. Permanent Funds are used to account for assets held by the Town in trust for specific purposes.

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. The Town does not adopt budgets for Special Revenue Funds.

Deposits and Investments

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

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:

- 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

TOWN OF POLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet. The general fund inventory consists of gas and diesel fuel. The inventory is valued at cost. The cost value is determined using the first-in, first-out (FIFO) method.

Interfund Receivables and Payables

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

Transactions Between Funds

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

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$14,057 as of June 30, 2016 for rescue department receivables.

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 is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 notes or bonds payable and compensated absences and net pension liability.

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

The Town has long-term debt in its name that was incurred for school purposes. Although the assets were transferred to the new RSU, the Town still maintains this debt in its name. According to the new RSU agreement, the RSU will take over the payments of this debt.

Compensated Absences

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation up to their yearly allotment and sick leave up to 480 hours. 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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt 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 their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balances

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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. 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. Deferred inflows related to pensions is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 18, 2015 on the assessed value listed as of April 1, 2015, for all real and personal property located in the Town. Taxes were due on in two installments on October 1, 2015 and April 1, 2016. Interest on unpaid taxes commenced on November 1, 2015 and May 1, 2016, at 7% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$54,817 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 POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town maintains a cash pool which is available for use by all funds. In addition cash and investments may be held by other funds within the government.

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

Deposits:

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

At June 30, 2016, the Town's cash balance of \$6,313,908 was comprised of deposits amounting to \$6,320,378. Of this amount, \$312,703 was fully insured by federal depository insurance and thus not exposed to custodial credit risk. The remaining balance of \$6,007,675 was either fully insured or collateralized with securities held in the entity's name

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 62,703
Savings accounts	267,411
Repurchase agreement accounts	5,022,208
Money market accounts	968,056
	<u>\$ 6,320,378</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.

TOWN OF POLAND, 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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>< 1 Year</u>	<u>1 - 5 Years</u>	<u>Over 5 Years</u>	<u>N/A</u>
Mutual funds - fixed income	\$ 202,310	\$ -	\$ -	\$ -	\$ 202,310
Certificates of deposit	69,922	69,922	-	-	-
Equities - U. S.	1,271,829	-	-	-	1,271,829
	<u>\$ 1,544,061</u>	<u>\$ 69,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,474,139</u>

In accordance with state statutes, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. As such, the Town's investments of \$1,544,061 were insured by federal depository insurance or fully covered by the Securities Investor Protection Corporation (SIPC) and consequently were not exposed to custodial credit risk.

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.

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 policy related to interest rate risk.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General fund	\$ 314,642	\$ 2,747,273
Special revenue fund	389,126	314,623
Capital project fund	2,121,183	-
Permanent fund	236,964	19
	<u>\$ 3,061,915</u>	<u>\$ 3,061,915</u>

TOWN OF POLAND, 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	Additions	Disposals	Balance, 6/30/16
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 576,568	\$ -	\$ -	\$ 576,568
Construction in progress	2,090,560	-	(2,090,560)	-
	<u>2,667,128</u>	<u>-</u>	<u>(2,090,560)</u>	<u>576,568</u>
Depreciated assets:				
Buildings and improvements	4,050,326	2,106,048	-	6,156,374
Machinery and equipment	660,848	-	-	660,848
Furniture and fixtures	6,600	-	-	6,600
Vehicles	2,957,411	25,806	-	2,983,217
Infrastructure	5,418,617	-	-	5,418,617
	13,093,802	2,131,854	-	15,225,656
Less: accumulated depreciation	<u>(3,597,376)</u>	<u>(525,870)</u>	<u>-</u>	<u>(4,123,246)</u>
	9,496,426	1,605,984	-	11,102,410
Net capital assets	<u>\$ 12,163,554</u>	<u>\$ 1,605,984</u>	<u>\$ (2,090,560)</u>	<u>\$ 11,678,978</u>
<u>Current year depreciation</u>				
Fire				\$ 197,110
Public Safety				20,108
Public Works				193,664
Library				660
Recreation				862
Transfer Station				12,552
TIF				70,407
Town-wide				30,507
Total depreciation expense				<u>\$ 525,870</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT

The General Fund of the Town is used to pay for all long-term debt. A summary of long-term debt is as follows:

	Balance, 7/1/15	Additions	Deletions	Balance, 6/30/16	Due Within One Year
Governmental Activities					
Bonds payable	\$ 13,778,481	\$ -	\$ (1,749,420)	\$ 12,029,061	\$ 1,757,399
Net pension liability	170,747	166,625	(3,988)	333,384	-
Accrued compensated absences	111,943	13,396	-	125,339	125,339
Total Governmental Activities	<u>\$ 14,061,171</u>	<u>\$ 180,021</u>	<u>\$ (1,753,408)</u>	<u>\$ 12,487,784</u>	<u>\$ 1,882,738</u>

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

Bonds Payable:

