

Audited Financial Statements and
Other Financial Information

Town of Acton, Maine

June 30, 2017



Proven Expertise and Integrity

TOWN OF ACTON, MAINE

CONTENTS

JUNE 30, 2017

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 10
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	11
STATEMENT B - STATEMENT OF ACTIVITIES	12 - 13
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	14
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	15
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	16
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	17
STATEMENT G - STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS	18
NOTES TO FINANCIAL STATEMENTS	19 - 49
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	50
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	51

SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	52
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS	53
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	54
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	55
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	56
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	57 - 58
SCHEDULE C - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - SCHOOL DEPARTMENT	59
SCHEDULE D - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	60
SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	61
SPECIAL REVENUE FUNDS DESCRIPTION	62
SCHEDULE F - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	63 - 64
SCHEDULE G - COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	65 - 66
PERMANENT FUNDS DESCRIPTION	67
SCHEDULE H - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	68
SCHEDULE I - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	69
GENERAL CAPITAL ASSETS DESCRIPTION	70
SCHEDULE J - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	71

SCHEDULE K - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	72
---	----

FEDERAL COMPLIANCE

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	73 - 74
--	---------

STATE COMPLIANCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	75
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	76
INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS	77
RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED TO THE MEDMS FINANCIAL SYSTEM	78



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Acton
Acton, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Acton, Maine as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Acton, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 10 and 51 through 54 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 Acton, Maine's basic financial statements. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues, Schedule of Departmental Operations – General Fund, Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – School Department, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 20-A MRSA §6051, Sub-chapter 1(K) of the Maine Revised Statutes as amended, and is also not a required part of the basic financial statements

The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues, Schedule of Departmental Operations – General Fund, Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – School Department, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards 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 Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues, Schedule of Departmental Operations – General Fund, Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – School Department, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards 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 October 16, 2017, on our consideration of the Town of Acton, 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 Acton, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
October 16, 2017

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

(UNAUDITED)

The following management's discussion and analysis of the Town of Acton, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

- *Governmental activities* – the activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, education, social services, recreation and other expenses.

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 Acton, 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 Acton can be divided into two categories: governmental funds and fiduciary 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 Acton presents two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other

funds are shown as nonmajor and are combined in the “Nonmajor Funds” column on these statements.

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

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Town of Acton. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town’s own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Fiduciary Net Position – Fiduciary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions and Notes to Required Supplementary Information.

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities increased by \$399,899 from \$6.71 million to \$7.11 million.

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 to a balance of \$2,227,246 at the end of this year.

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

	Governmental Activities	
	2017	2016 (Restated)
Assets:		
Current Assets	\$ 4,690,672	\$ 4,298,783
Capital Assets	3,847,225	3,574,089
Total Assets	<u>8,537,897</u>	<u>7,872,872</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	101,203	104,235
Total Deferred Outflows of Resources	<u>101,203</u>	<u>104,235</u>
Liabilities:		
Current Liabilities	927,680	620,454
Long-term Debt Outstanding	536,337	589,673
Total Liabilities	<u>1,464,017</u>	<u>1,210,127</u>
Deferred Inflows of Resources:		
Prepaid Taxes	15,964	22,730
Deferred Inflows Related to Pensions	49,158	34,188
Total Deferred Inflows of Resources	<u>65,122</u>	<u>56,918</u>
Net Position:		
Net Investment in Capital Assets	3,307,070	2,992,496
Restricted: General Fund	1,455,382	1,382,397
Special Revenue Funds	-	11,148
Permanent Funds	120,263	96,880
Unrestricted	2,227,246	2,227,141
Total Net Position	<u>\$ 7,109,961</u>	<u>\$ 6,710,062</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 1.41%, while total expenses increased by 3.07%. The increase in revenues was mainly due to charges for services and other income, while the increase in expenditures was primarily due to public safety.

Table 2
Town of Acton, Maine
Changes in Net Position
For the Years Ended June 30,

	Governmental Activities	
	2017	2016
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 326,240	\$ 135,773
Operating grants & contributions	810,181	854,590
Capital grants & contributions	-	60,520
<i>General Revenues:</i>		
Property taxes	6,339,990	6,510,659
Excise taxes	552,978	503,404
Grants and contributions not restricted to specific programs	171,599	161,878
Investment income	42,817	1,329
Other income	225,006	123,214
Total revenues	<u>8,468,811</u>	<u>8,351,367</u>
Expenses		
General government	611,822	617,990
Public safety	714,930	535,643
Public works	902,092	879,856
Social services	66,875	66,775
Recreation	11,345	13,091
General assistance	340	1,548
Education	5,158,202	5,151,201
County tax	293,073	289,246
Interest on debt service	12,688	18,364
Other expenses	67,632	65,751
Unallocated depreciation (Note 4)	13,472	10,722
State of Maine on-behalf payments	216,441	178,413
Total expenses	<u>8,068,912</u>	<u>7,828,600</u>
Change in Net Position	399,899	522,767
Net Position - July 1, Restated	<u>6,710,062</u>	<u>6,187,295</u>
Net Position - June 30	<u><u>\$ 7,109,961</u></u>	<u><u>\$ 6,710,062</u></u>

Financial Analysis of the Town's Fund Statements

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

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

	2017	2016
General Fund:		
Nonspendable	\$ 3,060	\$ 6,725
Restricted	1,455,382	1,382,397
Committed	282,671	246,690
Assigned	80,327	83,786
Unassigned	1,652,370	1,699,608
Total General Fund	\$ 3,473,810	\$ 3,419,206
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ -	\$ 11,148
Unassigned	-	(11,380)
Permanent Funds:		
Restricted	120,263	96,880
Total Nonmajor Funds	\$ 120,263	\$ 96,648

The general fund total fund balance increased by \$54,604 over the prior fiscal year. The nonmajor fund balances increased by \$23,615 over the prior fiscal year.

Budgetary Highlights

The significant difference between the original and final budget for the general fund was the use of restricted, committed and unassigned fund balances as well as applied revenues.

The general fund actual revenues exceeded the budget by \$469,739. All revenue categories exceeded budgeted amounts with the exception of property taxes.

The general fund actual expenditures were under the budget by \$843,110. All expenditures categories were under budget.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2017, the net book value of capital assets recorded by the Town increased by \$273,136 from the prior year. This increase is the result of capital additions of \$550,693 less current year depreciation of \$273,157 and net disposals of \$4,400.

