Town of Dover-Foxcroft, Maine

ANNUAL FINANCIAL STATEMENTS
(with required and other supplementary information)

For the Year Ended June 30, 2016
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Board of Selectmen  
Town of Dover-Foxcroft, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Dover-Foxcroft, Maine, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the Schedules of Pension Amounts by Employer reported by the State of Maine Public Employees Retirement System, which provides information used to calculate the amounts recognized in the financial statements of the Town of Dover-Foxcroft, Maine as deferred outflows and deferred inflows related to pensions, net pension liability, pension expense, and pension revenue of governmental activities. Those schedules were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Dover-Foxcroft, Maine, is based solely on the report of the other auditors and certain other procedures related to the allocation percentage and the amounts allocated to the Town of Dover-Foxcroft, Maine based on the allocation percentage. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Dover-Foxcroft, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in the year ended June 30, 2016, the Town adopted new accounting guidance, Statement of Governmental Accounting Standards (GASB) No. 72, Fair Value Measurement and Application. Our opinion is not modified with respect to this matter.

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 6 through 14 and pages 49 through 53 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 Dover-Foxcroft, Maine’s basic financial statements. The other supplementary information on Schedules 1 through 5 is presented for additional analysis and is not a required part of the financial statements.

The other supplementary information on Schedules 1 through 5 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 1 through 5 are fairly stated in all material respects in relation to the basic financial statements as a whole.

Bartus, Chibodeau & Associates

February 16, 2017
Town of Dover-Foxcroft, Maine

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)

The Management Discussion and Analysis ("MD&A") is a report of the Town of Dover-Foxcroft's fiscal activity for the year ending June 30, 2016. The report is presented in a manner that fairly represents the Town's present financial position in respect to all funds and accounts. Included is all the information to accurately understand the Town's financial position, and the data is correct to the best of our knowledge and belief.

The report includes funds and accounts that the Town of Dover-Foxcroft is required, either by legal or fiduciary duty, to maintain in the operation of all services. The use of the additional financial statements is encouraged to better understand the report.

The financial information of the Town includes all town departments. All town departments include municipal departments consisting of Public Works, Protection, Administration, and others. The combination of these gives the true financial status of the Town of Dover-Foxcroft.

Biographical Information

The Town of Dover-Foxcroft has a population of 4,213. It is a service center community and Shiretown of Piscataquis County. Dover-Foxcroft is located 27 miles from the Town of Newport on US Route 7 and 37 miles from the City of Bangor on US Route 15. Residents are able to access labor markets in these areas in addition to the local labor market.

The major employers for the Town of Dover-Foxcroft are: Pleasant River Lumber Company, Mayo Regional Hospital, Hibbard Nursing Home, Main Street West Assisted Living, Charlotte White Center, Central Maine Power, MSAD #68, Foxcroft Academy, Town, County and State Government, and various retail and service businesses.

The Town of Dover-Foxcroft through Pine Crest Development Corporation manages Pine Crest Business Park. Pine Crest Business Park currently has 3 tenants and the park has available space to locate new businesses. Pine Crest Development Corporation is an economic development organization for all of Dover-Foxcroft outside of the business park. Pine Crest is currently partnering with the Town of Dover-Foxcroft on the redevelopment of the former Moosehead Manufacturing site.

Dover-Foxcroft has a diversity of residents in terms of year round, seasonal, retiree and a school age population. Dover-Foxcroft serves approximately 950 of its nearly 1,900 year round housing units with municipal water and sewer service. The sewer service is provided by the town sewer department and users are assessed by cubic ft. of water usage. The water service is provided by the Dover-Foxcroft Water District and the water users are charged on a similar basis.

Dover-Foxcroft's goal is to encourage population growth in the community, specifically, working age families. The strategy for accomplishing this goal is to provide quality municipal and local schools within a tax structure that is affordable for residents and business. By doing this the Town hopes to leverage its strengths in terms of centralized location, recreational opportunities, vibrant downtown district, and historic assets, to attract new residents and business.
Biographical Information (Continued)

The Town ultimately hopes to create conditions for expanded employment opportunities, continued quality K-12 education and post-secondary education, and for the availability of necessary healthcare related services in the area. The community recognizes the need to maintain a growing and diversified valuation base and expand current employment opportunities in the manufacturing, retail, healthcare, and service sectors. This growth is necessary to offset growth in the properties held in tax-exempt status currently accounting for over 20% of our total municipal valuation.

FINANCIAL INFORMATION

The Town Administration is responsible for the accounting structure of the community. This structure includes the establishment of financial controls that protect the Town from loss and misuse. All accounting information is maintained and reported using generally accepted accounting principles (GAAP). Further, the administration performs constant review of all services to promote and assure optimum utilization of resources to provide the services requested by the community. All services are reviewed using a cost benefit analysis that considers the need and demand for the service provided balanced against the cost to the community as a whole.

The following is a summary of the financial highlights of the Town for the fiscal year:

- The balance of the Town’s cash assets as of June 30, 2016 was $2,792,698.
- The Town’s governmental activities net position increased by a total of $410,838.
- The Town’s general fund’s fund balance increased by $293,543, from $1,916,193 at June 30, 2015 to $2,209,736 at June 30, 2016.

OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis is an introduction to the Town’s basic financial statements. The basic financial statements are prepared and are part of the Town’s annual audit. The MD&A serves as a subjective explanation by the Town of the data contained in the audit. The three areas that the financial statements are broken into include: 1. Government-wide statements, 2. fund financial statements, and 3. Notes to the financial statements. Subjective analyses of the statements and other supplementary information are also made to better explain the statements.

Government-Wide Financial Statements

The government-wide statements are a total overview of the Town’s financial status. They include all assets, liabilities, and activities in a manner similar to private sector accounting. The purpose is to show Town finances in a format that is familiar to the common person.

The statement of net position is used to express the financial data required for the government-wide financials. This shows the total assets which now include land, buildings, inventory, and other capital assets. These are then reduced by the liabilities which now include total bonds and leases due over their entire lives. The result is the net position of the Town.

Government-wide statements distinguish business-type activities and component units from governmental activities. Business-type activities are those that are funded in part through user fees or user based revenue, whereas governmental activities are those that are primarily funded through taxes and governmental fees. The business-type activity in Dover-Foxcroft is the sewer department. The Town discretely presents the Thompson Free Library as a component unit.
**Fund Financial Statements**

The Town segregates its activities into several funds. Each fund is determined to separate information in order to accurately report specific account activities. The determination of various funds is based upon accounting standards and legal requirements. The funds for the Town are the general fund (primary fund), the permanent fund, the special revenue fund, the Sewer proprietary fund, and private purpose trust funds. Separate statements are presented for governmental, proprietary, and fiduciary activities. The governmental and proprietary statements present each major fund as a separate column on the fund financial statements. The fiduciary statements aggregate and present each fund type as a separate column on the fund financial statements.

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 Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**General Fund**

The general fund covers essentially the same data as included in the government-wide statements. The difference is that fund financials focus on yearly inflows and outflows to determine a specific year's accessible resources. Capital assets and depreciation are not included because they do not exemplify a specific year's transactions.

A budgetary comparison exhibit is provided to show budgeted amounts as compared to the actual activity. This information is useful to determine future budgets and community planning.

**Permanent Fund**

This fund accounts for assets held by the Town pursuant to a trust agreement. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

**Special Revenue Funds**

This fund is comprised of special revenue funds and includes federal and state grant activity.

**Sewer Proprietary Fund**

This fund accounts for the activities of the Town's sewer department.

**Private Purpose Trust Funds**

These funds account for assets held by the Town pursuant to a fiduciary agreement, for the benefit of individuals and entities outside the government.

**Notes to Financial Statements**

The notes to the financial statements are included in the audit to give specific comment to certain areas. These are a crucial part of the audit and are closely monitored by Town administration. The reason they are monitored is that they provide additional insight into activities of the Town. These can show areas of strength and weakness for continued success and improvement. The notes to the financial statements are included on pages 26-48.
Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning financial performance (budget and actual with variances) which can be found on page 49.

GOVERNMENT-WIDE ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $18,496,969 as of June 30, 2016.