\$1,600,000, 2006C General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2021. Interest is charged at a rate from 1.8% to 6.25% per annum.	\$ 640,002
\$2,600,000, 2003 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2022. Interest is charged at a rate of 1.80% per annum.	1,040,627
\$17,263,578, 1998 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2018. Interest is charged at a rate from 4.528% to 5.378% per annum.	2,589,537
\$736,422, 2000 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2020. Interest is charged at a rate from 5.028% to 5.903% per annum.	184,107
\$669,259, 2003 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2020. Interest is charged at a rate from 2.078% to 5.078% per annum.	40,260

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT (CONTINUED)

\$894,741, 2003 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2022. Interest is charged at a rate from 2.078% to 5.078% per annum.	535,952
\$2,090,000, 2003 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2023. Interest is charged at a rate from 2.085% to 5.085% per annum.	836,000
\$923,000, 2006B General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2016. Interest is charged at a rate from 2.00% to 5.35% per annum.	92,300
\$692,835, 2010 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2031. Interest is charged at a rate from 1% per annum.	532,330
\$4,498,200, 2011 General Obligation Water and Sewer Bond due in annual principal installments and semi-annual interest installments through November 2030. Interest is charged at a rate from .831% to 5.094% per annum.	3,517,480
\$2,300,000, 2012 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2032. Interest is charged at a rate from 1.480% to 3.706% per annum.	2,020,466
Total Bonds Payable	<u><u>\$ 12,029,061</u></u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 1,757,399	\$ 308,229	\$ 2,065,628
2018	1,673,877	249,582	1,923,459
2019	1,683,509	205,743	1,889,252
2020	829,369	179,430	1,008,799
2021	839,083	158,527	997,610
2022-2026	2,798,881	514,635	3,313,516
2027-2031	2,153,735	219,219	2,372,954
2032-2036	293,208	10,820	304,028
	<u><u>\$ 12,029,061</u></u>	<u><u>\$ 1,846,185</u></u>	<u><u>\$ 13,875,246</u></u>

TOWN OF POLAND, 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.

NOTE 6 - NONSPENDABLE FUND BALANCES

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

General fund:	
Tax acquired property	\$ 21,798
Inventory	18,195
	<u>\$ 39,993</u>

NOTE 7 - RESTRICTED FUND BALANCES

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

Special revenue funds (Schedule E)	\$ 1,014,504
Permanent funds (Schedule I)	2,005,179
	<u>\$ 3,019,683</u>

NOTE 8 - COMMITTED FUND BALANCES

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

General fund:	
Escrows	<u>\$ 45,545</u>

NOTE 9 - ASSIGNED FUND BALANCES

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

General fund:	
Accrued compensated absences	\$ 125,339
Capital projects funds (Schedule F)	2,120,893
Special revenue funds (Schedule D)	69,896
Total	<u>\$ 2,316,128</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 - RISK MANAGEMENT

The Town is a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for worker’s compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker’s compensation coverage. The Town’s agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial company’s reinsurance contracts, individual stop loss coverage for member Town’s for claims in excess of \$400,000 with an excess limit of \$2,000,000.

The Town is also a member of the Maine Municipal Association – Property and Casualty Pool (“Pool”). As with the Fund above, the Pool was created to obtain lower rates for its members. The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the Pool, coverage is provided after the deductible is met, to \$26,000,000. Under the liability portion of the Pool, coverage is provided after the deductible is met, to \$1,000,000.

NOTE 11 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan’s advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.mainebers.org or by contacting the System at (800) 451-9800.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System’s retirement programs provide defined retirement benefits based on members’ average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 5.0%.

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,465	\$ 42,830
Changes of assumptions	29,471	-
Net difference between projected and actual earnings on pension plan investments	102,925	128,120
Changes in proportion and differences between contributions and proportionate share of contributions	5,317	14,382
Contributions subsequent to the measurement date	58,620	-
Total	<u>\$ 209,798</u>	<u>\$ 185,332</u>

\$58,620 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan
Year ended June 30:	
2017	\$ (16,831)
2018	(16,831)
2019	(26,223)
2020	25,731
2021	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2015, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Amortization

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

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

Investment Rate of Return - For the PLD Plan, 7.125% per annum, compounded annually.

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

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

Cost of Living Benefit Increases - 2.55% for participating local districts.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2015 are summarized in the following table:

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

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

Discount Rate

The discount rate used to measure the collective total pension liability was 7.125% for 2015. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2015 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 7.125% for the PLD Consolidated Plan.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	<hr/>	<hr/>	<hr/>
<u>PLD Plan:</u>			
Discount rate	6.125%	7.125%	8.125%
Town's proportionate share of the net pension liability	\$ 664,398	\$ 333,484	\$ 19,756

Changes in Net Pension Liability

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2015 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2015, this was 4 years for the PLD Consolidated Plan.

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan.

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Net Pension Liability (Continued)

amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2015 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (800) 451-9800.