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

	<u>2017</u>	<u>2016</u>
Land	\$ 290,365	\$ 110,200
Land improvements	167,256	180,723
Buildings and improvements	2,227,013	2,328,081
Machinery and equipment	164,533	184,072
Vehicles	694,963	466,701
Furniture and fixtures	8,932	11,166
Infrastructure	294,163	293,146
Total	<u>\$ 3,847,225</u>	<u>\$ 3,574,089</u>

Debt

At June 30, 2017, the Town had \$526,033 in notes outstanding versus \$556,543 as of June 30, 2016. The Town's other obligations include capital leases payable, accrued vacation and sick time and net pension liability. Refer to Note 4 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

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

Requests for Information

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 Treasurer's Office at 35 H Road, Acton, Maine 04001.

TOWN OF ACTON, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,149,137
Investments	67,726
Accounts receivable (net of allowance for uncollectibles):	
Taxes	275,469
Liens	97,486
Other	56,166
Due from other governments	41,628
Inventory	3,060
Total current assets	<u>4,690,672</u>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	290,365
Infrastructure, buildings and vehicles, net of accumulated depreciation	3,556,860
Total noncurrent assets	<u>3,847,225</u>
TOTAL ASSETS	<u>8,537,897</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	101,203
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>101,203</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 8,639,100</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 449,974
Accrued expenses	271,432
Current portion of long-term obligations	206,274
Total current liabilities	<u>927,680</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes payable	436,049
Capital leases payable	7,061
Net pension liability	93,227
Total noncurrent liabilities	<u>536,337</u>
TOTAL LIABILITIES	<u>1,464,017</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	15,964
Deferred inflows related to pensions	49,158
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>65,122</u>
NET POSITION	
Net investment in capital assets	3,307,070
Restricted: General fund	1,455,382
Permanent funds	120,263
Unrestricted	2,227,246
TOTAL NET POSITION	<u>7,109,961</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 8,639,100</u>

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

TOWN OF ACTON, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 611,822	\$ 127,978	\$ -	\$ -	\$ (483,844)
Public safety	714,930	169,059	-	-	(545,871)
Public works	902,092	-	50,048	-	(852,044)
Social services	66,875	-	-	-	(66,875)
Recreation	11,345	-	-	-	(11,345)
General assistance	340	-	-	-	(340)
Education	5,158,202	29,203	543,692	-	(4,585,307)
County tax	293,073	-	-	-	(293,073)
Interest on debt service	12,688	-	-	-	(12,688)
Other expenses	67,632	-	-	-	(67,632)
Unallocated depreciation (Note 4)*	13,472	-	-	-	(13,472)
State of Maine on-behalf payments	216,441	-	216,441	-	-
Total governmental activities	<u>\$ 8,068,912</u>	<u>\$ 326,240</u>	<u>\$ 810,181</u>	<u>\$ -</u>	<u>(6,932,491)</u>

* This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)
TOWN OF ACTON, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(6,932,491)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	6,339,990
Excise taxes	552,978
Grants and contributions not restricted to specific programs	171,599
Investment income	42,817
Other income	<u>225,006</u>
Total general revenues	<u>7,332,390</u>
Change in net position	399,899
Net position - July 1, Restated	<u>6,710,062</u>
Net position - June 30	<u><u>\$ 7,109,961</u></u>

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

TOWN OF ACTON, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,096,600	\$ 52,537	\$ 4,149,137
Investments	-	67,726	67,726
Accounts receivable (net of allowance for uncollectibles):			
Taxes	275,469	-	275,469
Liens	97,486	-	97,486
Other	56,166	-	56,166
Due from other governments	41,628	-	41,628
Inventory	3,060	-	3,060
Due from other funds	-	-	-
TOTAL ASSETS	\$ 4,570,409	\$ 120,263	\$ 4,690,672
LIABILITIES			
Accounts payable	\$ 449,974	\$ -	\$ 449,974
Accrued expenses	271,432	-	271,432
Accrued compensated absences	109,229	-	109,229
Due to other funds	-	-	-
TOTAL LIABILITIES	830,635	-	830,635
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	15,964	-	15,964
Deferred revenue	250,000	-	250,000
TOTAL DEFERRED INFLOWS OF RESOURCES	265,964	-	265,964
FUND BALANCES			
Nonspendable	3,060	-	3,060
Restricted	1,455,382	120,263	1,575,645
Committed	282,671	-	282,671
Assigned	80,327	-	80,327
Unassigned	1,652,370	-	1,652,370
TOTAL FUND BALANCES	3,473,810	120,263	3,594,073
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,570,409	\$ 120,263	\$ 4,690,672

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

TOWN OF ACTON, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

	Total Governmental Funds
Total Fund Balances	\$ 3,594,073
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	3,847,225
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	250,000
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	101,203
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Notes payable	(526,033)
Capital lease payable	(14,122)
Net pension liability	(93,227)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(49,158)
Net position of governmental activities	\$ 7,109,961

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

TOWN OF ACTON, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property taxes	\$ 6,342,990	\$ -	\$ 6,342,990
Excise taxes	552,978	-	552,978
Intergovernmental revenues:			
State revenue sharing	74,872	-	74,872
Education subsidy	324,104	-	324,104
Homestead exemption	70,259	-	70,259
Local road assistance	50,048	-	50,048
Other education revenue	5,274	-	5,274
Other	26,468	214,314	240,782
State of Maine on-behalf payments	216,441	-	216,441
Charges for services	326,240	-	326,240
Investment income, net of unrealized gains/(losses)	14,748	28,069	42,817
Other revenue	214,656	10,350	225,006
TOTAL REVENUES	8,219,078	252,733	8,471,811
EXPENDITURES			
Current:			
General government	611,822	-	611,822
Public safety	641,183	-	641,183
Public works	881,615	-	881,615
Social services	66,875	-	66,875
Recreation	6,855	-	6,855
General assistance	340	-	340
Education	4,828,592	219,618	5,048,210
County tax	293,073	-	293,073
Other	579,294	4,686	583,980
State of Maine on-behalf payments	216,441	-	216,441
Debt service:			
Principal	106,037	-	106,037
Interest	12,688	-	12,688
TOTAL EXPENDITURES	8,244,815	224,304	8,469,119
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(25,737)	28,429	2,692
OTHER FINANCING SOURCES (USES)			
Loan proceeds	75,527	-	75,527
Transfers in	4,814	-	4,814
Transfers (out)	-	(4,814)	(4,814)
TOTAL OTHER FINANCING SOURCES (USES)	80,341	(4,814)	75,527
NET CHANGE IN FUND BALANCES	54,604	23,615	78,219
FUND BALANCES - JULY 1	3,419,206	96,648	3,515,854
FUND BALANCES - JUNE 30	\$ 3,473,810	\$ 120,263	\$ 3,594,073