Net Position for the Period Ending June 30, 2016 and 2015

The current year’s government-wide financial statements are compared with prior year as follows:

<table>
<thead>
<tr>
<th></th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current and other assets</td>
<td>$3,863,144</td>
<td>$3,636,306</td>
<td>$ 806,218</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>3,897,964</td>
<td>3,504,301</td>
<td>15,242,965</td>
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<tr>
<td>Deferred outflows of resources</td>
<td>257,658</td>
<td>61,992</td>
<td>-</td>
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<tr>
<td>Current liabilities</td>
<td>274,893</td>
<td>200,891</td>
<td>31,282</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td>1,058,810</td>
<td>937,908</td>
<td>3,813,164</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>1,333,603</td>
<td>1,138,899</td>
<td>3,844,446</td>
</tr>
<tr>
<td>Deferred inflows of resources</td>
<td>193,041</td>
<td>181,698</td>
<td>-</td>
</tr>
<tr>
<td>Net Position</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Net investment in capital assets</td>
<td>2,968,371</td>
<td>2,714,914</td>
<td>11,429,601</td>
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<tr>
<td>Restricted, nonexpendable</td>
<td>404,096</td>
<td>401,946</td>
<td>-</td>
</tr>
<tr>
<td>Restricted, expendable</td>
<td>655,529</td>
<td>810,825</td>
<td>-</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>2,264,236</td>
<td>1,953,709</td>
<td>774,936</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$8,282,232</td>
<td>$5,681,394</td>
<td>$12,204,737</td>
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Component Unit

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current and other assets</td>
<td>$ 767,795</td>
<td>$ 791,974</td>
</tr>
<tr>
<td>Capital assets</td>
<td>753,273</td>
<td>775,131</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,524,848</td>
<td>1,567,106</td>
</tr>
<tr>
<td>Deferred outflows of resources</td>
<td>37,190</td>
<td>13,799</td>
</tr>
<tr>
<td>Current and other liabilities</td>
<td>$ 2,937</td>
<td>$ 4,373</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td>41,993</td>
<td>14,626</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>44,930</td>
<td>18,999</td>
</tr>
<tr>
<td>Deferred outflows of resources</td>
<td>21,526</td>
<td>15,534</td>
</tr>
<tr>
<td>Net position</td>
<td></td>
<td></td>
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<tr>
<td>Investment in capital assets</td>
<td>753,273</td>
<td>775,131</td>
</tr>
<tr>
<td>Restricted, nonexpendable</td>
<td>368,031</td>
<td>396,957</td>
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<tr>
<td>Restricted, expendable</td>
<td>354,278</td>
<td>321,536</td>
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<tr>
<td>Total Net Position</td>
<td>$1,495,582</td>
<td>$1,496,624</td>
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</table>

The following are significant current year transactions that have had an impact on the Statement of Net Position:

As a result applying GASB 34, the Town recorded depreciation expense of $212,013 in its governmental activities and added fixed assets of $441,612 for the year ended June 30, 2016.

The following table presents a summary of revenues and expenses for the fiscal year ended June 30, 2016 and 2015.
### REVENUES

**Program Revenues:**

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</thead>
<tbody>
<tr>
<td>Charges for services and other</td>
<td>$344,497</td>
<td>$300,970</td>
<td>$696,753</td>
<td>$709,886</td>
<td>$7,781</td>
<td>$7,047</td>
</tr>
<tr>
<td>Operating grants and contributions</td>
<td>297,848</td>
<td>1,426,105</td>
<td>-</td>
<td>224,651</td>
<td>199,361</td>
<td></td>
</tr>
<tr>
<td>Capital grants and contributions</td>
<td>405,570</td>
<td>64,673</td>
<td>15,920</td>
<td>334,365</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>General Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>5,611,884</td>
<td>5,463,243</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excise and miscellaneous taxes</td>
<td>750,127</td>
<td>684,359</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and contributions not</td>
<td>389,233</td>
<td>391,312</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>restricted to specific purpose</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted investment income</td>
<td>26,735</td>
<td>13,561</td>
<td>5,601</td>
<td>4,581</td>
<td>11,046</td>
<td>(5,313)</td>
</tr>
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<td>Interest and lien costs</td>
<td>46,018</td>
<td>45,663</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>35,913</td>
<td>55,149</td>
<td>-</td>
<td>-</td>
<td></td>
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</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$7,907,625</td>
<td>$6,434,823</td>
<td>$719,364</td>
<td>$1,048,634</td>
<td>$243,378</td>
<td>$201,096</td>
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### EXPENSES

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>$1,183,364</td>
<td>$1,125,824</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Protection</td>
<td>845,297</td>
<td>868,968</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public works</td>
<td>843,683</td>
<td>826,386</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solid waste</td>
<td>466,664</td>
<td>452,807</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health and human services</td>
<td>25,084</td>
<td>26,420</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>109,909</td>
<td>114,892</td>
<td>-</td>
<td>-</td>
<td>243,420</td>
<td>221,871</td>
</tr>
<tr>
<td>Cemetery</td>
<td>84,846</td>
<td>95,125</td>
<td>-</td>
<td>-</td>
<td></td>
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<tr>
<td>Contingency</td>
<td>22,585</td>
<td>21,748</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td>158,595</td>
<td>158,595</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax incremental financing</td>
<td>110,600</td>
<td>94,601</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>County tax</td>
<td>424,114</td>
<td>406,040</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>2,579,074</td>
<td>2,508,595</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special grants and contributions</td>
<td>572,873</td>
<td>890,997</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cemetery and other trusts</td>
<td>5,215</td>
<td>10,250</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>30,650</td>
<td>34,925</td>
<td>66,964</td>
<td>85,069</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Capital outlay</td>
<td>20,587</td>
<td>108,806</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other sewer fund expenses</td>
<td>-</td>
<td>-</td>
<td>712,128</td>
<td>-</td>
<td>602,342</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$7,512,010</td>
<td>$7,805,668</td>
<td>$779,092</td>
<td>$887,401</td>
<td>$243,420</td>
<td>$221,871</td>
</tr>
</tbody>
</table>

Excess (deficiency) before contributions to permanent fund principal, special items, and transfers:

<table>
<thead>
<tr>
<th>Description</th>
<th>922,813</th>
<th>628,854</th>
<th>(59,718)</th>
<th>361,233</th>
<th>(42)</th>
<th>(20,776)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions to permanent funds</td>
<td>2,150</td>
<td>1,750</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Special item – sale of assets</td>
<td>12,973</td>
<td>21,271</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special item – IUUAL credits</td>
<td>-</td>
<td>367,893</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special item – proceeds from donated assets</td>
<td>-</td>
<td>10,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Change in net position</td>
<td>412,060</td>
<td>1,049,755</td>
<td>(59,718)</td>
<td>361,233</td>
<td>(42)</td>
<td>(20,776)</td>
</tr>
<tr>
<td>Net position, beginning of year</td>
<td>5,881,394</td>
<td>5,090,520</td>
<td>12,264,455</td>
<td>11,903,222</td>
<td>1,495,624</td>
<td>1,533,628</td>
</tr>
<tr>
<td>Restatement of net position</td>
<td>-</td>
<td>(258,881)</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net position, beginning of year, restated</td>
<td>5,881,394</td>
<td>4,831,639</td>
<td>12,264,455</td>
<td>11,903,222</td>
<td>1,495,624</td>
<td>1,516,400</td>
</tr>
<tr>
<td>Net position, end of year</td>
<td>$5,293,454</td>
<td>$5,881,394</td>
<td>$12,204,737</td>
<td>$12,264,455</td>
<td>$1,495,582</td>
<td>$1,495,624</td>
</tr>
</tbody>
</table>

The narrative that follows considers the operations of governmental and business-type activities separately.

**Governmental Activities**

For the year ended June 30, 2016, the Town's net position for governmental activities increased by $410,938.
Expenses of governmental activities include depreciation expense of $212,013. Depreciation expense has been allocated and is included in various function/program expenses of the Town. General revenues consist of all revenues that are not considered to be program revenues or charges for services. General revenues for the year ended June 30, 2016 totaled $6,859,910. Of this amount, $6,408,029 was from local property and excise taxes.

**Business-type Activities**

As previously mentioned, the Town’s business-type activities consist of its sewer fund.

During the year ended June 30, 2016, the Town’s net position from business-type activities decreased by $59,718.