NOTE 12 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGERS ASSOCIATION RETIREMENT CORPORATION

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 all full time Town employees not subject to a collective bargaining agreement (should one arise), 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.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Board of Selectmen. The Town will contribute a maximum of 4% of annualized income on behalf of employees that participate in the Town's deferred compensation plan and 8% on behalf of the Town Manager. A minimum employee contribution of 4.00% is required to receive the maximum employer match. The maximum employee contribution to the ICMA-RC plan is 10.00%. Employee overtime is exempt from employer matching funds. The Town's contributions to the plan for 2016, 2015, and 2014 were \$4,249, \$7,502, and \$9,106, respectively.

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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 - DEFERRED COMPENSATION PLAN (CONTINUED)

NATIONWIDE RETIREMENT SOLUTIONS

Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the Nationwide Retirement Solutions. The plan, available to all full time Town employees not subject to a collective bargaining agreement (should one arise), 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.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Board of Selectmen. The Town will contribute a maximum of 4% of annualized income on behalf of employees that participate in the Town's deferred compensation plan and 7.5% on behalf of the Town Manager. A minimum employee contribution of 4.00% is required to receive the maximum employer match. The maximum employee contribution to the Nationwide plan is 7.5%. Employee overtime is exempt from employer matching funds. The Town's contributions to the plan for 2016 were \$4,800.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

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

NOTE 13 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town of Poland's landfill is at 100% capacity to date. Therefore, the estimated remaining landfill life is zero years. Federal and state laws require that certain post closure care be met. The Town estimates that on an annual basis, some immaterial costs will be incurred for post closure care. The annual amount will be paid for within the Town's annual operating budget.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 - INTERLOCAL AGREEMENT/REORGANIZATION PLAN

As of August 21, 2008, the Town entered into an agreement with the Town of Mechanic Falls and Minot for transfer of ownership and operations of the Central Office building and the land on which it sits to RSU 16. If the Central Office is ever transferred off of this property, the land would revert back to the Town of Poland and the building would be turned back to the three towns and disbursed as an asset under the Interlocal Agreement.

NOTE 15 - COMMITMENTS

On August 30, 2011, the Town of Poland and Nestle Waters North America, Inc. entered into agreements with the Auburn Sewer District and the Auburn Water District for the construction of certain infrastructure. The nature of the agreements allows the construction of sewer and water mains within the Town at the Town's cost. The infrastructure will not be owned by the Town, but will be owned by the respective Districts. As of June 30, 2011, the Town was obligated for \$4,498,200 worth of general obligation bonds for this project. The project was completed in December 2011. The debt service on these bonds will ultimately be paid from the Tax Increment Financing District with the Nestle Waters North America, Inc. The current principal balance on the bond is \$3,517,480.

NOTE 16 - CONTINGENCIES

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

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

NOTE 17 - DEFICIT FUND BALANCES

At June 30, 2016, the Town had the following fund(s) with a deficit fund balance:

Historical Society Fund	<u>\$</u> <u>19</u>
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Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Notes to Required Supplementary Information

TOWN OF POLAND, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,004,319	\$ 3,004,319	\$ 3,004,319	\$ -
Resources (Inflows):				
General tax revenue	11,456,197	11,456,197	11,730,777	274,580
Intergovernmental revenue	770,807	770,807	779,431	8,624
Charges for services	338,935	338,935	354,893	15,958
Investment income	9,000	9,000	12,688	3,688
Other revenue	102,350	102,350	126,259	23,909
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>15,681,608</u>	<u>15,681,608</u>	<u>16,008,367</u>	<u>326,759</u>
Charges to Appropriations (Outflows):				
General government	1,085,675	1,085,675	1,033,619	52,056
Public safety	997,978	997,978	998,869	(891)
Public works	582,881	582,881	506,424	76,457
Recreation and culture	211,927	211,927	197,032	14,895
Health and sanitation	210,002	210,002	187,271	22,731
Education	6,525,104	6,525,104	6,525,104	-
County tax	716,690	716,690	716,690	-
Overlay	54,817	54,817	18,501	36,316
Debt service:				
Interest	274,540	274,540	275,517	(977)
Transfers to other funds	2,751,940	2,751,940	2,751,940	-
Total Charges to Appropriations	<u>13,411,554</u>	<u>13,411,554</u>	<u>13,210,967</u>	<u>200,587</u>
Budgetary Fund Balance, June 30	<u>\$ 2,270,054</u>	<u>\$ 2,270,054</u>	<u>\$ 2,797,400</u>	<u>\$ 527,346</u>
Utilization of unassigned fund balance	\$ 734,265	\$ 734,265	\$ -	\$ (734,265)
	<u>\$ 734,265</u>	<u>\$ 734,265</u>	<u>\$ -</u>	<u>\$ (734,265)</u>

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

TOWN OF POLAND, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>			
Proportion of the net pension liability (asset)	0.10%	0.11%	0.11%
Proportionate share of the net pension liability (asset)	\$ 333,484	\$ 170,747	\$ 331,410
Covered-employee payroll	\$ 892,301	\$ 859,883	\$ 908,208
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.37%	19.86%	36.49%
Plan fiduciary net position as a percentage of the total pension liability	88.30%	94.10%	87.50%