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

TOWN OF ACTON, 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, 2017

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 78,219</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	550,693
Capital asset disposals	(4,400)
Depreciation expense	<u>(273,157)</u>
	<u>273,136</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>(3,000)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>(3,032)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	
	<u>(75,527)</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>116,965</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>(14,970)</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Net pension liability	<u>28,108</u>
	<u>28,108</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 399,899</u></u>

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

TOWN OF ACTON, MAINE

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 36,164</u>
TOTAL ASSETS	<u><u>\$ 36,164</u></u>
LIABILITIES	
Deposits held for others	<u>\$ 36,164</u>
TOTAL LIABILITIES	<u><u>\$ 36,164</u></u>

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Acton was incorporated under the laws of the State of Maine. The Town operates under the selectmen form of government and provides the following services: general government, public safety, public works, social services, recreation and education.

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

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

Implementation of New Accounting Standards

During the year ended June 30, 2017, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

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.

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The objective of the Statement is to improve the disclosure of information about benefits other than pensions (other postemployment benefits or OPEB) included in financial statements of state and local governments. This Statement will improve financial reporting through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet specified criteria. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 77, "*Tax Abatement Disclosures*". The objective of the Statement is to improve disclosure of information about the nature and magnitude of tax abatements, making these transactions more transparent to financial statement users. As such, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 80, "*Blending Requirements for Certain Component Units*". The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 82, "*Pension Issues*". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and 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. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

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

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Major Funds

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

Nonmajor Funds

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

2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The Town has no component units that are fiduciary in nature.

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized 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.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments made by the State of Maine to the Maine State Public Employees Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund.

Revenues per budgetary basis	\$ 8,082,978
Add: On-behalf payments	<u>216,441</u>
Total GAAP basis	<u>\$ 8,299,419</u>
Expenditures per budgetary basis	\$ 8,028,374
Add: On-behalf basis	<u>216,441</u>
Total GAAP basis	<u>\$ 8,244,815</u>

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

1. Early in the first 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.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town of Acton has a formal investment policy and also follows the State of Maine Statutes.

Receivables

Receivables include amounts due from governmental agencies and ambulance receivables. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$97,794 for the year ended June 30, 2017. The allowance for uncollectible amounts is estimated to be \$107,347 as of June 30, 2017.

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost which approximate market, using the first-in, first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). The general fund inventory consists of school lunch supplies and food on hand at the end of the year.

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".

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions Between Funds

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$3,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

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

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 payable, capital leases payable, compensated absences and net pension liability.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Compensated Absences

The Town's policies regarding vacation and sick time do not permit employees to accumulate earned but unused vacation and sick leave. However, the school department allows certain teachers to accumulated unused sick time. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2017, the Town's liability for compensated absences is \$109,229.

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 Maine Public Employees Retirement System Participating Local District (PLD) Consolidated Plan and State Employee and Teacher (SET) Plan and additions to/deductions from the PLD Consolidated and SET Plans' fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated and SET Plans. 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 all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has 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 the governmental funds balance sheet. Deferred inflows related to pensions qualify for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as inflows of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 29, 2016 on the assessed value listed as of April 1, 2016, for all real and personal property located in the Town. Taxes were due on in two installments on October 14, 2016 and April 14, 2017. Interest on unpaid taxes commenced on October 15, 2016 and April 15, 2017, 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 \$68,613 for the year ended June 30, 2017.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2017, the Town's cash balance amounting to \$4,185,301 was comprised of bank deposits of \$4,098,009. All of these bank deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 32,987
Savings accounts	32,839
Money market accounts	42,980
ICS accounts	3,989,203
	<u>\$ 4,098,009</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. The Town's investment in common stock, for \$67,726, is not exposed to custodial credit risk because those securities are registered in the Town's name and are held by the Town.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>
Equity securities:				
Common stock	\$ 67,726	\$ 67,726	\$ -	\$ -
	<u>\$ 67,726</u>	<u>\$ 67,726</u>	<u>\$ -</u>	<u>\$ -</u>

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2017:

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	June 30, 2017 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Common stock - domestic	\$ 67,726	\$ 67,726	\$ -	\$ -
Total equity securities	<u>67,726</u>	<u>67,726</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>67,726</u>	<u>\$ 67,726</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments measured at fair value	<u>\$ 67,726</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2017 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

Credit risk – Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various insured certificates of deposit.

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2017:

	Balance 7/1/16	Additions	Disposals	Balance 6/30/17
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 110,200	\$ 180,165	\$ -	\$ 290,365
	<u>110,200</u>	<u>180,165</u>	<u>-</u>	<u>290,365</u>
Depreciated assets:				
Land improvements	394,033	-	-	394,033
Buildings and improvements	6,006,812	53,970	(110,000)	5,950,782
Machinery and equipment	1,098,630	22,455	-	1,121,085
Vehicles	941,206	286,613	(135,000)	1,092,819
Furniture and fixtures	109,669	-	-	109,669
Infrastructure	312,185	7,490	-	319,675
	<u>8,862,535</u>	<u>370,528</u>	<u>(245,000)</u>	<u>8,988,063</u>
Less: accumulated depreciation	<u>(5,398,646)</u>	<u>(273,157)</u>	<u>240,600</u>	<u>(5,431,203)</u>
	<u>3,463,889</u>	<u>97,371</u>	<u>(4,400)</u>	<u>3,556,860</u>
Net capital assets	<u>\$ 3,574,089</u>	<u>\$ 277,536</u>	<u>\$ (4,400)</u>	<u>\$ 3,847,225</u>
<u>Current year depreciation:</u>				
Public safety				\$ 73,747
Public works				16,090
Education				160,971
Transfer station				4,387
Recreation				4,490
Town-wide				13,472
Total depreciation expenses				<u>\$ 273,157</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - 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, 7/1/16 (Restated)	Additions	Reductions	Balance, 6/30/17	Current Portion
Notes payable	\$ 556,543	\$ 75,527	\$ (106,037)	\$ 526,033	\$ 89,984
Capital leases payable	25,050	-	(10,928)	14,122	7,061
Accrued compensated absences	108,414	815	-	109,229	109,229
Net pension liability	121,335	198,880	(226,988)	93,227	-
Totals	<u>\$ 811,342</u>	<u>\$ 275,222</u>	<u>\$ (343,953)</u>	<u>\$ 742,611</u>	<u>\$ 206,274</u>

