

Audited Financial Statements and
Other Financial Information

Town of Acton, Maine

June 30, 2016



Proven Expertise and Integrity

TOWN OF ACTON, MAINE

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JUNE 30, 2016

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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, 2016, 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.

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 10 and 48 through 50 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying 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 combining and individual nonmajor fund financial statements 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 combining and individual nonmajor fund financial statements 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 August 31, 2016, 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
August 31, 2016

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

(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, 2016. 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 unclassified.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of 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 and a Schedule of Contributions.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund 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 \$522,767 from \$6.19 million to \$6.71 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 \$2,227,141 at the end of this year.

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

	Governmental Activities	
	2016	2015
Assets:		
Current Assets	\$ 4,298,783	\$ 4,018,203
Capital Assets	3,574,089	3,136,181
Total Assets	<u>7,872,872</u>	<u>7,154,384</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	104,235	97,382
Total Deferred Outflows of Resources	<u>104,235</u>	<u>97,382</u>
Liabilities:		
Current Liabilities	620,454	702,955
Long-term Debt Outstanding	585,981	295,191
Total Liabilities	<u>1,206,435</u>	<u>998,146</u>
Deferred Inflows of Resources:		
Prepaid Taxes	22,730	18,677
Deferred Inflows Related to Pensions	34,188	43,956
Total Deferred Inflows of Resources	<u>56,918</u>	<u>62,633</u>
Net Position:		
Net Investment in Capital Assets	2,996,188	2,962,828
Restricted: General Fund	1,382,397	1,195,425
Special Revenue Funds	11,148	4,814
Permanent Funds	96,880	110,600
Unrestricted	2,227,141	1,917,320
Total Net Position	<u>\$ 6,713,754</u>	<u>\$ 6,190,987</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 4.75%, while total expenses increased by .33%. The increase in revenues was mainly due to property taxes, while the increase in expenditures was primarily due to ambulance services now being included as part of the Town's public safety operations.

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

	Governmental Activities	
	2016	2015
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 135,773	\$ 78,593
Operating grants & contributions	854,590	863,954
Capital grants & contributions	60,520	-
<i>General Revenues:</i>		
Property taxes	6,510,659	6,241,039
Excise taxes	503,404	468,852
Grants and contributions not restricted to specific programs	161,878	167,917
Investment income	1,329	10,074
Other income	123,214	142,214
Total revenues	<u>8,351,367</u>	<u>7,972,643</u>
Expenses		
General government	617,990	545,376
Public safety	535,643	207,480
Public works	879,856	1,144,819
Social services	66,775	65,342
Recreation	13,091	14,013
General assistance	1,548	1,172
Education	5,151,201	5,145,785
County tax	289,246	290,079
Interest on debt service	18,364	3,292
Other expenses	65,751	100,584
Unallocated depreciation (Note 4)	10,722	9,456
State of Maine on-behalf payments	178,413	275,174
Total expenses	<u>7,828,600</u>	<u>7,802,572</u>
Change in Net Position	522,767	170,071
Net Position - July 1	<u>6,190,987</u>	<u>6,020,916</u>
Net Position - June 30	<u><u>\$ 6,713,754</u></u>	<u><u>\$ 6,190,987</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,

	2016	2015
General Fund:		
Nonspendable	\$ 6,725	\$ 6,314
Restricted	1,382,397	1,195,425
Committed	246,690	338,668
Assigned	83,786	87,809
Unassigned	1,699,608	1,290,163
Total General Fund	\$ 3,419,206	\$ 2,918,379
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 11,148	\$ 4,814
Unassigned	(11,380)	-
Permanent Funds:		
Restricted	96,880	110,600
Total Nonmajor Funds	\$ 96,648	\$ 115,414

The general fund total fund balance increased by \$500,827 over the prior fiscal year. The nonmajor fund balances decreased by \$18,766 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 \$292,139. All revenue categories exceeded budgeted amounts with the exception of property taxes.

The general fund actual expenditures were under the budget by \$917,504. All expenditures categories were under budget.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2016, the net book value of capital assets recorded by the Town increased by \$437,908 from the prior year. This increase is the result of capital additions of \$694,948 less current year depreciation of \$257,040. During the fiscal year the Town also absorbed the assets of the Acton Ambulance Association. As a result the Town acquired \$88,000 in capital assets and \$88,000 in accumulated depreciation. The net capital assets transferred to the Town of Acton was \$0.

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

	<u>2016</u>	<u>2015</u>
Land	\$ 110,200	\$ 110,200
Land improvements	180,723	194,189
Buildings and improvements	2,328,081	1,913,843
Machinery and equipment	184,072	161,503
Vehicles	466,701	443,428
Furniture and fixtures	11,166	13,397
Infrastructure	293,146	299,621
Total	<u>\$ 3,574,089</u>	<u>\$ 3,136,181</u>

Debt

At June 30, 2016, the Town had \$552,851 in notes outstanding versus \$149,494 as of June 30, 2015. The Town's other obligations include capital leases payable, accrued vacation and sick time and net pension liability. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

The Town has 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, 2016

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,824,944
Investments	40,935
Accounts receivable (net of allowance for uncollectibles):	
Taxes/liens	373,128
Other	53,051
Inventory	3,575
Prepaid expenses	125
Tax acquired property	3,025
Total current assets	<u>4,298,783</u>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	110,200
Infrastructure, buildings and vehicles, net of accumulated depreciation	3,463,889
Total noncurrent assets	<u>3,574,089</u>
TOTAL ASSETS	<u>7,872,872</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	104,235
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>104,235</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 7,977,107</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 98,785
Accrued expenses	286,023
Due to other governments	13,977
Current portion of long-term obligations	221,669
Total current liabilities	<u>620,454</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes payable	450,523
Capital leases payable	14,123
Net pension liability	121,335
Total noncurrent liabilities	<u>585,981</u>
TOTAL LIABILITIES	<u>1,206,435</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	22,730
Deferred inflows related to pensions	34,188
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>56,918</u>
NET POSITION	
Net investment in capital assets	2,996,188
Restricted: General fund	1,382,397
Special revenue funds	11,148
Permanent funds	96,880
Unrestricted	2,227,141
TOTAL NET POSITION	<u>6,713,754</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 7,977,107</u>