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

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

TOWN OF POLAND, MAINE

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>			
Contractually required contribution	\$ 58,620	\$ 41,805	\$ 37,140
Contributions in relation to the contractually required contribution	<u>(58,620)</u>	<u>(41,805)</u>	<u>(37,140)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 892,301	\$ 859,883	\$ 908,208
Contributions as a percentage of covered- employee payroll	6.57%	4.86%	4.09%

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

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

TOWN OF POLAND, MAINE

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

Changes of Assumptions

There was a change in the investment rate of return assumption this year from 7.25% to 7.125%. This change was made in the other MainePERS Programs with the 2014 valuation, but is first being recognized in the PLD Consolidated Plan in 2015. In addition to this change, the cost of living benefit increase assumption was changed from 3.12% to 2.55%. Further, those PLDs who had an IUUAL Surplus account received a refund of that account. As a result, there will be no more IUUAL surplus payments reflected beginning with the 2015 valuation. Finally, the amortization methodology for the Pooled Unfunded Actuarial Liability (PUAL) was changed from a fifteen-year open level dollar method to a method where a separate twenty-year closed period is established annually for the gain or loss in that year with these amortizations being developed as a level percentage of payroll and amortizing the existing PUAL at the time of this change, July 1, 2015, over a closed fifteen-year period beginning on this date.

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

TOWN OF POLAND, MAINE

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

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Administration	\$ 417,238	\$ -	\$ 417,238	\$ 394,883	\$ 22,355
Benefits	511,894	-	511,894	459,481	52,413
Contracted services	95,300	-	95,300	119,591	(24,291)
Buildings and grounds	49,658	-	49,658	48,919	739
Cable TV	11,585	-	11,585	10,745	840
	<u>1,085,675</u>	<u>-</u>	<u>1,085,675</u>	<u>1,033,619</u>	<u>52,056</u>
Public safety					
Fire/rescue	643,406	-	643,406	647,945	(4,539)
Police	227,994	-	227,994	220,553	7,441
Insurance	48,650	-	48,650	47,535	1,115
Dispatch contract	35,647	-	35,647	37,871	(2,224)
Street lights	12,000	-	12,000	17,201	(5,201)
Emergency management	5,450	-	5,450	5,450	-
Animal control	9,600	-	9,600	7,658	1,942
Hydrants	15,231	-	15,231	14,656	575
	<u>997,978</u>	<u>-</u>	<u>997,978</u>	<u>998,869</u>	<u>(891)</u>
Public works					
Highways	582,881	-	582,881	506,424	76,457
	<u>582,881</u>	<u>-</u>	<u>582,881</u>	<u>506,424</u>	<u>76,457</u>

TOWN OF POLAND, MAINE

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

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Health and sanitation					
Solid waste	210,002	-	210,002	187,271	22,731
	<u>210,002</u>	<u>-</u>	<u>210,002</u>	<u>187,271</u>	<u>22,731</u>
Community services					
Planning & Community Development	94,910	-	94,910	94,373	537
Recreation	73,362	-	73,362	73,537	(175)
General assistance	20,000	-	20,000	6,614	13,386
Social service agencies	4,000	-	4,000	4,000	-
Other	19,655	-	19,655	18,508	1,147
	<u>211,927</u>	<u>-</u>	<u>211,927</u>	<u>197,032</u>	<u>14,895</u>
Education	<u>6,525,104</u>	<u>-</u>	<u>6,525,104</u>	<u>6,525,104</u>	<u>-</u>
County tax	<u>716,690</u>	<u>-</u>	<u>716,690</u>	<u>716,690</u>	<u>-</u>
Debt service					
Interest	274,540	-	274,540	275,517	(977)
	<u>274,540</u>	<u>-</u>	<u>274,540</u>	<u>275,517</u>	<u>(977)</u>

TOWN OF POLAND, MAINE

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

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Overlay/Emergency Article	54,817	-	54,817	18,501	36,316
Transfers					
Special revenue funds	1,795,728	-	1,795,728	1,795,728	-
Permanent funds	72,502	-	72,502	72,502	-
Capital projects funds	883,710	-	883,710	883,710	-
	<u>2,751,940</u>	<u>-</u>	<u>2,751,940</u>	<u>2,751,940</u>	<u>-</u>
Total Expenditures	<u>\$ 13,411,554</u>	<u>\$ -</u>	<u>\$ 13,411,554</u>	<u>\$ 13,210,967</u>	<u>\$ 200,587</u>