The following is a summary of the outstanding notes payable:

\$500,000, 2015 Commercial Note due in monthly installments of level principal and interest payments in the amount of \$4,734 through September of 2025. Interest is charged at a rate of 2.55% per annum.	\$ 421,512
\$25,000, 2012 Commercial Note due in monthly installments of level principal and interest payments in the amount of \$433 through August of 2017. Interest is charged at a rate of 1.49% per annum.	848
\$271,000, 2012 Commercial Note due in monthly installments of level principal and interest payments in the amount of \$4,727 through December of 2017. Interest is charged at a rate of 1.78% per annum.	28,146
\$75,527, 2016 Commercial Note due in monthly installments of level principal and interest payments in the amount of \$1,333 through June of 2022. Interest is charged at a rate of 1.94% per annum.	<u>75,527</u>
	<u>\$ 526,033</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - LONG-TERM DEBT (CONTINUED)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 89,984	\$ 11,868	\$ 101,852
2019	62,490	10,189	72,679
2020	64,027	8,652	72,679
2021	65,603	7,077	72,680
2022	67,158	5,462	72,620
2023-2027	176,771	7,726	184,497
	<u>\$ 526,033</u>	<u>\$ 50,974</u>	<u>\$ 577,007</u>

The following is a summary of the capital lease outstanding as of June 30, 2017:

\$21,184, 2016 capital lease payable to John Deere Financial for a tractor due in monthly installments of \$588 through June of 2019. No interest is charged on this lease.

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

2018	\$ 7,061
2019	7,061
2020	-
2021	-
2022	-
Total minimum lease payment	<u>14,122</u>
Less amount representing interest	-
Present value of future minimum lease payments	<u>\$ 14,122</u>

All notes payable and capital leases 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.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County debt. As of June 30, 2017, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of York	\$ 5,053,463	1.79%	<u>\$ 90,674</u>

NOTE 6 - NONSPENDABLE FUND BALANCES

The Town had the following nonspendable fund balances at June 30, 2017:

General fund:	
School lunch inventory	\$ 3,060
	<u>\$ 3,060</u>

NOTE 7 - RESTRICTED FUND BALANCES

The Town had the following restricted fund balances at June 30, 2017:

General fund:	
Education	\$ 956,092
Education - capital	50,000
Education - fuel reserve	10,000
Education - tuition and assistive technology	150,000
Education - professional	10,000
Education - technology	10,000
Education - health	15,000
Education - capital improvement	4,379
Education - matching grant	10,000
Education - FY 18 budget	170,000
LRAP	50,048
FEMA reserve	19,863
Nonmajor permanent funds (Schedule H)	120,263
	<u>\$ 1,575,645</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 - COMMITTED FUND BALANCES

The Town had the following committed fund balances at June 30, 2017:

General fund:	
Gravel pit	\$ 2,794
Mary Grant	2,990
Neighbors helping neighbors	1,865
Fuel assistance donations	1,279
Fire department donations	382
Fire department grants	300
Fire department capital	96,201
Ambulance reserve	590
Conservation committee	955
Gym donations	180
Cemeteries	3,297
District one road repair & maintenance	49,897
District two road repair & maintenance	98,076
Dams	23,865
	<u>\$ 282,671</u>

NOTE 9 - ASSIGNED FUND BALANCES

The Town had the following assigned fund balances at June 30, 2017:

General fund:	
Recreation	\$ 39,902
Capital improvements	40,425
	<u>\$ 80,327</u>

NOTE 10 - OVERSPENT APPROPRIATIONS

At June 30, 2017, the Town had the following overspent appropriations:

	<u>Excess</u>
Road Accounts (Article 41)	\$ 19,341
	<u>\$ 19,341</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - COMMITMENTS

The Town of Acton, Maine, has entered a contract for law enforcement services with the County of York, Maine. The contract term is for four years beginning January 1, 2017 and ending December 31, 2020. The Town of Shapleigh participates with the Town of Acton in the contract with a cost-sharing formula of 50% for each town. The annual contract cost is calculated on actual salary and fringe benefits and other related operating expenses less federal grant funding and is estimated as follows:

Fiscal Years Ending June 30,	Amount
2018	\$ 46,000
2019	46,000
2020	46,000
2021	23,000

For the twelve months ended June 30, 2017, the total contract cost was \$21,229. All future contract amounts are subject to annual appropriation by the Town of Acton.

NOTE 12 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Maine Municipal and the Maine School Management Associations.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2017. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

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.maineopers.org or by contacting the System at (800) 451-9800.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's fire department employees are part of the PLDs special plan "2N" (effective July 1, 2016) and are required to contribute 8.0% of their annual salary, while all other employees are part of regular plan "AN" and are required to contribute 8.0% of their annual salary. The Town is required to contribute the actuarially determined rates of 5.6% for special plan "2N" members' covered payroll and 6.5% for regular plan "AN" members' covered payroll during the year. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2017 was \$15,941.

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

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 authority to establish and amend benefit provisions rests with the State Legislature. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. 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 statute for State employee and teacher members.

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%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's teachers are required to contribute 7.65% of their compensation to the retirement system. The Town's payroll for teachers covered by this program was approximately \$1,782,507 for the year ended June 30, 2017. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 10.02% of the Town's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). Contributions paid by the State were approximately \$171,035 for the year ended June 30, 2017. Title 5 of the Maine Revised Statutes Annotated also requires the Town to contribute at an actuarially determined normal cost rate of 3.36%, which totaled \$59,811 for 2017. In addition, the Town is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 10.57% of compensation and totaled \$7,987 the year ended June 30, 2017.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

PLD Consolidated Plan

Plan data for the Town's PLD Consolidated Plan (including net pension liability, deferred outflows of resources and deferred inflows of resources) will be determined in the Plan's fiscal year ended June 30, 2017 report, which will be available and reported in the Town's fiscal year ended June 30, 2018 financial statements.