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

TOWN OF ACTON, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants & Contributions		Capital Grants & Contributions
				Governmental Activities	
Governmental activities:					
General government	\$ 617,990	\$ 106,263	\$ -	\$ -	\$ (511,727)
Public safety	535,643	21,918	-	60,520	(453,205)
Public works	879,856	-	50,292	-	(829,564)
Social services	66,775	-	-	-	(66,775)
Recreation	13,091	7,592	-	-	(5,499)
General assistance	1,548	-	855	-	(693)
Education	5,151,201	-	625,030	-	(4,526,171)
County tax	289,246	-	-	-	(289,246)
Interest on debt service	18,364	-	-	-	(18,364)
Other expenses	65,751	-	-	-	(65,751)
Unallocated depreciation (Note 4)*	10,722	-	-	-	(10,722)
State of Maine on-behalf payments	178,413	-	178,413	-	-
Total governmental activities	\$ 7,828,600	\$ 135,773	\$ 854,590	\$ 60,520	(6,777,717)

* 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, 2016

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(6,777,717)
General revenues:	
Taxes:	
Property taxes, levied for general purposes	6,510,659
Excise taxes	503,404
Grants and contributions not restricted to specific programs	161,878
Investment income	1,329
Other income	123,214
Total general revenues	7,300,484
Change in net position	522,767
Net position - July 1	6,190,987
Net position - June 30	\$ 6,713,754

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

TOWN OF ACTON, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,768,999	\$ 55,945	\$ 3,824,944
Investments	-	40,935	40,935
Accounts receivable (net of allowance for uncollectibles):			
Taxes	271,258	-	271,258
Liens	101,870	-	101,870
Other	53,051	-	53,051
Inventory	3,575	-	3,575
Prepaid expenses	125	-	125
Tax acquired property	3,025	-	3,025
Due from other funds	11,380	11,148	22,528
TOTAL ASSETS	\$ 4,213,283	\$ 108,028	\$ 4,321,311
LIABILITIES			
Accounts payable	\$ 98,785	\$ -	\$ 98,785
Accrued expenses	286,023	-	286,023
Accrued compensated absences	108,414	-	108,414
Due to other governments	13,977	-	13,977
Due to other funds	11,148	11,380	22,528
TOTAL LIABILITIES	518,347	11,380	529,727
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	22,730	-	22,730
Deferred revenue	253,000	-	253,000
TOTAL DEFERRED INFLOWS OF RESOURCES	275,730	-	275,730
FUND BALANCES			
Nonspendable	6,725	-	6,725
Restricted	1,382,397	108,028	1,490,425
Committed	246,690	-	246,690
Assigned	83,786	-	83,786
Unassigned	1,699,608	(11,380)	1,688,228
TOTAL FUND BALANCES	3,419,206	96,648	3,515,854
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,213,283	\$ 108,028	\$ 4,321,311

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, 2016

	Total Governmental Funds
Total Fund Balances	\$ 3,515,854
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	3,574,089
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	253,000
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	104,235
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Notes payable	(552,851)
Capital lease payable	(25,050)
Net pension liability	(121,335)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(34,188)
Net position of governmental activities	\$ 6,713,754

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

STATEMENT E

TOWN OF ACTON, MAINE

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

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property taxes	\$ 6,491,659	\$ -	\$ 6,491,659
Excise taxes	503,404	-	503,404
Intergovernmental revenues:			
State revenue sharing	79,851	-	79,851
Education subsidy	375,269	-	375,269
Homestead exemption	48,851	-	48,851
Local road assistance	50,292	-	50,292
Other education revenue	94,424	-	94,424
Other	34,031	155,337	189,368
State of Maine on-behalf payments	178,413	-	178,413
Charges for services	135,773	-	135,773
Investment income, net of unrealized gains/(losses)	11,049	(9,720)	1,329
Other revenue	123,214	-	123,214
TOTAL REVENUES	<u>8,126,230</u>	<u>145,617</u>	<u>8,271,847</u>
EXPENDITURES			
Current:			
General government	625,490	-	625,490
Public safety	470,843	-	470,843
Public works	863,799	-	863,799
Social services	66,775	-	66,775
Recreation	8,601	-	8,601
General assistance	1,548	-	1,548
Education	4,918,930	160,383	5,079,313
County tax	289,246	-	289,246
Other	586,751	4,000	590,751
State of Maine on-behalf payments	178,413	-	178,413
Debt service:			
Principal	96,643	-	96,643
Interest	18,364	-	18,364
TOTAL EXPENDITURES	<u>8,125,403</u>	<u>164,383</u>	<u>8,289,786</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	827	(18,766)	(17,939)
OTHER FINANCING SOURCES (USES)			
Loan proceeds	500,000	-	500,000
Transfers in	-	-	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>500,000</u>	<u>-</u>	<u>500,000</u>
NET CHANGE IN FUND BALANCES	500,827	(18,766)	482,061
FUND BALANCES - JULY 1	<u>2,918,379</u>	<u>115,414</u>	<u>3,033,793</u>
FUND BALANCES - JUNE 30	<u>\$ 3,419,206</u>	<u>\$ 96,648</u>	<u>\$ 3,515,854</u>