**Financial Analysis of the Town’s Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements.

The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. As the Town completed the year, its governmental funds reported a combined fund balance of $3,249,083, $152,619 higher than the previous year. An analysis of transactions affecting the change in the combined fund balance of the Town’s governmental funds is as follows:

Revenues include property taxes totaling $5,611,584. Excise taxes and other taxes accounted for $750,127 in total revenue.

Total governmental fund expenditures for the year were $7,894,465 and are broken down as follows:

| General government                  | $1,194,915 |
| Protection                          | 820,280    |
| Public works                        | 808,248    |
| Solid waste                         | 470,336    |
| Welfare                             | 25,084     |
| Culture and recreation               | 97,122     |
| Cemetery                            | 80,303     |
| Contingency and abatements          | 22,585     |
| Library                             | 158,595    |
| Tax incremental financing            | 110,600    |
| County tax                          | 424,114    |
| Education                           | 2,579,074  |
| Grant program expenses              | 572,873    |
| Trust fund fees and expenses        | 5,215      |
| Principal                           | 182,205    |
| Interest and other charges          | 30,650     |
| Capital outlay                      | 312,266    |
| **Total Governmental Funds Expenditures** | **$7,894,465** |

The Town paid $312,266 in governmental capital outlays appropriations during the year. A portion of this was capitalized and is reflected in the $407,801 total added to capital assets as of June 30, 2016.
## Capital Asset and Debt Administration

### Capital Assets

<table>
<thead>
<tr>
<th></th>
<th>Balance 6/30/15</th>
<th>Additions/ Completions</th>
<th>Retirement/ Restatement</th>
<th>Balance 6/30/16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$394,830</td>
<td>$</td>
<td>$</td>
<td>$394,830</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>$</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Infrastructure- roads</td>
<td>455,549</td>
<td>21,700</td>
<td></td>
<td>477,249</td>
</tr>
<tr>
<td>Buildings and Improvements</td>
<td>1,986,611</td>
<td>36,372</td>
<td>(51,712)</td>
<td>1,971,271</td>
</tr>
<tr>
<td>Equipment, furniture and fixtures</td>
<td>1,472,652</td>
<td>275,960</td>
<td>(148,418)</td>
<td>1,600,194</td>
</tr>
<tr>
<td>Vehicles</td>
<td>2,322,280</td>
<td>107,580</td>
<td>(245,269)</td>
<td>2,184,591</td>
</tr>
<tr>
<td>Total capital assets</td>
<td>6,631,922</td>
<td>441,612</td>
<td>(445,399)</td>
<td>6,628,135</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation</strong></td>
<td>(3,127,621)</td>
<td>(212,013)</td>
<td>409,463</td>
<td>(2,930,171)</td>
</tr>
<tr>
<td><strong>Total capital assets, net</strong></td>
<td>$3,504,301</td>
<td>$229,599</td>
<td>$(35,936)</td>
<td>$3,697,964</td>
</tr>
</tbody>
</table>

|                  |  |  |  |  |
| **Business-Type Activities** |  |  |  |  |
| Land             | $124,171        | $                       | $                       | $124,171        |
| Construction in progress | 4,278,749       | 14,719                 | (4,293,468)             |                 |
| Buildings and Improvements | 4,008,951       | -                      | -                       | 4,008,951       |
| Equipment, furniture and vehicles | 1,264,040       | 47,115                 | (21,998)                | 1,289,157       |
| Infrastructure | 11,085,163       | 4,293,468              |                         | 15,378,631      |
| Total capital assets | 20,761,074       | 4,355,302              | (4,315,466)             | 20,800,910      |
| **Less accumulated Depreciation** | (5,244,450)      | (335,493)              | 21,998                 | (5,557,945)     |
| **Total capital assets, net** | $15,516,624      | $4,019,809             | $(4,293,466)            | $15,242,985     |

Additional information on the Town’s capital assets can be found in Note 3.
Debt Administration

The Town’s debt consists of several bonds, notes and capital leases. A summary of the Town’s debt activity for the year ended June 30, 2016 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Principal Payments</th>
<th>Ending Balance</th>
<th>Total Interest Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds and notes payable</td>
<td>$ 611,866</td>
<td>$</td>
<td>$(128,569)</td>
<td>$ 483,297</td>
<td>$ 23,812</td>
</tr>
<tr>
<td>Capital lease obligations</td>
<td>177,521</td>
<td>122,410</td>
<td>(53,635)</td>
<td>246,296</td>
<td>6,838</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>148,521</td>
<td>209,967</td>
<td>(29,471)</td>
<td>329,017</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total governmental activities</strong></td>
<td>937,908</td>
<td>332,377</td>
<td>(211,675)</td>
<td>1,058,610</td>
<td>30,650</td>
</tr>
<tr>
<td><strong>Business-Type Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds and notes payable</td>
<td>4,097,486</td>
<td></td>
<td>(284,322)</td>
<td>3,813,164</td>
<td>$ 66,954</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$5,035,394</td>
<td>$332,377</td>
<td>$(495,997)</td>
<td>$4,871,774</td>
<td>$ 97,604</td>
</tr>
</tbody>
</table>

Additional information on the Town’s long-term debt can be found in the notes to the basic financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund Budgetary Highlights

The following is a discussion of the general fund budgetary highlights during the fiscal year ended June 30, 2016.

During the year, actual revenues exceeded budgeted revenues by $113,021. Most of this variance resulted from under budgeted excise tax revenues, sales of salt and sand, and contributions.

Budgeted expenditures were higher than actual expenditures by $673,443 with the utilization of designated carry-forward balances.

The major budget variances for the year ended June 30, 2016 were as follows:

1. Excise and other miscellaneous tax revenues $118,127 over budget due to increases in excise tax collections.
2. Charges for services revenues $26,937 over budget, intergovernmental revenues $21,580 over budget, and contributions revenue $8,492 over budget due to additional unbudgeted amounts.
3. Capital outlay expenditures $566,514 lower than budget due to fewer capital projects being completed than anticipated.
Town of Dover-Foxcroft/Pleasant River Lumber Tax Increment Financing Agreement

The Town of Dover-Foxcroft and Pleasant River Lumber Company entered into a Tax Increment Financing Agreement for the tax year beginning July 1, 2001 and extending for a 20 year period ending June 30, 2021.

The purpose of the agreement is to provide an incentive for the investment of 7,050,000 into a mill modernization project. The TIF agreement provides for Pleasant River Lumber Company to receive a tax credit for newly created taxable value as a result of this project. While the Company will continue to pay taxes in full for value existing prior to the agreement, the Company will receive a reimbursement by the Town for a percentage of the taxes paid on the valuation created by the project. The valuation subject to the TIF must occur within parcels specifically defined in the agreement and the reimbursement schedule is as follows:

1st through 10th year – 20% retained by town 80% reimbursed to Pleasant River Lumber.

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>11th</td>
<td>22% - 78%</td>
</tr>
<tr>
<td>12th</td>
<td>24% - 76%</td>
</tr>
<tr>
<td>13th</td>
<td>27% - 73%</td>
</tr>
<tr>
<td>14th</td>
<td>31% - 69%</td>
</tr>
<tr>
<td>15th</td>
<td>36% - 64%</td>
</tr>
<tr>
<td>16th</td>
<td>46% - 54%</td>
</tr>
<tr>
<td>17th</td>
<td>61% - 39%</td>
</tr>
<tr>
<td>18th</td>
<td>67% - 33%</td>
</tr>
<tr>
<td>19th</td>
<td>83% - 17%</td>
</tr>
<tr>
<td>20th</td>
<td>89% - 11%</td>
</tr>
</tbody>
</table>

after 20th town share of revenue 100%

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the Town's finances. If you have questions about this report or need any additional information, contact the Town Manager, at 48 Morton Ave Suite A, Dover-Foxcroft, Maine 04426 or call (207) 564-3318.
### Town of Dover-Foxcroft, Maine
#### Statement of Net Position
##### June 30, 2016