SET Plan

At June 30, 2017, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ 93,227
State's proportionate share of the net pension liability associated with the Town	<u>2,122,536</u>
Total	<u>\$ 2,215,763</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating school units and the State, actuarially determined. At June 30, 2016, the Town's proportion was 0.005277%, which was a decrease of 0.003711% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized total pension expense of \$198,880 and revenue of \$208,986 for support provided by the State of Maine. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,803	\$ 176
Changes of assumptions	-	2,394
Net difference between projected and actual earnings on pension plan investments	29,770	12,198
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,832	34,390
Contributions subsequent to the measurement date	67,798	-
Total	\$ 101,203	\$ 49,158

\$67,798 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	SET Plan
Plan year ended June 30:	
2017	\$ (13,637)
2018	(15,117)
2019	8,385
2020	4,616
2021	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2016, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

Amortization

The net pension liability of the State Employee and Teacher Retirement Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements. All other gains, losses, and changes are amortized over ten-year periods beginning on the date as of which they occur.

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

Investment Rate of Return - For the State Employee and Teacher Plan, 6.875% per annum, compounded annually; 7.125% was used for the period ended June 30, 2015.

Salary Increases, Merit and Inflation - State Employees, 2.75% to 8.75% per year; Teachers, 2.75% to 14.50% per year.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Mortality Rates - For active members and non-disabled retirees of the SET Plan, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

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

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, 2016 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

Asset Class	SET Plan	
	Target Allocation	Long-term Expected Real Rate of Return
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real assets:		
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.875% for 2016 for the State Employee and Teacher Plan. 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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2016 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 6.875% for the State Employee and Teacher Plan.

	1% Decrease	Discount Rate	1% Increase
<u>SET Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
Employer's proportionate share of the net pension liability	\$ 149,280	\$ 93,227	\$ 46,507

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2016 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2016 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. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2016, this was 3 years for the State Employee and Teacher 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. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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. The actuarial assumptions used for the year ended June 30, 2016 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the Actuarial Methods and Assumptions section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. 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' 2016 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 14 - DEFERRED COMPENSATION PLAN

The School Department offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403. The plan, available to all school employees, permits them to defer a portion of their salary until future years. There is no employer match by the School Department. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - DEFERRED COMPENSATION PLAN (CONTINUED)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (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 School Department's management that the School Department has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

NOTE 15 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town of Acton'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.

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 - RELATED PARTY TRANSACTIONS

The School Department's maintenance director is sometimes contracted for the use of his backhoe. During fiscal year 2017, payments for these services totaled \$315.

NOTE 18 - RESTATEMENT

The beginning net position for the governmental activities has been restated as of July 1, 2016. This balance was restated to correct the notes payable balance. The beginning net position of the governmental activities was restated by (\$3,692).

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 19 - COMPARATIVE DATA/RECLASSIFICATIONS

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

Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions

TOWN OF ACTON, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 3,419,206	\$ 3,419,206	\$ 3,419,206	\$ -
Resources (Inflows):				
Property taxes	6,343,015	6,343,015	6,342,990	(25)
Excise taxes	412,500	412,500	552,978	140,478
Intergovernmental	166,773	410,132	551,025	140,893
Charges for services	94,900	184,900	326,240	141,340
Investment income	8,000	8,000	14,748	6,748
Other revenue	99,000	179,165	214,656	35,491
Loan proceeds	75,527	75,527	75,527	-
Transfers from other funds	-	-	4,814	4,814
Amounts Available for Appropriation	<u>10,618,921</u>	<u>11,032,445</u>	<u>11,502,184</u>	<u>469,739</u>
Charges to Appropriations (Outflows):				
General government	669,962	669,962	611,822	58,140
Public safety	676,206	676,206	641,183	35,023
Public works	924,584	1,018,409	881,615	136,794
Social services	66,875	66,875	66,875	-
Recreation	12,400	12,400	6,855	5,545
General assistance	4,000	4,000	340	3,660
County tax	293,073	293,073	293,073	-
Education	4,833,416	5,289,269	4,828,592	460,677
Debt service:				
Principal	106,037	106,037	106,037	-
Interest	12,688	12,688	12,688	-
Other	322,440	722,565	579,294	143,271
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>7,921,681</u>	<u>8,871,484</u>	<u>8,028,374</u>	<u>843,110</u>
Budgetary Fund Balance, June 30	<u>\$ 2,697,240</u>	<u>\$ 2,160,961</u>	<u>\$ 3,473,810</u>	<u>\$ 1,312,849</u>
Utilization of restricted fund balance	\$ 350,292	\$ 566,218	\$ -	\$ (566,218)
Utilization of committed fund balance	26,973	140,326	-	(140,326)
Utilization of assigned fund balance	12,400	12,400	-	(12,400)
Utilization of unassigned fund balance	332,301	539,301	-	(539,301)
	<u>\$ 721,966</u>	<u>\$ 1,258,245</u>	<u>\$ -</u>	<u>\$ (1,258,245)</u>

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

TOWN OF ACTON, MAINE

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>SET Plan:</u>			
Town's proportion of the net pension liability	0.01%	0.01%	0.01%
Town's proportionate share of the net pension liability	\$ 93,227	\$ 121,335	\$ 93,060
State's proportionate share of the net pension liability associated with the Town	<u>\$ 2,122,536</u>	<u>\$ 2,144,365</u>	<u>\$ 1,436,353</u>
Total	<u>\$ 2,215,763</u>	<u>\$ 2,265,700</u>	<u>\$ 1,529,413</u>
Town's covered-employee payroll	\$ 1,508,269	\$ 1,918,273	\$ 1,605,351
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	6.18%	6.33%	5.80%
Plan fiduciary net position as a percentage of the total pension liability	76.21%	81.18%	83.91%

* 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 ACTON, MAINE

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>SET Plan:</u>				
Contractually required contribution	\$ 67,798	\$ 58,500	\$ 64,869	\$ 55,265
Contributions in relation to the contractually required contribution	<u>(67,798)</u>	<u>(58,500)</u>	<u>(64,869)</u>	<u>(55,265)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 1,782,507	\$ 1,508,269	\$ 1,918,273	\$ 1,605,351
Contributions as a percentage of covered-employee payroll	3.80%	3.88%	3.38%	3.44%

* 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 ACTON, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

Changes of Assumptions

There was a change in the investment rate of return assumption this year from 7.125% to 6.875%. Annual salary increases, including inflation, changed from 3.50% - 13.50% to 2.75% - 14.50%, for the SET Plan. There was also a change in the cost of living benefit increase from 2.55% to 2.20%. Finally, the mortality rates for active members, nondisabled retirees and recipients of disability benefits, were determined using the RP2014 Total Dataset Healthy Annuitant Mortality Table and the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, compared to the RP2000 Tables projected forward and the Revenue Ruling 96-7 Disabled Mortality Table used in the prior year.