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, 2016

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 482,061</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset purchases capitalized	694,948
Depreciation expense	(257,040)
Acton Ambulance Association capital assets transferred to Town	88,000
Acton Ambulance Association accumulated depreciation transferred to Town	(88,000)
	<u>437,908</u>
<p>Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:</p>	
Taxes and liens receivable	<u>19,000</u>
<p>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</p>	
	<u>6,853</u>
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position</p>	
	<u>(521,184)</u>
<p>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</p>	
	<u>116,636</u>
<p>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</p>	
	<u>9,768</u>
<p>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:</p>	
Net pension liability	(28,275)
	<u>(28,275)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 522,767</u>

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

TOWN OF ACTON, MAINE

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 34,290</u>
TOTAL ASSETS	<u><u>\$ 34,290</u></u>
LIABILITIES	
Deposits held for others	<u>\$ 34,290</u>
TOTAL LIABILITIES	<u><u>\$ 34,290</u></u>

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 services, 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, 2016, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

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

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

Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The objective of this Statement is to identify-in the

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Management has determined the impact of this Statement is not material to the financial statements.

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

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

Government-Wide and Fund Financial Statements

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

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

In the government-wide Statement of Net Position, the governmental activity 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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

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

Nonmajor Funds

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

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.

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.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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	\$ 8,447,817
Add: On-behalf payments	<u>178,413</u>
Total GAAP basis	<u>\$ 8,626,230</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures per budgetary basis	\$ 7,946,990
Add: On-behalf basis	<u>178,413</u>
Total GAAP basis	<u>\$ 8,125,403</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.

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 no formal investment policy but instead follows the State of Maine Statutes.

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet, with the exception of gravel and

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

school lunch supplies and food on hand at the end of the year, valued at cost. The cost value is determined using the first-in, first-out (FIFO) method.

Prepaid Items

Certain insurance and other payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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 government-wide financial statements as "internal balances".

Transactions Between Funds

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

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$31,436 as of June 30, 2016 for ambulance receivables.

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.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Estimated useful lives are as follows:

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

Long-term Obligations

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

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

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary 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, 2016, the Town's liability for compensated absences is \$108,414.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

Net Position

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

Fund 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.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. Prepaid taxes 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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 20, 2015 on the assessed value listed as of April 1, 2015, for all real and personal property located in the Town. Taxes were due on in two installments on October 15, 2015 and April 15, 2016. Interest on unpaid taxes commenced on October 16, 2015 and April 16, 2016, at 7% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$49,728 for the year ended June 30, 2016.

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

Program Revenues

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

Encumbrance Accounting

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

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets,

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2016, the Town's deposits amounting to \$3,859,234 were comprised of bank deposits of \$3,925,489. Of these bank deposits, \$329,230 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining bank balances of \$3,596,259 were collateralized with an irrevocable standby letter of credit.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 3,846,259
Savings accounts	<u>79,230</u>
	<u>\$ 3,925,489</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 \$40,935, is not exposed to custodial credit risk because those securities are registered in the Town's name and are held by the Town.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Investment Type	Fair Value	N/A	Less than 1 Year	1 - 5 Years
Common stock	\$ 40,935	\$ 40,935	\$ -	\$ -
	\$ 40,935	\$ 40,935	\$ -	\$ -

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.

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

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

	Receivables (Due From)	Payables (Due To)
General fund	\$ 11,380	\$ 11,148
Nonmajor special revenue funds	11,148	11,380
	\$ 22,528	\$ 22,528

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS

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

	Balance 7/1/15	Additions	Disposals	Balance 6/30/16
<u>Governmental activities:</u>				
<u>Non-depreciated assets:</u>				
Land	\$ 110,200	\$ -	\$ -	\$ 110,200
	<u>110,200</u>	<u>-</u>	<u>-</u>	<u>110,200</u>
<u>Depreciated assets:</u>				
Land improvements	394,033	-	-	394,033
Buildings and improvements	5,446,334	560,478	-	6,006,812
Machinery and equipment	985,913	139,450	(26,733)	1,098,630
Vehicles	858,186	83,020	-	941,206
Furniture and fixtures	109,669	-	-	109,669
Infrastructure	312,185	-	-	312,185
	<u>8,106,320</u>	<u>782,948</u>	<u>(26,733)</u>	<u>8,862,535</u>
Less: accumulated depreciation	<u>(5,080,339)</u>	<u>(345,040)</u>	<u>26,733</u>	<u>(5,398,646)</u>
	<u>3,025,981</u>	<u>437,908</u>	<u>-</u>	<u>3,463,889</u>
Net capital assets	<u>\$ 3,136,181</u>	<u>\$ 437,908</u>	<u>\$ -</u>	<u>\$ 3,574,089</u>
<u>Current year depreciation:</u>				
Public safety			\$ 64,800	
Public works			10,490	
Education			160,971	
Transfer station			5,567	
Recreation			4,490	
Town-wide			10,722	
Total depreciation expenses			<u>\$ 257,040</u>	

During fiscal year 2016, the Town of Acton voters approved to absorb the assets of the Acton Ambulance Association and make that service a part of the Town's public safety operations. As a result, the Town acquired \$88,000 in capital assets and \$88,000 in accumulated depreciation. The net capital assets transferred to the Town of Acton was \$0.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT

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

	Balance, 7/1/15	Additions	Reductions	Balance, 6/30/16	Current Portion
Notes payable	\$ 149,494	\$ 500,000	\$ (96,643)	\$ 552,851	\$ 102,328
Capital leases payable	23,859	21,184	(19,993)	25,050	10,927
Accrued compensated absences	108,412	2	-	108,414	108,414
Net pension liability	93,060	125,778	(97,503)	121,335	-
Totals	<u>\$ 374,825</u>	<u>\$ 646,964</u>	<u>\$ (214,139)</u>	<u>\$ 807,650</u>	<u>\$ 221,669</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 2025. Interest is charged at a rate of 2.55% per annum.	\$ 463,072
\$25,000, 2012 Commercial Note due in monthly installments of level principal and interest payments in the amount of \$433 through August 2017. Interest is charged at a rate of 1.49% per annum.	6,005
\$271,000, 2012 Commercial Note due in monthly installments of level principal and interest payments in the amount of \$4,727 through December 2017. Interest is charged at a rate of 1.78% per annum.	83,774
	<u>\$ 552,851</u>

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

	Principal	Interest	Totals
2017	\$ 102,328	\$ 11,667	\$ 113,995
2018	75,464	10,531	85,995
2019	47,669	9,137	56,806
2020	48,916	7,890	56,806
2021	50,195	6,611	56,806
2022-2026	228,279	13,023	241,302
	<u>\$ 552,851</u>	<u>\$ 58,859</u>	<u>\$ 611,710</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

\$24,681, 2012 capital lease payable to Androscoggin Bank for copiers due in quarterly installments of \$1,316 through January of 2017. Interest is charged at a rate of 1% to 3% per annum.

\$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:

2017	\$ 10,992
2018	7,061
2019	7,061
2020	-
2021	-
Total minimum lease payment	<u>25,114</u>
Less amount representing interest	<u>(64)</u>
Present value of future minimum lease payments	<u><u>\$ 25,050</u></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.

NOTE 6 - OPERATING LEASE

The Town leases a copier from U.S. Bank Equipment Finance under a non-cancellable lease agreement. The term of the lease is for a 5-year period ending in May of 2017. Interest is charged at a rate of 6.15% per annum. Monthly payments are \$135.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 - OPERATING LEASE (CONTINUED)

Year Ending June 30:	
<u>2017</u>	\$ 1,479
2018	-
2019	-
2020	-
2021	-
Total minimum lease payment	<u>\$ 1,479</u>
Less: amount representing interest	<u>(208)</u>
Present value of minimum lease payments	<u><u>\$ 1,271</u></u>

NOTE 7 - OVERLAPPING DEBT

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

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of York	\$ 6,405,830	1.80%	<u>\$ 115,402</u>

NOTE 8 - NONSPENDABLE FUND BALANCES

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

General fund:	
School lunch inventory	\$ 3,575
Prepaid expenses	125
Tax acquired property	<u>3,025</u>
	<u><u>\$ 6,725</u></u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 - RESTRICTED FUND BALANCES

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

General fund:	
Education	\$ 856,800
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 - security and safety upgrade	8,931
Education - capital improvement	21,511
Education - matching grant	10,000
Education - FY 17 budget	170,000
LRAP	50,292
FEMA Reserve	19,863
Special revenue funds (Schedule F)	11,148
Permanent funds (Schedule H)	96,880
	<u>\$ 1,490,425</u>

NOTE 10 - COMMITTED FUND BALANCES

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

General fund:	
Gravel pit	\$ 2,339
Mary Grant	3,063
Neighbors helping neighbors	692
Fuel assistance donations	1,477
Annual tree lighting	73
Forestry reserve	24,473
Fire department donations	869
Fire department grants	300
Fire department capital	87,499
Fire department equipment	10,800
Conservation committee	705
Gym donations	130
Cemeteries	1,419
District one road repair & maintenance	24,556
District two road repair & maintenance	66,930
Dams	21,365
	<u>\$ 246,690</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - ASSIGNED FUND BALANCES

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

General fund:	
Recreation	\$ 43,849
Capital improvements	<u>39,937</u>
	<u>\$ 83,786</u>

NOTE 12 - DEFICIT FUND BALANCES

The Town had the following deficit fund balances at June 30, 2016:

Local Entitlement	<u>\$ 11,380</u>
	<u>\$ 11,380</u>

NOTE 13 - 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, 2013 and ending December 31, 2016. The Town of Acton, Maine also approved the renewal of this contract 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 estimated salary and fringe benefits and other related operating expenses less federal grant funding as follows:

Fiscal Years Ending June 30,	Amount
2017	\$ 42,500
2018	45,000
2019	45,000
2020	45,000
2021	22,500

For the twelve months ended June 30, 2016, the total contract cost was \$44,948. All future contract amounts are subject to annual appropriation by the Town of Acton.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 - 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, 2016. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 15 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

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 teachers). In some cases, vesting occurs on the earning of one year of service credit

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 \$1,508,269 for the year ended June 30, 2016. 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 \$142,446 for the year ended June 30, 2016. 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 \$49,625 for 2016. 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 \$9,159 the year ended June 30, 2016.

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

At June 30, 2016, the Town reported a 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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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	\$ 121,335
State's proportionate share of the net pension liability associated with the Town	<u>2,144,365</u>
Total	<u><u>\$ 2,265,700</u></u>

The net pension liability was measured as of June 30, 2015, 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, 2015, the Town's proportion was 0.008988%, which was an increase of 0.000374% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized total pension expense of \$109,162 and revenue of \$97,503 for support provided by the State of Maine. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SET Plan	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 842
Changes of assumptions	3,343	-
Net difference between projected and actual earnings on pension plan investments	25,674	31,161
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,718	2,185
Contributions subsequent to the measurement date	<u>58,500</u>	<u>-</u>
Total	<u><u>\$ 104,235</u></u>	<u><u>\$ 34,188</u></u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$58,500 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	SET Plan
Year ended June 30:	
2017	\$ (11,709)
2018	2,612
2019	3,968
2020	(6,419)
2021	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2015 and 2014, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

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

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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

Investment Rate of Return - For the State Employee and Teacher Plan, 7.125% per annum for the years ended June 30, 2015 and June 30, 2014, compounded annually.