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total</th>
<th>Component Unit- Thompson Free Library</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,183,948</td>
<td>$604,815</td>
<td>$2,788,763</td>
<td>$372,916</td>
</tr>
<tr>
<td>Investments</td>
<td>487,586</td>
<td>-</td>
<td>487,586</td>
<td>-</td>
</tr>
<tr>
<td>Beneficial interest in assets held by others</td>
<td>617,752</td>
<td>-</td>
<td>617,752</td>
<td>-</td>
</tr>
<tr>
<td>Taxes receivable, net</td>
<td>434,995</td>
<td>-</td>
<td>434,995</td>
<td>-</td>
</tr>
<tr>
<td>Other receivables</td>
<td>22,000</td>
<td>147,263</td>
<td>169,263</td>
<td>-</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>47,000</td>
<td>-</td>
<td>47,000</td>
<td>-</td>
</tr>
<tr>
<td>Internal balances</td>
<td>(53,962)</td>
<td>53,962</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due from other governmental agencies</td>
<td>143,845</td>
<td>158</td>
<td>144,003</td>
<td>-</td>
</tr>
<tr>
<td>Capital assets not being depreciated</td>
<td>394,830</td>
<td>124,171</td>
<td>519,001</td>
<td>-</td>
</tr>
<tr>
<td>Capital assets being depreciated, net of accumulated depreciation</td>
<td>3,303,134</td>
<td>15,118,794</td>
<td>15,421,928</td>
<td>753,273</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>7,581,108</td>
<td>16,049,163</td>
<td>23,630,271</td>
<td>1,524,848</td>
</tr>
</tbody>
</table>

#### DEFERRED OUTFLOWS OF RESOURCES

- Deferred outflows related to pensions | 257,868 | - | 257,868 | 37,190 |

#### LIABILITIES

- Accounts payable, deposits payable, and accrued expenses | 139,484 | 10,451 | 149,935 | 2,937 |
- Due to other governments | 34,335 | - | 34,335 | - |
- Unearned revenues | 101,074 | - | 101,074 | - |
- Accrued interest payable | - | 20,831 | 20,831 | - |
- Long-term liabilities
  - Due within one year
    - Bonds and notes payable | 90,796 | 286,072 | 376,868 | - |
    - Capital lease payable | 51,808 | - | 51,808 | - |
  - Due in more than one year
    - Bonds and notes payable | 302,601 | 3,526,092 | 3,828,693 | - |
    - Capital lease payable | 194,488 | - | 194,488 | - |
    - Net pension liability | 329,017 | - | 329,017 | 41,993 |
| **Total liabilities** | 1,333,503 | 3,844,446 | 5,177,949 | 44,930 |

#### DEFERRED INFLOWS OF RESOURCES

- Deferred inflows related to pensions | 168,661 | - | 168,661 | 21,526 |
- Prepaid taxes | 24,380 | - | 24,380 | - |
| **Total deferred inflows of resources** | 193,041 | - | 193,041 | 21,526 |

#### NET POSITION

- Net investment in capital assets | 2,968,371 | 11,429,801 | 14,398,172 | 753,273 |
- Restricted, non-expendable for
  - Permanent fund principal | 404,096 | - | 404,096 | - |
  - Library endowments principal | - | - | - | 388,031 |
- Restricted, expendable for
  - Permanent fund income | 42,020 | - | 42,020 | - |
  - Tax incremental financing project | 20,278 | - | 20,278 | - |
  - Special revenue grants and contributions | 593,231 | - | 593,231 | - |
  - Library endowments income | - | - | - | 354,278 |
- Unrestricted | 2,284,236 | 774,936 | 3,059,172 | - |
| **Total net position** | **$6,292,232** | **$12,204,737** | **$18,496,969** | **$1,495,562** |

See accompanying notes to basic financial statements.
### Town of Dover-Foxcroft, Maine  
Statement of Activities  
For the Year Ended June 30, 2016

#### Net (Expense) Revenue and Changes in Net Position

<table>
<thead>
<tr>
<th>Function/Programs</th>
<th>Expenses</th>
<th>Program Revenues</th>
<th>Operating Grants and Contributions</th>
<th>Capital Grants and Contributions</th>
<th>Net (Expense) Revenue and Changes in Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Charges for Services</td>
<td></td>
<td></td>
<td>Governmental Activities</td>
</tr>
<tr>
<td><strong>Primary government</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Governmental activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>$1,193,364</td>
<td>$73,229</td>
<td>$68,061</td>
<td>$1,065,044</td>
<td>$-</td>
</tr>
<tr>
<td>Protection</td>
<td>$477,587</td>
<td>12,269</td>
<td>-</td>
<td>(465,317)</td>
<td>-</td>
</tr>
<tr>
<td>Hydrant rental</td>
<td>214,430</td>
<td>-</td>
<td>-</td>
<td>(214,430)</td>
<td>-</td>
</tr>
<tr>
<td>Fire department</td>
<td>153,280</td>
<td>-</td>
<td>-</td>
<td>(140,204)</td>
<td>-</td>
</tr>
<tr>
<td>Public works</td>
<td>843,093</td>
<td>22,996</td>
<td>125,979</td>
<td>(998,093)</td>
<td>-</td>
</tr>
<tr>
<td>Solid Waste</td>
<td>485,564</td>
<td>130,513</td>
<td>41,364</td>
<td>(331,687)</td>
<td>-</td>
</tr>
<tr>
<td>Welfare</td>
<td>25,584</td>
<td>-</td>
<td>6,807</td>
<td>(18,777)</td>
<td>-</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>156,909</td>
<td>4,197</td>
<td>10,303</td>
<td>(95,469)</td>
<td>-</td>
</tr>
<tr>
<td>Cemetery</td>
<td>84,046</td>
<td>3,550</td>
<td>-</td>
<td>(81,296)</td>
<td>-</td>
</tr>
<tr>
<td>Contingency</td>
<td>22,585</td>
<td>-</td>
<td>-</td>
<td>(22,585)</td>
<td>-</td>
</tr>
<tr>
<td>Library</td>
<td>158,555</td>
<td>-</td>
<td>-</td>
<td>(158,555)</td>
<td>-</td>
</tr>
<tr>
<td>Tax increment financing</td>
<td>110,600</td>
<td>85,096</td>
<td>-</td>
<td>(25,504)</td>
<td>-</td>
</tr>
<tr>
<td>County tax</td>
<td>424,114</td>
<td>-</td>
<td>-</td>
<td>(424,114)</td>
<td>-</td>
</tr>
<tr>
<td>Education</td>
<td>2,579,074</td>
<td>-</td>
<td>-</td>
<td>(2,579,074)</td>
<td>-</td>
</tr>
<tr>
<td>Special revenue grants and contributions</td>
<td>572,873</td>
<td>52,011</td>
<td>405,570</td>
<td>(115,292)</td>
<td>-</td>
</tr>
<tr>
<td>Cemetery and other trusts</td>
<td>5,215</td>
<td>-</td>
<td>(6,706)</td>
<td>(11,921)</td>
<td>-</td>
</tr>
<tr>
<td>Interest and other charges</td>
<td>30,650</td>
<td>-</td>
<td>-</td>
<td>(30,650)</td>
<td>-</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>20,887</td>
<td>-</td>
<td>-</td>
<td>(20,887)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total governmental activities</strong></td>
<td>7,512,010</td>
<td>344,497</td>
<td>297,048</td>
<td>405,970</td>
<td>(5,464,093)</td>
</tr>
<tr>
<td><strong>Business-type activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sewer fund</td>
<td>775,082</td>
<td>696,753</td>
<td>-</td>
<td>15,329</td>
<td>(66,406)</td>
</tr>
<tr>
<td><strong>Total primary government</strong></td>
<td>$8,291,092</td>
<td>$1,041,250</td>
<td>$297,048</td>
<td>$421,490</td>
<td>(5,464,093)</td>
</tr>
<tr>
<td><strong>Component unit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thompson Free Library</td>
<td>$243,420</td>
<td>7,781</td>
<td>224,551</td>
<td>-</td>
<td>(11,238)</td>
</tr>
<tr>
<td><strong>General revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes, levied for general purposes</td>
<td>5,611,894</td>
<td>-</td>
<td>5,611,894</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Excise taxes</td>
<td>750,127</td>
<td>-</td>
<td>750,127</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest and loan costs</td>
<td>46,018</td>
<td>-</td>
<td>46,018</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grants and contributions not restricted to specific programs</td>
<td>389,233</td>
<td>-</td>
<td>389,233</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest and investment earnings</td>
<td>25,738</td>
<td>6,691</td>
<td>33,429</td>
<td>11,046</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>35,913</td>
<td>-</td>
<td>35,913</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributions to permanent fund principal</td>
<td>2,150</td>
<td>-</td>
<td>2,150</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Special item - gain on sale of capital assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total general revenues, contributions to permanent fund principal, and special item</strong></td>
<td>8,874,933</td>
<td>6,691</td>
<td>8,881,624</td>
<td>11,046</td>
<td>-</td>
</tr>
<tr>
<td><strong>Change in net position</strong></td>
<td>410,800</td>
<td>(59,718)</td>
<td>351,082</td>
<td>(42)</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET POSITION - BEGINNING</strong></td>
<td>5,861,394</td>
<td>12,264,455</td>
<td>18,145,849</td>
<td>1,495,624</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET POSITION - ENDING</strong></td>
<td>$6,292,232</td>
<td>$12,304,737</td>
<td>$18,496,969</td>
<td>$1,495,582</td>
<td>-</td>
</tr>
</tbody>
</table>