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

TOWN OF POLAND, MAINE

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 10,444,197	\$ 10,444,197	\$ 10,562,294	\$ 118,097
Vehicle excise taxes	1,000,000	1,000,000	1,155,034	155,034
Boat excise taxes	12,000	12,000	13,449	1,449
Intergovernmental revenues:				
State revenue sharing	203,494	203,494	219,769	16,275
BETE Reimbursement	343,280	343,280	338,519	(4,761)
Homestead exemption	118,433	118,433	118,433	-
Local road assistance	70,000	70,000	72,868	2,868
Tree growth	17,000	17,000	15,561	(1,439)
General assistance	10,000	10,000	1,102	(8,898)
Veteran's exemption	3,600	3,600	6,845	3,245
Other intergovernmental	5,000	5,000	6,334	1,334
Charges for services:				
Ambulance fees	200,000	200,000	234,380	34,380
Code enforcement fees	45,000	45,000	43,378	(1,622)
Motor vehicle fees	21,000	21,000	21,551	551
Solid waste revenues/fees	35,000	35,000	19,193	(15,807)
Plumbing permits	12,000	12,000	10,397	(1,603)
Inland fisheries agent fees	2,500	2,500	2,674	174
Animal control fees	3,000	3,000	3,168	168
Electrical permit fees	9,000	9,000	7,182	(1,818)
Customer service fees	1,450	1,450	5,833	4,383
Other	9,985	9,985	7,137	(2,848)
Investment income	9,000	9,000	12,688	3,688
Other revenue:				
Garage bay rental	9,600	9,600	10,400	800
Interest/fees on liens	38,500	38,500	48,012	9,512
Cable franchise fees	47,000	47,000	50,643	3,643
Town hall rental	1,500	1,500	800	(700)
Other miscellaneous income	5,750	5,750	16,404	10,654
Use of fund balance	734,265	734,265	-	(734,265)
Total revenues	\$ 13,411,554	\$ 13,411,554	\$ 13,004,048	\$ (407,506)

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

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,015,599	\$ -	\$ 225,576	\$ 1,241,175
Investments	-	-	1,544,061	1,544,061
Due from other funds	389,126	2,121,183	236,964	2,747,273
TOTAL ASSETS	<u>\$ 1,404,725</u>	<u>\$ 2,121,183</u>	<u>\$ 2,006,601</u>	<u>\$ 5,532,509</u>
LIABILITIES				
Accounts payable	\$ 5,702	\$ 290	\$ 1,422	\$ 7,414
Due to other funds	314,623	-	19	314,642
TOTAL LIABILITIES	<u>320,325</u>	<u>290</u>	<u>1,441</u>	<u>322,056</u>
FUND BALANCES				
Restricted	1,014,504	-	2,005,179	3,019,683
Assigned	69,896	2,120,893	-	2,190,789
Unassigned	-	-	(19)	(19)
TOTAL FUND BALANCES	<u>1,084,400</u>	<u>2,120,893</u>	<u>2,005,160</u>	<u>5,210,453</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,404,725</u>	<u>\$ 2,121,183</u>	<u>\$ 2,006,601</u>	<u>\$ 5,532,509</u>

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

TOWN OF POLAND, MAINE

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Charges for services	134,304	1,647	-	135,951
Investment income, net of unrealized gains/(losses)	2,218	-	(46,585)	(44,367)
Other income	9,767	500	1,739	12,006
Total revenues	<u>146,289</u>	<u>2,147</u>	<u>(44,846)</u>	<u>103,590</u>
EXPENDITURES				
Current:				
Cemetery	-	-	2,721	2,721
Library	-	-	146,241	146,241
Education	-	-	-	-
General government	-	1	-	1
Public Safety	-	-	-	-
Debt service/TIF	1,826,754	-	-	1,826,754
Recreation	140,656	-	-	140,656
Capital outlay	-	398,950	-	398,950
Total expenditures	<u>1,967,410</u>	<u>398,951</u>	<u>148,962</u>	<u>2,515,323</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,821,121)</u>	<u>(396,804)</u>	<u>(193,808)</u>	<u>(2,411,733)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,795,728	883,710	126,680	2,806,118
Transfers (out)	-	-	(54,178)	(54,178)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,795,728</u>	<u>883,710</u>	<u>72,502</u>	<u>2,751,940</u>
NET CHANGE IN FUND BALANCES	(25,393)	486,906	(121,306)	340,207
FUND BALANCES - JULY 1	<u>1,109,793</u>	<u>1,633,987</u>	<u>2,126,466</u>	<u>4,870,246</u>
FUND BALANCES - JUNE 30	<u>\$ 1,084,400</u>	<u>\$ 2,120,893</u>	<u>\$ 2,005,160</u>	<u>\$ 5,210,453</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 POLAND, MAINE

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

	Recreation Fees Reserve	TAP Economic Development	PSD TIF I	PSD TIF II	Downtown TIF	Auburn Water Escrow	Totals
ASSETS							
Cash and cash equivalents	\$ 43	\$ -	\$ 411,400	\$ 247,622	\$ 311,937	\$ 44,597	\$ 1,015,599
Due from other funds	72,200	3,728	-	313,198	-	-	389,126
TOTAL ASSETS	\$ 72,243	\$ 3,728	\$ 411,400	\$ 560,820	\$ 311,937	\$ 44,597	\$ 1,404,725
LIABILITIES							
Accounts payable	\$ 2,347	\$ -	\$ 3,355	\$ -	\$ -	\$ -	\$ 5,702
Due to other funds	-	-	183,994	-	130,629	-	314,623
TOTAL LIABILITIES	2,347	-	187,349	-	130,629	-	320,325
FUND BALANCES							
Restricted	-	3,728	224,051	560,820	181,308	44,597	1,014,504
Committed	-	-	-	-	-	-	-
Assigned	69,896	-	-	-	-	-	69,896
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	69,896	3,728	224,051	560,820	181,308	44,597	1,084,400
TOTAL LIABILITIES AND FUND BALANCES	\$ 72,243	\$ 3,728	\$ 411,400	\$ 560,820	\$ 311,937	\$ 44,597	\$ 1,404,725