Salary Increases, Merit and Inflation - State Employees, 3.50% to 10.50% per year; Teachers, 3.50% to 13.50% per year.

Mortality Rates - For active State employee members and non-disabled retirees of the State employee plan, the RP2000 Tables projected forward to 2015 using Scale AA are used; for active members and non-disabled retirees of the teachers' plan, the ages are set back two years; for all recipients of disability benefits, the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females is used.

Cost of Living Benefit Increases - 2.55% per annum for State employees and Teachers.

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Discount Rate

The discount rate used to measure the collective total pension liability was 7.125% for 2015 and 2014 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 available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Discount Rate	1% Increase
<u>SET Plan:</u>			
Discount rate	6.125%	7.125%	8.125%
Employer's proportionate share of the net pension liability	\$ 212,429	\$ 121,335	\$ 45,464

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Net Pension Liability

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

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2015 and 2014, 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.

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. There were no changes in assumptions for the State Employee and Teacher Plan.

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2015 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 16 - 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.

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 17 - 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 18 - 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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 18 - CONTINGENCIES (CONTINUED)

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 19 - LETTER OF CREDIT

At June 30, 2016, the Town has an outstanding irrevocable stand-by letter of credit issued by the Federal Home Loan Bank of Boston serving as collateral for its deposits held at Sanford Institution for Savings. This letter of credit, which expires at the close of business on January 30, 2017, authorizes one draw only up to the amount of \$4,400,000. There were no draws for the year ended June 30, 2016.

NOTE 20 - RELATED PARTIES TRANSACTIONS

One of the Town's Selectmen provides student transportation to the Town. We understand that the Selectman recluses himself in any matters concerning school transportation. During the fiscal year ended June 30, 2016, payments to the Selectman for student transportation totaled \$94,657. Also, the School's maintenance director is sometimes contracted for the use of his backhoe. During fiscal year 2016, payments for these services totaled \$360.

NOTE 21 - SEVERANCE PAY

On June 13, 2014, the Town of Acton entered into an agreement with an employee to pay severance pay upon the employee's departure from the Town. The Town agreed to pay the employee \$406 per week until the final fiscal pay week ending before June 30, 2015. The Town also agreed to pay the employee's currently existing supplemental health insurance premium until the final fiscal pay week ending before June 30, 2016. As of June 30, 2016, the severance agreement was fulfilled.

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, 2016

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,918,379	\$ 2,918,379	\$ 2,918,379	\$ -
Resources (Inflows):				
Property taxes	6,510,729	6,510,729	6,491,659	(19,070)
Excise taxes	376,000	376,000	503,404	127,404
Intergovernmental	144,596	575,457	682,718	107,261
Charges for services	124,000	125,600	135,773	10,173
Investment income	8,000	8,000	11,049	3,049
Other revenue	59,000	59,892	123,214	63,322
Loan proceeds	-	500,000	500,000	-
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>10,140,704</u>	<u>11,074,057</u>	<u>11,366,196</u>	<u>292,139</u>
Charges to Appropriations (Outflows):				
General government	676,429	679,748	625,490	54,258
Public safety	628,432	628,432	470,843	157,589
Public works	855,799	1,028,195	863,799	164,396
Social services	66,775	66,775	66,775	-
Recreation	10,800	12,400	8,601	3,799
General assistance	8,000	8,000	1,548	6,452
County tax	289,246	289,246	289,246	-
Education	4,791,038	5,325,418	4,918,930	406,488
Debt service:				
Principal	96,643	96,643	96,643	-
Interest	26,024	26,024	18,364	7,660
Other	143,999	703,613	586,751	116,862
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>7,593,185</u>	<u>8,864,494</u>	<u>7,946,990</u>	<u>917,504</u>
Budgetary Fund Balance, June 30	<u>\$ 2,547,519</u>	<u>\$ 2,209,563</u>	<u>\$ 3,419,206</u>	<u>\$ 1,209,643</u>
Utilization of restricted fund balance	\$ 170,860	\$ 325,198	\$ -	\$ (325,198)
Utilization of committed fund balance	-	129,299	-	(129,299)
Utilization of assigned fund balance	-	11,000	-	(11,000)
Utilization of unassigned fund balance	200,000	243,319	-	(243,319)
	<u>\$ 370,860</u>	<u>\$ 708,816</u>	<u>\$ -</u>	<u>\$ (708,816)</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>2016</u>	<u>2015</u>
<u>SET Plan:</u>		
Town's proportion of the net pension liability	0.01%	0.01%
Town's proportionate share of the net pension liability	\$ 121,335	\$ 93,060
State's proportionate share of the net pension liability associated with the Town	<u>\$ 2,144,365</u>	<u>\$ 1,436,353</u>
Total	<u>\$ 2,265,700</u>	<u>\$ 1,529,413</u>
Town's covered-employee payroll	\$ 1,508,269	\$ 1,918,273
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	8.04%	4.85%
Plan fiduciary net position as a percentage of the total pension liability	81.20%	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.