See accompanying notes to basic financial statements.
## Town of Dover-Foxcroft, Maine

### Balance Sheet

#### Governmental Funds

**June 30, 2016**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>General Fund</th>
<th>Special Revenue Fund</th>
<th>Nonmajor Governmental Fund - Permanent Fund</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 2,183,942</td>
<td>$ 6</td>
<td>-</td>
<td>$ 2,183,948</td>
</tr>
<tr>
<td>Investments</td>
<td>324,553</td>
<td>143,033</td>
<td>-</td>
<td>467,586</td>
</tr>
<tr>
<td>Beneficial interest in assets held by others</td>
<td>-</td>
<td>171,636</td>
<td>-</td>
<td>617,752</td>
</tr>
<tr>
<td>Taxes receivable, net</td>
<td>434,995</td>
<td>-</td>
<td>-</td>
<td>434,995</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>-</td>
<td>301,972</td>
<td>-</td>
<td>301,972</td>
</tr>
<tr>
<td>Interfund advances receivable</td>
<td>-</td>
<td>17,500</td>
<td>-</td>
<td>17,500</td>
</tr>
<tr>
<td>Receivable from other governments</td>
<td>87,327</td>
<td>56,518</td>
<td>-</td>
<td>143,845</td>
</tr>
<tr>
<td>Other receivables</td>
<td>22,000</td>
<td>-</td>
<td>-</td>
<td>22,000</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>42,000</td>
<td>5,000</td>
<td>-</td>
<td>47,000</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$ 3,094,817</strong></td>
<td><strong>$ 695,665</strong></td>
<td><strong>$ 446,116</strong></td>
<td><strong>$ 4,236,596</strong></td>
</tr>
</tbody>
</table>

#### LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

**Liabilities**

| Accounts payable                           | $ 130,797    | $ 1,360              | -                                           | $ 132,157                |
| Due to other funds                         | 301,497      | -                    | -                                           | 301,497                  |
| Payable to other governments              | 34,335       | -                    | -                                           | 34,335                   |
| Unearned revenues                          | -            | 101,074              | -                                           | 101,074                  |
| Other accrued expenses                     | 1,385        | -                    | -                                           | 1,385                    |
| Security deposits payable                  | 5,942        | -                    | -                                           | 5,942                    |
| Interfund advances payable                 | 71,369       | -                    | -                                           | 71,369                   |
| **Total liabilities**                      | **545,325**  | **102,434**          | -                                           | **547,759**              |

**Deferred inflows of resources**

| Prepaid taxes                              | 24,380       | -                    | -                                           | 24,380                   |
| Unavailable property taxes                 | 315,376      | -                    | -                                           | 315,376                  |
| **Total deferred inflows of resources**    | **339,756**  | -                    | -                                           | **339,756**              |

**Fund balances**

| Nonspendable for trust fund principal      | -            | -                    | -                                           | 404,096                  |
| Nonspendable for notes and other receivables| 64,000       | 22,500               | -                                           | 86,500                   |
| Restricted for:                           |              |                      |                                             |
| Trust fund purposes                       | -            | 314,669              | 42,020                                      | 356,689                  |
| Tax incremental financing projects         | 20,278       | -                    | -                                           | 20,278                   |
| Special revenue grants and contributions   | -            | 256,062              | -                                           | 256,062                  |
| Committed for debt service                | 49,587       | -                    | -                                           | 49,587                   |
| Assigned for capital projects and other purposes | 1,031,257 | -                    | -                                           | 1,031,257                |
| Unassigned                                | 1,044,614    | -                    | -                                           | 1,044,614                |
| **Total fund balances**                    | **2,209,736** | **593,231**          | **446,116**                                 | **3,249,083**            |

**Total liabilities, deferred inflows of resources and fund balances**

| Total liabilities, deferred inflows of resources and fund balances | **$ 3,094,817** | **$ 695,665** | **$ 446,116** | **$ 4,236,596** |

See accompanying notes to the basic financial statements.
Town of Dover-Foxcroft, Maine
Reconciliation of the Governmental Fund's Balance Sheet
to the Statement of Net Position
June 30, 2016

Total fund balance, governmental funds $3,249,083

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 3,697,964

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.

Deferred inflows related to property taxes 315,376

Certain deferred outflows of resources, deferred inflows of resources, and internal balances related to pensions are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Internal balances related to pensions (588)
Deferred outflows related to pensions 257,666
Deferred inflows related to pensions (168,661)

Some liabilities, (such as Notes Payable, Capital Leases Payable, Bonds Payable, and Net Pension Liability), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. (1,058,610)

Net Position of Governmental Activities in the Statement of Net Position $6,292,232

See accompanying notes to the basic financial statements.
|
|---|
|**Town of Dover-Foxcroft, Maine**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**  
**Nonmajor**  
**General Fund** | **Special Revenue Fund** | **Governmental Fund - Permanent Fund** | **Total Governmental Funds** |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>$5,611,584</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Excise and miscellaneous taxes</td>
<td>750,127</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest and lien costs</td>
<td>46,018</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Licenses, permits and fees</td>
<td>45,145</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>557,771</td>
<td>458,996</td>
<td>-</td>
</tr>
<tr>
<td>Charges for services</td>
<td>339,785</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Recycling credits</td>
<td>41,364</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributions</td>
<td>8,492</td>
<td>-</td>
<td>2,150</td>
</tr>
<tr>
<td>Investment and interest earnings</td>
<td>29,735</td>
<td>6,032</td>
<td>2,230</td>
</tr>
<tr>
<td>Unrealized, realized gains (losses) on investments</td>
<td>-</td>
<td>(5,098)</td>
<td>(9,070)</td>
</tr>
<tr>
<td>Payment in lieu of taxes</td>
<td>26,900</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2,729</td>
<td>585</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenues (losses)</strong></td>
<td>7,456,650</td>
<td>457,714</td>
<td>(4,690)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>EXPENDITURES</strong></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>1,194,915</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Protection</td>
<td>461,657</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hydrant rental</td>
<td>214,430</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fire department</td>
<td>144,193</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Public works</td>
<td>808,248</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Solid waste</td>
<td>470,336</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Welfare</td>
<td>25,084</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>97,122</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cemetery</td>
<td>80,303</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contingency and abatements</td>
<td>22,585</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Library</td>
<td>158,595</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tax increment financing</td>
<td>110,600</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>County tax</td>
<td>424,114</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Education</td>
<td>2,579,074</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grant program expenses</td>
<td>-</td>
<td>572,873</td>
<td>-</td>
</tr>
<tr>
<td>Trust fund fees and donations</td>
<td>-</td>
<td>1,511</td>
<td>3,704</td>
</tr>
<tr>
<td>Debt service</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Principal</td>
<td>182,205</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest and other charges</td>
<td>30,650</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>312,296</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>7,316,377</td>
<td>574,384</td>
<td>3,704</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues over expenditures</strong></td>
<td>140,273</td>
<td>(116,670)</td>
<td>(8,394)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>OTHER FINANCING SOURCES (USES)</strong></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease proceeds</td>
<td>122,410</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers in</td>
<td>15,860</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers out</td>
<td>-</td>
<td>-</td>
<td>(15,860)</td>
</tr>
<tr>
<td><strong>Total other financing sources and uses</strong></td>
<td>138,270</td>
<td>-</td>
<td>(15,860)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>SPECIAL ITEMS</strong></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sale of capital assets</td>
<td>15,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total special items</strong></td>
<td>15,000</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

|Net change in fund balances | 293,543 | (116,670) | (24,254) | 152,619 |

|**FUND BALANCES - BEGINNING** | 1,916,193 | 709,901 | 470,370 | 3,096,464 |

|**FUND BALANCES - ENDING** | $2,209,736 | $593,231 | $446,116 | $3,249,083 |

See accompanying notes to the basic financial statements.
Net change in fund balances - total governmental funds: $152,619

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

- Capital outlays
- Depreciation expense 407,801 (212,013)

Governmental funds report the entire net sales price (proceeds) or loss from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold. (2,126)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. More specifically, this amount represents the change in deferred property taxes. 300

Some deferred outflows of resources, deferred inflows of resources, and internal balances related to pensions reported in the statement of activities do not require the use of current financial resources and these are not reported in governmental funds:

- Internal balances related to pensions
- Deferred outflows related to pensions (406) 90,150

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond and lease principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds.