Other Supplementary Information

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

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

TOWN OF ACTON, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 6,343,015	\$ 6,343,015	\$ 6,342,990	\$ (25)
Motor vehicle excise	400,000	400,000	537,611	137,611
Boat excise	12,500	12,500	15,367	2,867
Intergovernmental revenues:				
State revenue sharing	73,838	73,838	74,872	1,034
Education subsidy	-	242,790	324,104	81,314
Homestead exemption	70,259	70,259	70,259	-
Local road assistance	-	-	50,048	50,048
School - Mainecare	-	-	5,274	5,274
Tree growth	20,000	20,000	19,863	(137)
Veterans' reimbursement	2,000	2,000	3,151	1,151
Other state/federal funds	676	1,245	3,454	2,209
Charges for services:				
Town clerk fees	11,000	11,000	12,881	1,881
Building permits	40,000	40,000	92,771	52,771
Plumbing permits	6,000	6,000	10,464	4,464
Animal control fees	1,000	1,000	2,179	1,179
Marriage licenses	-	-	936	936
Rescue services	32,000	105,000	166,880	61,880
School lunch revenue	-	17,000	29,203	12,203
Other	4,900	4,900	10,926	6,026
Investment income, net of unrealized gains/(losses)	8,000	8,000	14,748	6,748
Other revenues:				
Recycling income	26,000	26,000	31,221	5,221
Transfer station	-	-	400	400
Cable access	40,000	40,000	41,435	1,435
Interest and fees on taxes	33,000	33,000	35,707	2,707
Misc. other	-	80,165	105,893	25,728
Loan proceeds	75,527	75,527	75,527	-
Transfers from other funds	-	-	4,814	4,814
Amounts Available for Appropriation	<u>\$ 7,199,715</u>	<u>\$ 7,613,239</u>	<u>\$ 8,082,978</u>	<u>\$ 469,739</u>

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

TOWN OF ACTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
GENERAL GOVERNMENT					
Governing body	\$ 29,389	\$ -	\$ 29,389	\$ 29,056	\$ 333
Town gym expenses	4,550	-	4,550	3,231	1,319
General office assistant	41,007	-	41,007	39,955	1,052
Warrant and finance	266	-	266	-	266
Municipal management	317,354	-	317,354	286,768	30,586
Elections	6,883	-	6,883	4,492	2,391
Registrar of voters	4,570	-	4,570	4,569	1
Planning/economic development	3,800	-	3,800	2,922	878
Finance/treasury	42,721	-	42,721	42,026	695
Town clerk/tax collector	46,997	-	46,997	45,756	1,241
Assessment and revaluations	41,400	-	41,400	31,650	9,750
CEO and building inspector	106,025	-	106,025	105,012	1,013
Maine state retirement	25,000	-	25,000	16,385	8,615
Total	669,962	-	669,962	611,822	58,140
PUBLIC SAFETY					
Fire/rescue services	588,163	-	588,163	577,925	10,238
Deputy services	46,000	-	46,000	21,229	24,771
Communications	29,267	-	29,267	29,617	(350)
Animal control	9,783	-	9,783	9,640	143
EMA	1,293	-	1,293	1,292	1
Street lights	1,700	-	1,700	1,480	220
Total	676,206	-	676,206	641,183	35,023
PUBLIC WORKS					
Transfer station	273,362	-	273,362	223,966	49,396
District 1	251,000	24,556	275,556	251,278	24,278
District 2	251,000	66,930	317,930	238,267	79,663
Sand/salt stockpile	134,184	-	134,184	156,091	(21,907)
Gravel processing reserve	-	2,339	2,339	-	2,339
Public works buildings/equipment	15,038	-	15,038	12,013	3,025
Total	924,584	93,825	1,018,409	881,615	136,794
RECREATION					
	12,400	-	12,400	6,855	5,545
GENERAL ASSISTANCE					
	4,000	-	4,000	340	3,660
COUNTY TAX					
	293,073	-	293,073	293,073	-

TOWN OF ACTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
EDUCATION					
General education	4,833,416	455,853	5,289,269	4,828,592	460,677
Total	4,833,416	455,853	5,289,269	4,828,592	460,677
SOCIAL SERVICES					
Donations	66,875	-	66,875	66,875	-
Total	66,875	-	66,875	66,875	-
DEBT SERVICE					
Principal	106,037	-	106,037	106,037	-
Interest	12,688	-	12,688	12,688	-
Total	118,725	-	118,725	118,725	-
OTHER					
Health officer	108	-	108	108	-
Mary Grant	-	3,063	3,063	181	2,882
Neighbors helping neighbors	-	692	692	9,866	(9,174)
Cemeteries	2,750	1,419	4,169	872	3,297
Cable access	40,024	-	40,024	38,815	1,209
Forestry reserve	538	-	538	538	-
Conservation	250	705	955	-	955
Fire department equipment	10,800	10,800	21,600	21,600	-
Dams	13,335	-	13,335	7,600	5,735
Overlay	68,613	-	68,613	-	68,613
Fuel assistance donations	-	1,477	1,477	862	615
Annual tree lighting	-	73	73	73	-
Fire department donations	-	1,169	1,169	1,037	132
Town hall staircase	15,000	-	15,000	7,200	7,800
Fire station roof	31,000	-	31,000	23,975	7,025
Ambulance purchase	-	280,000	280,000	278,613	1,387
Capital reserve - land purchase	117,522	80,165	197,687	180,165	17,522
Library entrance	7,500	-	7,500	7,220	280
Gym donations	-	130	130	-	130
Contingency	15,000	-	15,000	-	15,000
Emergency and capital improvements	-	19,863	19,863	-	19,863
Snowmobile club	-	569	569	569	-
Total	322,440	400,125	722,565	579,294	143,271
TOTAL EXPENDITURES	\$ 7,921,681	\$ 949,803	\$ 8,871,484	\$ 8,028,374	\$ 843,110