TOWN OF ACTON, MAINE

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

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

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 – Budget and Actual – General Fund Revenues
- Schedule of Departmental Operations – General Fund
- Budgetary Comparison Schedule – 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

SCHEDULE A

TOWN OF ACTON, MAINE

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

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 6,510,729	\$ 6,510,729	\$ 6,491,659	\$ (19,070)
Motor vehicle excise	365,000	365,000	488,983	123,983
Boat excise	11,000	11,000	14,421	3,421
Intergovernmental revenues:				
State revenue sharing	73,706	73,706	79,851	6,145
Education subsidy	-	344,822	375,269	30,447
Homestead exemption	48,851	48,851	48,851	-
Local road assistance	-	-	50,292	50,292
School - Mainecare	-	15,000	4,080	(10,920)
School lunch revenue	-	70,000	90,344	20,344
Tree growth	20,000	20,000	28,301	8,301
General assistance	-	-	855	855
Veterans' reimbursement	2,000	2,000	3,058	1,058
Other state/federal funds	39	1,078	1,817	739
Charges for services:				
Town clerk fees	11,000	11,000	12,330	1,330
Building permits	32,000	32,000	77,003	45,003
Plumbing permits	5,000	5,000	9,564	4,564
Animal control fees	1,000	1,000	1,886	886
Planning board fees	-	-	4,548	4,548
Appeals board fees	-	-	274	274
Marriage licenses	-	-	324	324
Rescue services	32,000	32,000	20,032	(11,968)
Franchise fees	40,000	40,000	-	(40,000)
Other	3,000	4,600	9,812	5,212
Investment income, net of unrealized gains/(losses)	8,000	8,000	11,049	3,049
Other revenues:				
Recycling income	26,000	26,000	27,413	1,413
Transfer station	-	-	225	225
Cable access	-	-	41,308	41,308
Interest and fees on taxes	33,000	33,000	34,936	1,936
Misc. other	-	892	19,332	18,440
Loan proceeds	-	500,000	500,000	-
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>\$ 7,222,325</u>	<u>\$ 8,155,678</u>	<u>\$ 8,447,817</u>	<u>\$ 292,139</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, 2016

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
GENERAL GOVERNMENT					
Governing body	\$ 29,389	\$ -	\$ 29,389	\$ 29,404	\$ (15)
Town gym expenses	4,550	-	4,550	2,132	2,418
General office assistant	55,223	(4,398)	50,825	48,974	1,851
Warrant and finance	266	-	266	-	266
Municipal management	345,640	4,398	350,038	310,875	39,163
Elections	6,883	-	6,883	4,278	2,605
Registrar of voters	4,570	-	4,570	4,568	2
Planning/economic development	4,100	(3,100)	1,000	2,361	(1,361)
Finance/treasury	38,719	-	38,719	38,605	114
Town clerk/tax collector	45,777	-	45,777	45,280	497
Assesment and revaluations	41,400	-	41,400	32,450	8,950
CEO and building inspector	99,912	6,419	106,331	106,563	(232)
Total	676,429	3,319	679,748	625,490	54,258
PUBLIC SAFETY					
Fire/rescue services	588,163	-	588,163	430,498	157,665
Communications	27,989	-	27,989	28,059	(70)
Animal control	9,287	-	9,287	9,287	-
EMA	1,293	-	1,293	1,292	1
Street lights	1,700	-	1,700	1,707	(7)
Total	628,432	-	628,432	470,843	157,589
PUBLIC WORKS					
Transfer station	268,158	-	268,158	236,312	31,846
District 1	226,110	110,653	336,763	284,496	52,267
District 2	226,110	33,441	259,551	168,086	91,465
Sand/salt stockpile	120,383	-	120,383	134,214	(13,831)
Gravel processing reserve	-	28,302	28,302	25,963	2,339
Public works buildings/equipment	15,038	-	15,038	14,728	310
Total	855,799	172,396	1,028,195	863,799	164,396
RECREATION					
	10,800	1,600	12,400	8,601	3,799
GENERAL ASSISTANCE					
	8,000	-	8,000	1,548	6,452
COUNTY TAX					
	289,246	-	289,246	289,246	-

TOWN OF ACTON, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
EDUCATION					
General education	4,791,038	534,380	5,325,418	4,918,930	406,488
Total	4,791,038	534,380	5,325,418	4,918,930	406,488
SOCIAL SERVICES					
Donations	66,775	-	66,775	66,775	-
Total	66,775	-	66,775	66,775	-
DEBT SERVICE					
Principal	96,643	-	96,643	96,643	-
Interest	26,024	-	26,024	18,364	7,660
Total	122,667	-	122,667	115,007	7,660
OTHER					
Health officer	108	-	108	108	-
Mary Grant	-	2,749	2,749	465	2,284
Neighbors helping neighbors	-	1,225	1,225	533	692
Cemeteries	2,750	-	2,750	2,231	519
Cable access	39,900	-	39,900	36,489	3,411
Forestry reserve	538	-	538	538	-
Conservation	250	-	250	-	250
Fire capital	40,800	-	40,800	-	40,800
Belch Lake	525	-	525	525	-
Dams	9,400	2,500	11,900	7,810	4,090
Overlay	49,728	-	49,728	-	49,728
Capital reserve	-	11,000	11,000	10,986	14
Window improvement	-	898	898	898	-
Town hall repairs	-	25,000	25,000	25,000	-
Tree lighting	-	203	203	129	74
Sand/salt constuction	-	500,000	500,000	500,000	-
Emergengy and capital improvements	-	15,000	15,000	-	15,000
Snowmobile club	-	1,039	1,039	1,039	-
Total	143,999	559,614	703,613	586,751	116,862
TOTAL EXPENDITURES	\$ 7,593,185	\$ 1,271,309	\$ 8,864,494	\$ 7,946,990	\$ 917,504