- Debt issued
- Principal repaid (122,410) 182,205

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

- Net pension expense (85,282)

Change in net position of governmental activities $410,838

See accompanying notes to the basic financial statements.
Town of Dover-Foxcroft, Maine  
Statement of Net Position  
Proprietary Fund  
June 30, 2016

<table>
<thead>
<tr>
<th></th>
<th>Enterprise Fund</th>
<th>Sewer Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$604,815</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>147,263</td>
<td></td>
</tr>
<tr>
<td>Due from governmental activities</td>
<td>588</td>
<td></td>
</tr>
<tr>
<td>Interfund advances receivable - current</td>
<td>17,956</td>
<td></td>
</tr>
<tr>
<td>Receivables from other governments</td>
<td>158</td>
<td></td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>$770,780</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interfund advances receivable</td>
<td>35,913</td>
<td></td>
</tr>
<tr>
<td>Land and improvements</td>
<td>124,171</td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td>15,378,630</td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>4,008,951</td>
<td></td>
</tr>
<tr>
<td>Equipment, vehicles and furniture</td>
<td>1,289,157</td>
<td></td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(5,557,944)</td>
<td></td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>$15,278,878</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>$16,049,658</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>10,451</td>
<td></td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>20,831</td>
<td></td>
</tr>
<tr>
<td>Due to other funds</td>
<td>475</td>
<td></td>
</tr>
<tr>
<td>Bonds and notes payable</td>
<td>288,072</td>
<td></td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>319,629</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds and notes payable</td>
<td>3,525,092</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>3,844,921</td>
</tr>
<tr>
<td><strong>NET POSITION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>11,429,801</td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>774,936</td>
<td></td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td></td>
<td>$12,204,737</td>
</tr>
</tbody>
</table>

See accompanying notes to basic financial statements.
Town of Dover-Foxcroft, Maine  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Fund  
For the Year Ended June 30, 2016

<table>
<thead>
<tr>
<th></th>
<th>Enterprise Fund</th>
<th>Sewer Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td></td>
<td>685,792</td>
</tr>
<tr>
<td>Interest and lien charges</td>
<td></td>
<td>10,991</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td></td>
<td>696,783</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>265,357</td>
<td></td>
</tr>
<tr>
<td>Sanitary sewer maintenance</td>
<td>5,720</td>
<td></td>
</tr>
<tr>
<td>Pump station maintenance</td>
<td>11,209</td>
<td></td>
</tr>
<tr>
<td>Plant maintenance and equipment</td>
<td>75,280</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>335,493</td>
<td></td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>693,059</td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td></td>
<td>3,694</td>
</tr>
<tr>
<td><strong>NON-OPERATING REVENUES (EXPENSES)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and investment revenue</td>
<td>6,691</td>
<td></td>
</tr>
<tr>
<td>Capital grants and contributions</td>
<td>15,920</td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>(66,954)</td>
<td></td>
</tr>
<tr>
<td>Capital outlay</td>
<td>(19,475)</td>
<td></td>
</tr>
<tr>
<td>Pension expense</td>
<td>(10,480)</td>
<td></td>
</tr>
<tr>
<td>Change in pension related deferred outflows</td>
<td>10,886</td>
<td></td>
</tr>
<tr>
<td>Total net non-operating revenues (expenses)</td>
<td>(63,412)</td>
<td></td>
</tr>
<tr>
<td>Change in net position</td>
<td></td>
<td>(59,718)</td>
</tr>
<tr>
<td><strong>TOTAL NET POSITION - BEGINNING</strong></td>
<td></td>
<td>12,264,455</td>
</tr>
<tr>
<td><strong>TOTAL NET POSITION - ENDING</strong></td>
<td></td>
<td>12,204,737</td>
</tr>
</tbody>
</table>

See accompanying notes to basic financial statements.
CASH FLOWS FROM OPERATING ACTIVITIES
Received from user charges $ 693,385
Interest and lien charges 10,961
Payments to suppliers for goods and services (83,269)
Payments for administrative services (265,357)

Net cash provided by operating activities 345,720

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
Capital expenditures (151,609)
Interest payments (67,580)
Proceeds from loan repayments 17,956
Proceeds from grants 85,025
Bond and note payments (284,322)

Net cash used by capital and related financing activities (400,530)

CASH FLOWS FROM INVESTING ACTIVITIES
Interest income 6,691

NET DECREASE IN CASH AND CASH EQUIVALENTS (48,119)

CASH AND CASH EQUIVALENTS, BEGINNING 652,934

CASH AND CASH EQUIVALENTS, ENDING $ 604,815

Reconciliation of operating income to net cash provided by operating activities
Operating income $ 3,694
Adjustments to reconcile net income to net cash provided by operating activities
Depreciation 335,493
(Increase) decrease in the following assets
Accounts receivable 7,593
Increase (decrease) in the following liabilities
Accounts payable (1,073)
Due to other funds 13

Total adjustments to income 342,026

Net cash provided by operating activities $ 345,720

See accompanying notes to basic financial statements.
<table>
<thead>
<tr>
<th>Private Purpose Trust Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
</tr>
<tr>
<td>Investments</td>
</tr>
<tr>
<td>Beneficial interest in assets held by others</td>
</tr>
<tr>
<td>Total assets</td>
</tr>
<tr>
<td>NET POSITION</td>
</tr>
<tr>
<td>Nonexpendable principal held in trust for benefits and other purposes</td>
</tr>
<tr>
<td>Expendable income held in trust for benefits and other purposes</td>
</tr>
<tr>
<td>Total net position</td>
</tr>
</tbody>
</table>

See accompanying notes to basic financial statements.
Town of Dover-Foxcroft, Maine
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

<table>
<thead>
<tr>
<th>ADDITIONS</th>
<th>Private Purpose Trust Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment earnings</td>
<td></td>
</tr>
<tr>
<td>Net decrease in fair value of investments</td>
<td>$ (71,829)</td>
</tr>
<tr>
<td>Interest</td>
<td>39,251</td>
</tr>
<tr>
<td>Contributions</td>
<td>11,192</td>
</tr>
<tr>
<td>Total additions (reductions)</td>
<td>(21,386)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DEDUCTIONS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributions and fees</td>
<td>106,195</td>
</tr>
<tr>
<td>Change in net position</td>
<td>(127,581)</td>
</tr>
</tbody>
</table>

| NET POSITION - BEGINNING      | 1,900,410                   |
| NET POSITION - ENDING         | $ 1,772,829                 |

See accompanying notes to basic financial statements.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Dover-Foxcroft, Maine was incorporated in 1922 under the laws of the State of Maine. The Town operates under a Selectmen-manager form of government and provides the following services: general government services, public safety, public works, health and welfare, education, library and recreation.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board, when applicable. The more significant accounting policies of the Town are described below.