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

SCHEDULE C

TOWN OF ACTON, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - SCHOOL DEPARTMENT
 FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Budgetary Fund Balance, July 1	\$ 1,315,942	\$ 1,315,942	\$ 1,315,942	\$ -
Resources (Inflows):				
Local appropriation	4,833,416	4,833,416	4,833,416	-
Intergovernmental revenues:				
State subsidy	191,790	191,790	255,928	64,138
Federal subsidy	51,000	51,000	68,176	17,176
Mainecare	-	-	5,274	5,274
Charges for services	17,000	17,000	29,203	12,203
Interest income	-	-	639	639
Other	-	-	3,731	3,731
Transfers from other funds	-	-	4,814	4,814
Amounts Available for Appropriation	<u>6,409,148</u>	<u>6,409,148</u>	<u>6,517,123</u>	<u>107,975</u>
Charges to Appropriations (Outflows):				
Regular instruction (Article 2)	2,473,284	2,473,284	2,398,611	74,673
Special education (Article 3)	1,048,120	1,048,120	772,537	275,583
Other instruction (Article 5)	45,869	45,869	39,667	6,202
Student and staff support (Article 6)	525,240	525,240	476,135	49,105
System administration (Article 7)	217,444	217,444	172,049	45,395
School administration (Article 8)	124,042	124,042	117,294	6,748
Transportation (Article 9)	264,000	264,000	263,907	93
Facilities maintenance (Article 10)	435,720	435,720	434,584	1,136
All other expenditures (Article 12)	129,487	155,550	153,808	1,742
Deobligation of school unassigned fund balance	-	-	300,000	(300,000)
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>5,263,206</u>	<u>5,289,269</u>	<u>5,128,592</u>	<u>160,677</u>
Budgetary Fund Balance, June 30	<u>\$ 1,145,942</u>	<u>\$ 1,119,879</u>	<u>1,388,531</u>	<u>\$ 268,652</u>
Utilization of assigned fund balance	<u>\$ 170,000</u>	<u>\$ 196,063</u>	<u>\$ -</u>	<u>\$ (196,063)</u>

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

TOWN OF ACTON, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 52,537	\$ 52,537
Investments	-	67,726	67,726
Due from other funds	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 120,263</u>	<u>\$ 120,263</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	120,263	120,263
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>120,263</u>	<u>120,263</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 120,263</u>	<u>\$ 120,263</u>

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

TOWN OF ACTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenue	\$ 214,314	\$ -	\$ 214,314
Investment income, net of unrealized gains/(losses)	-	28,069	28,069
Other	10,350	-	10,350
TOTAL REVENUES	<u>224,664</u>	<u>28,069</u>	<u>252,733</u>
EXPENDITURES			
Education	219,618	-	219,618
Other	-	4,686	4,686
TOTAL EXPENDITURES	<u>219,618</u>	<u>4,686</u>	<u>224,304</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,046</u>	<u>23,383</u>	<u>28,429</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	(4,814)	-	(4,814)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,814)</u>	<u>-</u>	<u>(4,814)</u>
NET CHANGE IN FUND BALANCES	232	23,383	23,615
FUND BALANCES - JULY 1	<u>(232)</u>	<u>96,880</u>	<u>96,648</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ 120,263</u>	<u>\$ 120,263</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 ACTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Local Entitlement	Title IA School Improvement	Title IA	Title IIA	Small Rural School
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -

TOWN OF ACTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Local Entitlement Preschool	PEPG	HS Diploma Assistance	Robotics	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -

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

TOWN OF ACTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Local Entitlement	Title IA School Improvement	Title IA	Title IIA	Small Rural School
REVENUES					
Intergovernmental revenues	\$ 130,502	\$ 5,721	\$ 52,812	\$ 5,310	\$ 14,684
Other	-	-	-	-	-
TOTAL REVENUES	130,502	5,721	52,812	5,310	14,684
EXPENDITURES					
Education	119,122	5,721	52,812	5,463	14,684
TOTAL EXPENDITURES	119,122	5,721	52,812	5,463	14,684
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,380	-	-	(153)	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	11,380	-	-	(153)	-
FUND BALANCES - JULY 1	(11,380)	-	-	153	-
FUND BALANCES - JUNE 30	\$ -	\$ -	\$ -	\$ -	\$ -

TOWN OF ACTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Local Entitlement Preschool	PEPG	HS Diploma Assistance	Robotics	Total
REVENUES					
Intergovernmental revenues	\$ 1,523	\$ -	\$ 3,762	\$ -	\$ 214,314
Other	-	-	-	10,350	10,350
TOTAL REVENUES	<u>1,523</u>	<u>-</u>	<u>3,762</u>	<u>10,350</u>	<u>224,664</u>
EXPENDITURES					
Education	1,523	2,458	7,485	10,350	219,618
TOTAL EXPENDITURES	<u>1,523</u>	<u>2,458</u>	<u>7,485</u>	<u>10,350</u>	<u>219,618</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(2,458)</u>	<u>(3,723)</u>	<u>-</u>	<u>5,046</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	(4,814)	-	(4,814)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(4,814)</u>	<u>-</u>	<u>(4,814)</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>(2,458)</u>	<u>(8,537)</u>	<u>-</u>	<u>232</u>
FUND BALANCES - JULY 1	<u>-</u>	<u>2,458</u>	<u>8,537</u>	<u>-</u>	<u>(232)</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Permanent Funds

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

TOWN OF ACTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2017

	Cemetery Fund	Holdsworth Scholarship	Lawrence Family Trust	Dorothy Dunnells	Holdsworth Trust	Total
ASSETS						
Cash and cash equivalents	\$ 10,238	\$ 32,742	\$ 2,277	\$ 7,280	\$ -	\$ 52,537
Investments	-	-	-	-	67,726	67,726
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 10,238</u>	<u>\$ 32,742</u>	<u>\$ 2,277</u>	<u>\$ 7,280</u>	<u>\$ 67,726</u>	<u>\$ 120,263</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	10,238	32,742	2,277	7,280	67,726	120,263
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>10,238</u>	<u>32,742</u>	<u>2,277</u>	<u>7,280</u>	<u>67,726</u>	<u>120,263</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,238</u>	<u>\$ 32,742</u>	<u>\$ 2,277</u>	<u>\$ 7,280</u>	<u>\$ 67,726</u>	<u>\$ 120,263</u>