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

SCHEDULE C

TOWN OF ACTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – SCHOOL DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Budgetary Fund Balance, July 1	\$ 1,129,071	\$ 1,129,071	\$ 1,129,071	\$ -
Resources (Inflows):				
State subsidy	344,822	344,822	375,269	30,447
Local appropriation	4,791,038	4,791,038	4,791,038	-
School lunch revenue	70,000	70,000	90,344	20,344
Mainecare	15,000	15,000	4,080	(10,920)
Investment income, net of unrealized gains/(losses)	-	-	751	751
Other	-	-	15,179	15,179
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>6,349,931</u>	<u>6,349,931</u>	<u>6,405,732</u>	<u>55,801</u>
Charges to Appropriations (Outflows):				
Regular instruction (Article 2)	2,743,579	2,803,579	2,505,366	298,213
Special education (Article 3)	883,856	883,856	810,323	73,533
Other instruction (Article 5)	43,163	43,163	42,339	824
Student & staff support (Article 6)	351,638	351,638	338,310	13,328
System administration (Article 7)	230,440	230,440	226,979	3,461
School administration (Article 8)	177,275	177,275	165,938	11,337
Transportation (Article 9)	258,000	258,000	253,357	4,643
Facilities maintenance (Article 10)	407,638	452,196	452,188	8
All other expenditures (Article 12)	125,271	125,271	124,130	1,141
Deobligation of school unassigned fund balance	170,860	170,860	170,860	-
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>5,391,720</u>	<u>5,496,278</u>	<u>5,089,790</u>	<u>406,488</u>
Budgetary Fund Balance, June 30	<u>\$ 958,211</u>	<u>\$ 853,653</u>	<u>1,315,942</u>	<u>\$ 462,289</u>
Utilization of unassigned fund balance	\$ 170,860	\$ 230,860	\$ -	\$ (230,860)
Utilization of committed fund balance	-	44,558	-	(44,558)
	<u>\$ 170,860</u>	<u>\$ 275,418</u>	<u>\$ -</u>	<u>\$ (275,418)</u>

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

TOWN OF ACTON, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 55,945	\$ 55,945
Investments	-	40,935	40,935
Due from other funds	11,148	-	11,148
TOTAL ASSETS	<u>\$ 11,148</u>	<u>\$ 96,880</u>	<u>\$ 108,028</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	11,380	-	11,380
TOTAL LIABILITIES	<u>11,380</u>	<u>-</u>	<u>11,380</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	11,148	96,880	108,028
Committed	-	-	-
Assigned	-	-	-
Unassigned	(11,380)	-	(11,380)
TOTAL FUND BALANCES	<u>(232)</u>	<u>96,880</u>	<u>96,648</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,148</u>	<u>\$ 96,880</u>	<u>\$ 108,028</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, 2016

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenue	\$ 155,337	\$ -	\$ 155,337
Investment income, net of unrealized gains/(losses)	-	(9,720)	(9,720)
TOTAL REVENUES	<u>155,337</u>	<u>(9,720)</u>	<u>145,617</u>
EXPENDITURES			
Education	160,383	-	160,383
Other	-	4,000	4,000
TOTAL EXPENDITURES	<u>160,383</u>	<u>4,000</u>	<u>164,383</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,046)</u>	<u>(13,720)</u>	<u>(18,766)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(5,046)	(13,720)	(18,766)
FUND BALANCES - JULY 1	<u>4,814</u>	<u>110,600</u>	<u>115,414</u>
FUND BALANCES - JUNE 30	<u>\$ (232)</u>	<u>\$ 96,880</u>	<u>\$ 96,648</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, 2016

	Local Entitlement	Title IA School Improvement	Title IA	Title IIA	Small Rural School	Local Entitlement Preschool	PEPG	HS Diploma Assistance	Total
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	153	-	-	2,458	8,537	11,148
TOTAL ASSETS	\$ -	\$ -	\$ -	\$ 153	\$ -	\$ -	\$ 2,458	\$ 8,537	\$ 11,148
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	11,380	-	-	-	-	-	-	-	11,380
TOTAL LIABILITIES	11,380	-	-	-	-	-	-	-	11,380
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	153	-	-	2,458	8,537	11,148
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	(11,380)	-	-	-	-	-	-	-	(11,380)
TOTAL FUND BALANCES	(11,380)	-	-	153	-	-	2,458	8,537	(232)
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ -	\$ -	\$ 153	\$ -	\$ -	\$ 2,458	\$ 8,537	\$ 11,148

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, 2016

	Local Entitlement	Title IA School Improvement	Title IA	Title IIA	Small Rural School	Local Entitlement Preschool	PEPG	HS Diploma Assistance	Total
REVENUES									
Intergovernmental revenue	\$ 60,829	\$ 6,169	\$ 58,645	\$ 8,562	\$ 10,792	\$ 1,964	\$ 4,600	\$ 3,776	\$ 155,337
TOTAL REVENUES	60,829	6,169	58,645	8,562	10,792	1,964	4,600	3,776	155,337
EXPENDITURES									
Education	72,209	6,169	58,645	8,409	10,792	1,964	2,142	53	160,383
TOTAL EXPENDITURES	72,209	6,169	58,645	8,409	10,792	1,964	2,142	53	160,383
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(11,380)	-	-	153	-	-	2,458	3,723	(5,046)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(11,380)	-	-	153	-	-	2,458	3,723	(5,046)
FUND BALANCES - JULY 1	-	-	-	-	-	-	-	4,814	4,814
FUND BALANCES - JUNE 30	\$ (11,380)	\$ -	\$ -	\$ 153	\$ -	\$ -	\$ 2,458	\$ 8,537	\$ (232)