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

TOWN OF POLAND, MAINE

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

	Recreation Fees Reserve	TAP Economic Dev.	PSD TIF I	PSD TIF II	Downtown TIF	Auburn Water Escrow	Totals
REVENUES							
Charges for services	\$ 134,304	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134,304
Investment income, net of unrealized gains/(losses)	63	-	543	949	663	-	2,218
Other	9,767	-	-	-	-	-	9,767
Total revenues	<u>144,134</u>	<u>-</u>	<u>543</u>	<u>949</u>	<u>663</u>	<u>-</u>	<u>146,289</u>
EXPENDITURES							
General government	-	-	-	-	-	-	-
Recreation	140,656	-	-	-	-	-	140,656
Public safety	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Debt service / TIF	-	-	605,706	1,147,362	73,686	-	1,826,754
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>140,656</u>	<u>-</u>	<u>605,706</u>	<u>1,147,362</u>	<u>73,686</u>	<u>-</u>	<u>1,967,410</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,478</u>	<u>-</u>	<u>(605,163)</u>	<u>(1,146,413)</u>	<u>(73,023)</u>	<u>-</u>	<u>(1,821,121)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	747,131	936,796	111,801	-	1,795,728
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>747,131</u>	<u>936,796</u>	<u>111,801</u>	<u>-</u>	<u>1,795,728</u>
NET CHANGE IN FUND BALANCES	3,478	-	141,968	(209,617)	38,778	-	(25,393)
FUND BALANCES - JULY 1	<u>66,418</u>	<u>3,728</u>	<u>82,083</u>	<u>770,437</u>	<u>142,530</u>	<u>44,597</u>	<u>1,109,793</u>
FUND BALANCES - JUNE 30	<u>\$ 69,896</u>	<u>\$ 3,728</u>	<u>\$ 224,051</u>	<u>\$ 560,820</u>	<u>\$ 181,308</u>	<u>\$ 44,597</u>	<u>\$ 1,084,400</u>

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

Capital Projects Funds

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

TOWN OF POLAND, MAINE

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

	Public Works Vehicle	Fire/ Rescue Vehicle	Town Roads	Solid Waste	Recreation Facility Reserve	Conservation Reserve
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	717,541	1,030,241	19,586	17,018	2,129	500
TOTAL ASSETS	\$ 717,541	\$ 1,030,241	\$ 19,586	\$ 17,018	\$ 2,129	\$ 500
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES						
Committed	-	-	-	-	-	-
Assigned	717,541	1,030,241	19,586	17,018	2,129	500
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	717,541	1,030,241	19,586	17,018	2,129	500
TOTAL LIABILITIES AND FUND BALANCES						
	\$ 717,541	\$ 1,030,241	\$ 19,586	\$ 17,018	\$ 2,129	\$ 500

TOWN OF POLAND, MAINE

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

	Building Improvements	Contingency Reserve	Police Vehicle	Revaluation Reserve	Fire Station Reserve	CEO Reserve	Totals
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	92,671	1,690	105	50,000	184,702	5,000	2,121,183
TOTAL ASSETS	<u>\$ 92,671</u>	<u>\$ 1,690</u>	<u>\$ 105</u>	<u>\$ 50,000</u>	<u>\$ 184,702</u>	<u>\$ 5,000</u>	<u>\$ 2,121,183</u>
LIABILITIES							
Accounts payable	\$ 290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>290</u>
FUND BALANCES							
Committed	-	-	-	-	-	-	-
Assigned	92,381	1,690	105	50,000	184,702	5,000	2,120,893
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>92,381</u>	<u>1,690</u>	<u>105</u>	<u>50,000</u>	<u>184,702</u>	<u>5,000</u>	<u>2,120,893</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 92,671</u>	<u>\$ 1,690</u>	<u>\$ 105</u>	<u>\$ 50,000</u>	<u>\$ 184,702</u>	<u>\$ 5,000</u>	<u>\$ 2,121,183</u>

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

TOWN OF POLAND, MAINE

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

	Public Works Vehicle	Fire/ Rescue Vehicle	Town Roads	Solid Waste	Recreation Facility Reserve	Conservation Reserve
REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	-
Other income	-	-	-	-	-	500
Total revenues	-	-	-	-	-	500
EXPENDITURES						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital outlay	-	-	280,284	-	7,680	-
Total expenditures	-	-	280,284	-	7,680	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(280,284)	-	(7,680)	500
OTHER FINANCING SOURCES (USES)						
Transfers in	213,580	292,830	262,000	4,000	6,800	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	213,580	292,830	262,000	4,000	6,800	-
NET CHANGE IN FUND BALANCES	213,580	292,830	(18,284)	4,000	(880)	500
FUND BALANCES - JULY 1	503,961	737,411	37,870	13,018	3,009	-
FUND BALANCES - JUNE 30	\$ 717,541	\$ 1,030,241	\$ 19,586	\$ 17,018	\$ 2,129	\$ 500