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

TOWN OF ACTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Cemetery Fund	Holdsworth Scholarship	Lawrence Family Trust	Dorothy Dunnells	Holdsworth Trust	Total
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ 2	\$ 1,272	\$ -	\$ 4	\$ 26,791	\$ 28,069
TOTAL REVENUES	<u>2</u>	<u>1,272</u>	<u>-</u>	<u>4</u>	<u>26,791</u>	<u>28,069</u>
EXPENDITURES						
Cemetery expenses	386	-	-	-	-	386
Scholarship/other	-	4,000	-	300	-	4,300
TOTAL EXPENDITURES	<u>386</u>	<u>4,000</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>4,686</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(384)</u>	<u>(2,728)</u>	<u>-</u>	<u>(296)</u>	<u>26,791</u>	<u>23,383</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>
NET CHANGE IN FUND BALANCES	<u>(384)</u>	<u>(2,728)</u>	<u>-</u>	<u>(296)</u>	<u>26,791</u>	<u>23,383</u>
FUND BALANCES - JULY 1	<u>10,622</u>	<u>35,470</u>	<u>2,277</u>	<u>7,576</u>	<u>40,935</u>	<u>96,880</u>
FUND BALANCES - JUNE 30	<u>\$ 10,238</u>	<u>\$ 32,742</u>	<u>\$ 2,277</u>	<u>\$ 7,280</u>	<u>\$ 67,726</u>	<u>\$ 120,263</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 ACTON, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
 JUNE 30, 2017

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Public safety	\$ 37,500	\$ 624,365	\$ 1,279,352	\$ -	\$ 1,941,217
Public works	-	535,000	22,800	304,510	862,310
Education	-	4,586,248	915,583	7,490	5,509,321
Transfer station	-	124,515	49,905	-	174,420
Recreation	29,000	128,100	-	-	157,100
Town-wide	223,865	346,587	55,933	7,675	634,060
Total General Capital Assets	290,365	6,344,815	2,323,573	319,675	9,278,428
Less: Accumulated Depreciation	-	(3,950,546)	(1,455,145)	(25,512)	(5,431,203)
Net General Capital Assets	<u>\$ 290,365</u>	<u>\$ 2,394,269</u>	<u>\$ 868,428</u>	<u>\$ 294,163</u>	<u>\$ 3,847,225</u>

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

TOWN OF ACTON, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2017

	General Capital Assets 7/1/16	Additions	Deletions	General Capital Assets 6/30/17
Public safety	\$ 1,765,629	\$ 310,588	\$ (135,000)	\$ 1,941,217
Public works	972,310	-	(110,000)	862,310
Education	5,479,376	29,945	-	5,509,321
Transfer station	174,420	-	-	174,420
Recreation	157,100	-	-	157,100
Town-wide	423,900	210,160	-	634,060
Total General Capital Assets	8,972,735	550,693	(245,000)	9,278,428
Less: Accumulated Depreciation	<u>(5,398,646)</u>	<u>(273,157)</u>	<u>240,600</u>	<u>(5,431,203)</u>
Net General Capital Assets	<u>\$ 3,574,089</u>	<u>\$ 277,536</u>	<u>\$ (4,400)</u>	<u>\$ 3,847,225</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 Acton
Acton, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Acton, Maine as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Acton, Maine's basic financial statements, and have issued our report thereon dated October 16, 2017.

Internal Control Over Financial Reporting

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

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

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 Acton, 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
October 16, 2017

TOWN OF ACTON, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed-through State of Maine - Department of Education and Cultural Services:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	013-06A-3014-05	\$ -	\$ 20,196
School Lunch Program	10.555	013-06A-3125-95	-	46,606
Subtotal Child Nutrition Cluster			<u>-</u>	<u>66,802</u>
Food Distribution Cluster:				
Food Distribution	10.565	N/A	-	4,301
Subtotal Food Distribution Cluster			<u>-</u>	<u>4,301</u>
Total U.S. Department of Agriculture			<u>-</u>	<u>71,103</u>
U.S. Department of Education				
Passed-through State of Maine - Department of Education and Cultural Services:				
Title IA - Educationally Deprived	84.010	013-06A-3107-13	-	52,812
Special Education Cluster (IDEA):				
Local Entitlement	84.027	013-06A-3046-12	-	119,122
Local Entitlement - Part B Section 619	84.173	013-06A-6247-23	-	1,523
Subtotal Special Education Cluster (IDEA)			<u>-</u>	<u>120,645</u>
Title VI Rural Low Income	84.358	013-06A-3005-03	-	14,684
Title IIA -Teaching Quality	84.367	013-06A-3042-11	-	5,463
Title IA - School Improvements	84.377A	013-06A-3106-13	-	5,721
Total U.S. Department of Education			<u>-</u>	<u>199,325</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ -</u>	<u>\$ 270,428</u>

DISCLOSURES:

This Town is not required to have a federal 2 C.F.R. Part 200 Uniform Guidance Audit.

TOWN OF ACTON, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Acton, Maine under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Acton, Maine, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Acton, Maine.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Town of Acton, Maine has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. Food Donation Program

The Town of Action, Maine reports commodities consumed on the Schedule at the fair value [or entitlement value]. The Government allocated donated food commodities to the respective program(s) that benefitted from the use of those donated food commodities.



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

Board of Selectmen
Town of Acton
Acton, Maine

We have audited the financial statements of the Town of Acton, Maine for the year ended June 30, 2017 and have issued our report thereon dated October 16, 2017. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place, and have reviewed the annual financial report that was submitted to the Maine Department of Education for accuracy. In addition, we have reviewed the Town of Acton, Maine's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, the Town of Acton, Maine complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Acton, Maine was in noncompliance with, or in violation of, those provisions.

Management has determined that no adjustments were necessary to the fiscal books of the Town of Acton, Maine and have attached the following schedule as it relates to the reconciliation of audit adjustments to the updated annual financial data submitted to the MEDMS financial system maintained at the Maine Department of Education.

This report is intended solely for the information of the Board of Selectmen, School Board, management and the Maine Department of Education. This report is not intended to be and should not be used by anyone other than the specified parties.

RHR Smith & Company

Buxton, Maine
October 16, 2017

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

ACTON SCHOOL DEPARTMENT

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED
TO THE MEDMS FINANCIAL SYSTEM
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Funds (3000)	Total
June 30, 2017 Balance Per MEDMS Financial System	\$ 1,396,130	\$ -	\$ -	\$ 1,396,130
Revenue Adjustments:				
Expenditure Adjustments:				
Window repair system	(7,598)	-	-	(7,598)
Other Adjustments:				
Rounding	(1)	-	-	(1)
Audited GAAP Basis Fund Balance June 30, 2017	<u>\$ 1,388,531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,388,531</u>