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, 2016

	Cemetery Fund	Holdsworth Scholarship	Lawrence Family Trust	Dorothy Dunnells	Holdsworth Trust	Total
ASSETS						
Cash and cash equivalents	\$ 10,622	\$ 35,470	\$ 2,277	\$ 7,576	\$ -	\$ 55,945
Investments	-	-	-	-	40,935	40,935
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	\$ 10,622	\$ 35,470	\$ 2,277	\$ 7,576	\$ 40,935	\$ 96,880
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	10,622	35,470	2,277	7,576	40,935	96,880
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	10,622	35,470	2,277	7,576	40,935	96,880
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,622	\$ 35,470	\$ 2,277	\$ 7,576	\$ 40,935	\$ 96,880

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, 2016

	Cemetery Fund	Holdsworth Scholarship	Lawrence Family Trust	Dorothy Dunnells	Holdsworth Trust	Total
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ 3	\$ 1,128	\$ -	\$ 3	\$ (10,854)	\$ (9,720)
TOTAL REVENUES	3	1,128	-	3	(10,854)	(9,720)
EXPENDITURES						
Scholarship/other	-	4,000	-	-	-	4,000
TOTAL EXPENDITURES	-	4,000	-	-	-	4,000
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	3	(2,872)	-	3	(10,854)	(13,720)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	3	(2,872)	-	3	(10,854)	(13,720)
FUND BALANCES - JULY 1	10,619	38,342	2,277	7,573	51,789	110,600
FUND BALANCES - JUNE 30	\$ 10,622	\$ 35,470	\$ 2,277	\$ 7,576	\$ 40,935	\$ 96,880

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, 2016

	Land, Non- Depreciable Infrastructure and Construction in Progress	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Public safety	\$ 37,500	\$ 600,390	\$ 1,127,739	\$ -	\$ 1,765,629
Public works	-	645,000	22,800	304,510	972,310
Education	-	4,586,248	893,128	-	5,479,376
Transfer station	-	124,515	49,905	-	174,420
Recreation	29,000	128,100	-	-	157,100
Town-wide	43,700	316,592	55,933	7,675	423,900
Total General Capital Assets	110,200	6,400,845	2,149,505	312,185	8,972,735
Less: Accumulated Depreciation	-	(3,892,041)	(1,487,566)	(19,039)	(5,398,646)
Net General Capital Assets	\$ 110,200	\$ 2,508,804	\$ 661,939	\$ 293,146	\$ 3,574,089

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, 2016

	General Capital Assets 7/1/15	Additions	Deletions	General Capital Assets 6/30/16
Public safety	\$ 1,617,109	\$ 148,520	\$ -	\$ 1,765,629
Public works	472,310	500,000	-	972,310
Education	5,404,181	101,928	(26,733)	5,479,376
Transfer station	174,420	-	-	174,420
Recreation	157,100	-	-	157,100
Town-wide	391,400	32,500	-	423,900
Total General Capital Assets	8,216,520	782,948	(26,733)	8,972,735
Less: Accumulated Depreciation	(5,080,339)	(345,040)	26,733	(5,398,646)
Net General Capital Assets	<u>\$ 3,136,181</u>	<u>\$ 437,908</u>	<u>\$ -</u>	<u>\$ 3,574,089</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, 2016, 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 August 31, 2016.

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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of 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
August 31, 2016

TOWN OF ACTON, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Thru Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed through State of Maine - Department of Education and Cultural Services:				
Food Distribution	10.550	N/A	\$ -	\$ 3,611
Child Nutrition Cluster:				
School Breakfast Program	10.553	013-06A-3014-05	-	16,147
School Lunch Program	10.555	013-06A-3125-95	-	42,278
Subtotal Child Nutrition Cluster			-	58,425
Total Department of Agriculture			-	62,036
U.S. Department of Defense				
Passed through State of Maine - Department of Agriculture, Conservation and Forestry, Maine Forest Service, Forest Protection Division:				
DoD Firefighter Program (FFP)	12.UNKNOWN	N/A	-	60,520
Total Department of Defense			-	60,520
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	-	58,645
Special Education Cluster (IDEA):				
Local Entitlement	84.027	013-06A-3046-12	-	72,209
Local Entitlement - Part B Section 619	84.173	013-06A-6247-23	-	1,964
Subtotal Special Education Cluster (IDEA)			-	74,173
Title VI Rural Low Income	84.358	013-06A-3005-03	-	10,792
Title IIA -Teaching Quality	84.367	013-06A-3042-11	-	8,409
Title IA - School Improvements	84.377A	013-06A-3106-13	-	6,169
Total Department of Education			-	158,188
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 280,744

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, 2016

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, 2016. 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.



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, 2016 and have issued our report thereon dated August 31, 2016. 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
August 31, 2016

3 Old Orchard Road, Buxton, Maine 04093
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TOWN OF ACTON, MAINE

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED
TO THE MEDMS FINANCIAL SYSTEM
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Fund (3000)	Total
June 30 Balance per MEDMS financial System	\$ 1,317,109	\$ 53,379	\$ -	\$ 1,370,488
Revenue Adjustments:				
Reclassify food service revenue	58,425	(58,425)	-	-
Expenditure Adjustments:				
Put due to/due froms in balance	(961)	-	-	(961)
Other Adjustments:				
Beginning balance:				
HS Diploma Assistance	-	4,814	-	4,814
General fund	112,230	-	-	112,230
Deobligation of school fund balance	(170,860)	-	-	(170,860)
Accrued compensated absences current year activity adjustment	(2)	-	-	(2)
Unallocated variance	1	-	-	1
Audited GAAP Basis Fund balance June 30	<u>\$ 1,315,942</u>	<u>\$ (232)</u>	<u>\$ -</u>	<u>\$ 1,315,710</u>