TOWN OF POLAND, MAINE

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

	Building Improvements	Contingency Reserve	Police Vehicle	Revaluation Reserve	Fire Station Reserve	CEO Reserve	Totals
REVENUES							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income, net of unrealized gains/(losses)	1,647	-	-	-	-	-	1,647
Other income	-	-	-	-	-	-	500
Total revenues	1,647	-	-	-	-	-	2,147
EXPENDITURES							
General government	-	1	-	-	-	-	1
Public safety	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Capital outlay	54,267	-	31,981	-	24,738	-	398,950
Total expenditures	54,267	1	31,981	-	24,738	-	398,951
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(52,620)	(1)	(31,981)	-	(24,738)	-	(396,804)
OTHER FINANCING SOURCES (USES)							
Transfers in	46,000	1,000	30,000	25,000	-	2,500	883,710
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	46,000	1,000	30,000	25,000	-	2,500	883,710
NET CHANGE IN FUND BALANCES	(6,620)	999	(1,981)	25,000	(24,738)	2,500	486,906
FUND BALANCES - JULY 1	99,001	691	2,086	25,000	209,440	2,500	1,633,987
FUND BALANCES - JUNE 30	\$ 92,381	\$ 1,690	\$ 105	\$ 50,000	\$ 184,702	\$ 5,000	\$ 2,120,893

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 Poland, Maine in trust or as an agent for individuals, private organizations, other governmental units and/or other funds.

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2016

	<u>Hackett Trust</u>	<u>Hackett Relief Fund</u>	<u>Empire Cemetery</u>	<u>White Oak Hill Cemetery</u>	<u>Highland Cemetery</u>	<u>AB Ricker</u>	<u>Lane Cemetery</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 2,805	\$ -	\$ -
Investments	11,053	-	6,550	8,520	84,894	11,619	1,300
Due from other funds	-	13,798	-	-	-	-	-
TOTAL ASSETS	<u><u>\$ 11,053</u></u>	<u><u>\$ 13,798</u></u>	<u><u>\$ 6,550</u></u>	<u><u>\$ 8,520</u></u>	<u><u>\$ 87,699</u></u>	<u><u>\$ 11,619</u></u>	<u><u>\$ 1,300</u></u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
FUND BALANCES							
Restricted	11,053	13,798	6,550	8,520	87,699	11,619	1,300
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u><u>11,053</u></u>	<u><u>13,798</u></u>	<u><u>6,550</u></u>	<u><u>8,520</u></u>	<u><u>87,699</u></u>	<u><u>11,619</u></u>	<u><u>1,300</u></u>
TOTAL LIABILITIES AND FUND BALANCES							
	<u><u>\$ 11,053</u></u>	<u><u>\$ 13,798</u></u>	<u><u>\$ 6,550</u></u>	<u><u>\$ 8,520</u></u>	<u><u>\$ 87,699</u></u>	<u><u>\$ 11,619</u></u>	<u><u>\$ 1,300</u></u>

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2016

	Scholarship Funds	Operations Ricker Library	Endowment Ricker Library	Ministerial	Historical Society	Ricker Cemetery	Totals
ASSETS							
Cash and cash equivalents	\$ -	\$ 45,810	\$ 176,961	\$ -	\$ -	\$ -	\$ 225,576
Investments	-	374,104	1,015,141	28,800	-	2,080	1,544,061
Due from other funds	214,613	8,553	-	-	-	-	236,964
TOTAL ASSETS	<u>\$ 214,613</u>	<u>\$ 428,467</u>	<u>\$ 1,192,102</u>	<u>\$ 28,800</u>	<u>\$ -</u>	<u>\$ 2,080</u>	<u>\$ 2,006,601</u>
LIABILITIES							
Accounts payable	\$ -	\$ 1,422	\$ -	\$ -	\$ -	\$ -	\$ 1,422
Due to other funds	-	-	-	-	19	-	19
TOTAL LIABILITIES	<u>-</u>	<u>1,422</u>	<u>-</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>1,441</u>
FUND BALANCES							
Restricted	214,613	427,045	1,192,102	28,800	-	2,080	2,005,179
Unassigned	-	-	-	-	(19)	-	(19)
TOTAL FUND BALANCES	<u>214,613</u>	<u>427,045</u>	<u>1,192,102</u>	<u>28,800</u>	<u>(19)</u>	<u>2,080</u>	<u>2,005,160</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 214,613</u>	<u>\$ 428,467</u>	<u>\$ 1,192,102</u>	<u>\$ 28,800</u>	<u>\$ -</u>	<u>\$ 2,080</u>	<u>\$ 2,006,601</u>