A. FINANCIAL REPORTING ENTITY

In evaluating the Town as a reporting entity, management has addressed all potential component units for which the Town may be financially accountable and, as such, should be included within the Town’s financial statements. In accordance with GASB’s *Codification of Governmental Accounting and Financial Reporting Standards*, the Town is financially accountable if it appoints a voting majority of the organization’s governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits or to impose specific financial burdens on the Town. Additionally, the Town is required to consider other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity’s financial statements to be misleading. Based on the application of these criteria, the Thompson Free Library has been included in this report as a discretely presented component unit.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements report information of all the activities of the Town, except for fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities of the Town include the sewer fund.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given program; and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The Town segregates transactions related to certain functions or activities in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental, proprietary, and fiduciary activities. The governmental and proprietary statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column, when applicable. The fiduciary statements aggregate and present each fund type as a separate column on the fund financial statements.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (CONTINUED)

1. Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

The Town has presented the following major governmental funds:

General Fund

The general fund is the primary operating fund of the Town and is always classified as a major fund. This fund is used to account for all financial resources not accounted for in other funds.

Special Revenue Fund

The special revenue fund is used to account for the proceeds of specific revenue sources that are legally or contractually restricted to expenditures for specified purposes. This fund includes federal grants, state grants, and contributions for specific purposes.

2. Proprietary Fund

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting, in essentially the same manner as a private entity. The accounting objectives are determinations of net income, financial position and cash flow.

The Town has presented the following major proprietary fund:

Enterprise Fund

The enterprise fund is used to account for the operations of the waste water treatment plant. Activities of the fund include administration, operations and maintenance of the sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of long-term debt for the sewer fund. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel, contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (CONTINUED)

3. Fiduciary Funds (not included in government-wide statements)

The Town has presented the following fiduciary fund:

Private Purpose Trust Funds

Private purpose funds are funds held by the Town in a trustee capacity and are accounted for in essentially the same manner as a private entity. Capital maintenance of private purpose funds is critical. The Town accounts for the activities of endowments whose purpose benefits individuals or entities outside the government using this fund type.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and the fund financial statements for proprietary funds and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities, whether current or non-current, are included on the statement of net position and the operating statements present increases, revenues, and decreases, expenses, in net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures and compensated absence expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, intergovernmental revenues and charges for services. All other governmental fund revenues are recognized when received.

E. BUDGETS AND BUDGETARY ACCOUNTING

The Town utilizes a formal budgetary accounting system to control revenues accounted for in the general fund. This budget is established in accordance with the various laws which govern the Town’s operations.

Generally, appropriations for the general fund lapse at year end, except for balances approved to be carried forward by Town Selectmen.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Formal budgets are not adopted for the other funds. Grant procedures for many of the revenues included in the special revenue funds require submission of a budget. However, such budgets are not subject to formal adoption procedures and are normally prepared based upon the grant period which does not necessarily correspond with the Town's fiscal year.

F. FINANCIAL STATEMENT AMOUNTS

1. Deposits and Investments

For purposes of the statements of net position and cash flows, the proprietary fund and the other funds of the Town consider all highly liquid investments, except for money market mutual funds, with a maturity of three months or less to be cash equivalents. Cash equivalents include certificates of deposits with a longer maturity. Additional information is presented in Note 2.

Investments are carried at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Additional information, including the composition of investments, is presented in Note 2.

2. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds within governmental activities are eliminated in the government-wide financial statement of net position. Any residual balances between the governmental activities and fiduciary funds are reported in the statement of net position as "due to/from fiduciary funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

3. Interfund Transfers

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of the governmental funds on the fund financial statements. For the purposes of the government-wide statement of activities, all interfund transfers between individual funds within governmental activities and individual funds within business-type activities have been eliminated.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of $5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

4. Capital Assets (Continued)

Estimated useful lives are as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>20-50 years</td>
</tr>
<tr>
<td>Sewer systems</td>
<td>50-100 years</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>3-50 years</td>
</tr>
<tr>
<td>Vehicles</td>
<td>3-25 years</td>
</tr>
</tbody>
</table>

The Town elected to utilize the infrastructure transition option in the implementation of GASB Statement #34 which does not require the Town to retroactively capitalize certain infrastructure assets.

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

5. Long-term Debt

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 the government-wide statements. The long-term debt consists primarily of capital leases, notes payable, general obligation bonds, and net pension liability.

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

Under the terms of the most recent personnel policy, a maximum of 30 sick days may be accrued and is payable upon retirement at rates varying from $15 per day to $20 per day for employees who retire from the Town with over 10 years of service. The Town has not recorded a liability because sick leave amounts are immaterial and because of the contingent nature of the potential payout. Vacation leave cannot be carried forward to a new year and is not paid to employees upon termination; therefore there is no accrued vacation leave liability recorded in the financial statements.

6. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Participating Local Districts (PLD) Plan and additions to/deductions from the PLD Plan’s fiduciary net position have been determined on the same basis as they are reported by the PLD 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.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

7. Use of Estimates

Preparation of the Town's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

8. Government-wide Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements.

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 the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The remaining net position is reported as unrestricted. For expenditures that qualify for either classification, amounts will be first spent from restricted net position then from unrestricted net position.

9. Governmental Fund Balances

Fund balance represents the difference between assets and liabilities in the fund financial statements. Fund balance must be properly reported within one of the five fund balance categories listed below:

Nonspendable – such as fund balances associated with inventories or prepaid expenses. The Nonspendable fund balance may also include amounts that are required to be maintained intact, such as the corpus of an endowment fund.

Restricted fund balance category includes amounts that can be used only for the specific purposes stipulated by constitution, grantors or through enabling legislation.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision making authority, which is voter approval in the Selectmen form of government.

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Selectmen is authorized to assign funds for a particular purpose, under authority granted by voter approval.

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

9. Governmental Fund Balances (Continued)

The Town has not formally adopted a fund balance policy, but has implemented GASB 54 based on the definitions above. For expenditures that qualify for multiple categories, amounts will be first spent from restricted fund balance, followed by committed fund balance, then assigned fund balance, and finally unassigned fund balance, except that the Town maintains assigned funds in reserves for various purposes which may be spent after unassigned fund balance if approved by vote of the Board of Selectmen.

10. Revenue Recognition - Property Taxes

Property taxes were levied on assessed values of April 1, 2015, and were due in two installments of 50% on September 25, 2015 and 50% on February 26, 2016. Interest was charged at 7% per annum authorized by Maine Law on amounts not paid by the due date. Upon the expiration of eight months, and within one year from the date of the original commitment, a tax lien is recorded for all delinquent taxes on real estate.

For purposes of the fund financial statements, property taxes assessed and collected during the year ended June 30, 2016, and during the first sixty days of the next fiscal year are recognized as revenue in 2016. Receivables estimated to be collectible after the sixty day period are recorded as deferred inflows of resources in the general fund.

<table>
<thead>
<tr>
<th>Assessed value</th>
<th>$289,110,900</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real estate</td>
<td>12,907,100</td>
</tr>
<tr>
<td>Personal property</td>
<td></td>
</tr>
<tr>
<td>Tax rate (per $1,000)</td>
<td>18.60</td>
</tr>
<tr>
<td>Commitment</td>
<td>$ 5,617,535</td>
</tr>
<tr>
<td>Less collections and abatements</td>
<td>5,326,575</td>
</tr>
<tr>
<td>Receivable at June 30, 2016</td>
<td>$ 290,960</td>
</tr>
</tbody>
</table>

Collection rate 94.8%

11. New Governmental Accounting Standards

During the year ended June 30, 2016, the Town implemented GASB Statement No. 72, Fair Value Measurement and Application. This statement improves accounting and financial reporting by state and local governments by enhancing comparability of financial statements among governments and providing information to financial statement users about the impact of fair value measurements on a government’s financial position.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

12. Recent Accounting Pronouncements

In August 2015, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 77, Tax Abatement Disclosures. This statement improves financial reporting by increasing disclosure of information about the nature and magnitude of tax abatements, increasing transparency of the transactions, and providing more information about how tax abatements affect a government’s future ability to raise resources and meet its financial obligations, and the impact those abatements have on a government’s financial position and economic condition. The statement is effective for periods beginning after December 15, 2015. The effect of this Statement on the Town’s financial statements is not known at this time.

In January 2016, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 80, Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14. This statement improves financial reporting by clarifying the financial statement presentation requirements for certain component units and enhancing the comparability of financial statements among governments, by requiring blending of a component unit incorporated as a not-for profit corporation in which the primary government is the sole corporate member. The statement is effective for periods beginning after June 15, 2016. The effect of this Statement on the Town’s financial statements is not known at this time.