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

TOWN OF POLAND, MAINE

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

	<u>Hackett Trust</u>	<u>Hackett Relief Fund</u>	<u>Empire Cemetery</u>	<u>White Oak Hill Cemetery</u>	<u>Highland Cemetery</u>	<u>AB Ricker</u>	<u>Lane Cemetery</u>
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 26	\$ -	\$ 15	\$ 20	\$ 82	\$ 27	\$ 3
Other income	-	-	-	-	-	-	-
Total revenues	<u>26</u>	<u>-</u>	<u>15</u>	<u>20</u>	<u>82</u>	<u>27</u>	<u>3</u>
EXPENDITURES							
Cemetery	-	-	-	-	2,721	-	-
Library	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,721</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>26</u>	<u>-</u>	<u>15</u>	<u>20</u>	<u>(2,639)</u>	<u>27</u>	<u>3</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	26	-	15	20	(2,639)	27	3
FUND BALANCES - JULY 1	<u>11,027</u>	<u>13,798</u>	<u>6,535</u>	<u>8,500</u>	<u>90,338</u>	<u>11,592</u>	<u>1,297</u>
FUND BALANCES - JUNE 30	<u>\$ 11,053</u>	<u>\$ 13,798</u>	<u>\$ 6,550</u>	<u>\$ 8,520</u>	<u>\$ 87,699</u>	<u>\$ 11,619</u>	<u>\$ 1,300</u>

TOWN OF POLAND, MAINE

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

	Scholarship Funds	Operations Ricker Library	Endowment Ricker Library	Ministerial	Historical Society	Ricker Cemetery	Totals
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 2,703	\$ 5,304	\$ (54,837)	\$ 67	\$ -	\$ 5	\$ (46,585)
Other income	-	1,739	-	-	-	-	1,739
Total revenues	<u>2,703</u>	<u>7,043</u>	<u>(54,837)</u>	<u>67</u>	<u>-</u>	<u>5</u>	<u>(44,846)</u>
EXPENDITURES							
Cemetery	-	-	-	-	-	-	2,721
Library	-	146,241	-	-	-	-	146,241
Education	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>146,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,962</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,703</u>	<u>(139,198)</u>	<u>(54,837)</u>	<u>67</u>	<u>-</u>	<u>5</u>	<u>(193,808)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	126,680	-	-	-	-	126,680
Transfers (out)	-	-	(54,178)	-	-	-	(54,178)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>126,680</u>	<u>(54,178)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,502</u>
NET CHANGE IN FUND BALANCES	2,703	(12,518)	(109,015)	67	-	5	(121,306)
FUND BALANCES - JULY 1	<u>211,910</u>	<u>439,563</u>	<u>1,301,117</u>	<u>28,733</u>	<u>(19)</u>	<u>2,075</u>	<u>2,126,466</u>
FUND BALANCES - JUNE 30	<u>\$ 214,613</u>	<u>\$ 427,045</u>	<u>\$ 1,192,102</u>	<u>\$ 28,800</u>	<u>\$ (19)</u>	<u>\$ 2,080</u>	<u>\$ 2,005,160</u>

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

General Capital Assets

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

TOWN OF POLAND, 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
Fire department	\$ 6,300	\$ 3,205,542	\$ 2,282,745	\$ -	\$ 5,494,587
Public safety	-	275,087	94,594	-	369,681
Public works department	216,928	1,844,011	1,060,629	2,617,601	5,739,169
Transfer station	120,000	310,000	40,482	-	470,482
TIF	-	-	9,528	2,801,016	2,810,544
Library	-	15,488	13,435	-	28,923
Town-wide	233,340	506,246	149,252	-	888,838
Total General Capital Assets	576,568	6,156,374	3,650,665	5,418,617	15,802,224
Less: Accumulated Depreciation	-	(1,293,094)	(2,111,278)	(718,874)	(4,123,246)
Net General Capital Assets	\$ 576,568	\$ 4,863,280	\$ 1,539,387	\$ 4,699,743	\$ 11,678,978

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

TOWN OF POLAND, MAINE

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

	General Capital Assets 7/1/15	Additions	Deletions	General Capital Assets 6/30/16
Fire department	\$ 5,494,587	\$ -	\$ -	\$ 5,494,587
Public safety	343,875	25,806	-	369,681
Public works department	5,739,169	-	-	5,739,169
Transfer station	470,482	-	-	470,482
TIF	2,810,544	-	-	2,810,544
Library	13,435	15,488	-	28,923
Town-wide	888,838	-	-	888,838
	<hr/>	<hr/>	<hr/>	<hr/>
Total General Capital Assets	15,760,930	41,294	-	15,802,224
Less: Accumulated Depreciation	<u>(3,597,376)</u>	<u>(525,870)</u>	<u>-</u>	<u>(4,123,246)</u>
Net General Capital Assets	<u>\$ 12,163,554</u>	<u>\$ (484,576)</u>	<u>\$ -</u>	<u>\$ 11,678,978</u>

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



Proven Expertise and Integrity

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

Board of Selectmen
Town of Poland
Poland, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Turner, 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 Poland, Maine's basic financial statements, and have issued our report thereon dated February 1, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Poland, 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 Poland, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Poland, 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 Poland, 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
February 1, 2017