In January 2016, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The statement is effective for periods beginning after June 15, 2016 or in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The effect of this Statement on the Town’s financial statements is not known at this time.

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2016, the Town reported deposits of $3,165,614 with bank balances of $3,287,880. Of the Town’s total bank balance of $3,287,880, $2,632,624 was exposed to custodial credit risk. Of the exposed amount, $1,627,421 was collateralized by underlying securities held by the related bank, which were not in the Town’s name, and $1,005,203 was uncollateralized.

Deposits have been reported as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported in governmental funds</td>
<td>$2,183,949</td>
</tr>
<tr>
<td>Reported in proprietary funds</td>
<td>604,815</td>
</tr>
<tr>
<td>Reported in fiduciary funds</td>
<td>3,935</td>
</tr>
<tr>
<td>Reported in component unit</td>
<td>372,916</td>
</tr>
<tr>
<td>Total deposits</td>
<td>$3,165,614</td>
</tr>
</tbody>
</table>
NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

Statutes authorize the Town to invest in certificates of deposit, repurchase agreements, and other available bank investments. In addition, the Town can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. The fiduciary trust fund is also authorized to invest in various instruments in accordance with laws of the State of Maine.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town’s investments at June 30, 2016 are as follows:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open end mutual funds</td>
<td>$1,507,910</td>
</tr>
<tr>
<td>Fixed rate capital securities</td>
<td>10,428</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>50,792</td>
</tr>
<tr>
<td>Exchange-traded and closed end mutual funds</td>
<td>53,142</td>
</tr>
<tr>
<td>Preferred stock</td>
<td>18,200</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td><strong>$1,640,472</strong></td>
</tr>
</tbody>
</table>

All of the Town’s investments at June 30, 2016 are valued using quoted market prices (Level 1 inputs).

Custodial Credit Risk: Custodial credit risk is the risk that in the event of failure of the counterparty, the Town will not be able to recover the value of its investments. The Town has an investment policy for custodial credit risk. The Town’s $1,640,472 in investments which are invested in open end and closed end mutual funds, corporate bonds, preferred stocks, and fixed rate securities, are exposed to custodial credit risk as the investments are not in the Town’s or the Town’s component unit’s name, as applicable. They are registered in the name of the Bank’s custodian.

Interest Rate Risk: To the extent possible, the Town will attempt to match investments with anticipated cash requirements with shorter term maturities. This does not apply to trust funds held by the Town.

<table>
<thead>
<tr>
<th></th>
<th>Due in less than one year</th>
<th>Due in 1-5 years</th>
<th>Due in more than five years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed rate capital securities</td>
<td>$ -</td>
<td>$ -</td>
<td>$10,428</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>$ -</td>
<td>30,618</td>
<td>20,175</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ -</td>
<td><strong>$30,618</strong></td>
<td><strong>$30,603</strong></td>
</tr>
</tbody>
</table>

Investments have been reported as follows:

- Reported in governmental funds: $467,586
- Reported in fiduciary funds: 778,007
- Reported in component unit: 394,879
- **Total investments**: **$1,640,472**
NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance 6/30/15</th>
<th>Additions/ Completions</th>
<th>Retirements/ Dispositions</th>
<th>Balance 6/30/16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital assets not being depreciated</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$ 394,830</td>
<td>$</td>
<td>$</td>
<td>$ 394,830</td>
</tr>
<tr>
<td>Capital assets being depreciated</td>
<td>$ 455,549</td>
<td>21,700</td>
<td></td>
<td>477,249</td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>1,587,161</td>
<td>36,372</td>
<td>(51,712)</td>
<td>1,571,821</td>
</tr>
<tr>
<td>Land improvements</td>
<td>399,450</td>
<td></td>
<td></td>
<td>399,450</td>
</tr>
<tr>
<td>Equipment and furniture</td>
<td>1,472,652</td>
<td>275,960</td>
<td>(148,418)</td>
<td>1,600,194</td>
</tr>
<tr>
<td>Vehicles</td>
<td>2,322,280</td>
<td>107,580</td>
<td>(245,299)</td>
<td>2,184,591</td>
</tr>
<tr>
<td>Total capital assets being depreciated</td>
<td>$ 6,237,062</td>
<td>441,612</td>
<td>(445,399)</td>
<td>6,233,305</td>
</tr>
<tr>
<td>Less accumulated depreciation for</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td>(121,574)</td>
<td>(23,175)</td>
<td></td>
<td>(144,749)</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>(250,212)</td>
<td>(37,066)</td>
<td>15,776</td>
<td>(271,502)</td>
</tr>
<tr>
<td>Land improvements</td>
<td>(9,320)</td>
<td></td>
<td></td>
<td>(17,331)</td>
</tr>
<tr>
<td>Equipment and furniture</td>
<td>(1,261,858)</td>
<td>(76,257)</td>
<td>148,418</td>
<td>(1,189,697)</td>
</tr>
<tr>
<td>Vehicles</td>
<td>(1,484,857)</td>
<td>(67,504)</td>
<td>245,299</td>
<td>(1,306,692)</td>
</tr>
<tr>
<td>Total accumulated depreciation</td>
<td>$ 3,127,621</td>
<td>(212,013)</td>
<td>409,463</td>
<td>(2,930,171)</td>
</tr>
<tr>
<td>Total capital assets, being depreciated net</td>
<td>$ 3,109,471</td>
<td>229,599</td>
<td>(35,936)</td>
<td>3,303,134</td>
</tr>
<tr>
<td>Governmental activities capital assets, net</td>
<td>$ 3,504,301</td>
<td>$ 229,599</td>
<td>$ (35,936)</td>
<td>$ 3,697,964</td>
</tr>
<tr>
<td><strong>Business-type activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital assets not being depreciated</td>
<td>$ 124,171</td>
<td>$</td>
<td>$</td>
<td>$ 124,171</td>
</tr>
<tr>
<td>Land</td>
<td>$ 124,171</td>
<td>$</td>
<td>$</td>
<td>$ 124,171</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>4,279,749</td>
<td>14,719</td>
<td>(4,293,468)</td>
<td>(4,293,468)</td>
</tr>
<tr>
<td>Total</td>
<td>$ 4,402,920</td>
<td>14,719</td>
<td>(4,293,468)</td>
<td>124,171</td>
</tr>
<tr>
<td>Capital assets being depreciated</td>
<td>$ 11,085,163</td>
<td>4,293,468</td>
<td>-</td>
<td>15,378,631</td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>4,006,951</td>
<td>-</td>
<td></td>
<td>4,006,951</td>
</tr>
<tr>
<td>Equipment, vehicles and furniture</td>
<td>1,264,040</td>
<td>47,115</td>
<td>(21,998)</td>
<td>1,289,157</td>
</tr>
<tr>
<td>Total capital assets being depreciated</td>
<td>$ 16,358,154</td>
<td>4,340,583</td>
<td>(21,998)</td>
<td>20,676,739</td>
</tr>
<tr>
<td>Less accumulated depreciation for</td>
<td>$ (2,587,614)</td>
<td>(225,049)</td>
<td>-</td>
<td>(2,812,663)</td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>(1,493,779)</td>
<td>(82,250)</td>
<td>-</td>
<td>(1,576,029)</td>
</tr>
<tr>
<td>Equipment, vehicles and furniture</td>
<td>(1,163,057)</td>
<td>(28,194)</td>
<td>21,998</td>
<td>(1,169,253)</td>
</tr>
<tr>
<td>Total accumulated depreciation</td>
<td>$ (5,244,450)</td>
<td>$ (335,493)</td>
<td>21,998</td>
<td>(5,557,945)</td>
</tr>
<tr>
<td>Total capital assets, being depreciated net</td>
<td>$ 11,113,704</td>
<td>4,005,060</td>
<td>-</td>
<td>15,118,794</td>
</tr>
<tr>
<td>Business-type activities capital assets, net</td>
<td>$ 15,516,624</td>
<td>$ 4,019,809</td>
<td>$ (4,293,468)</td>
<td>$ 15,242,985</td>
</tr>
</tbody>
</table>
### NOTE 3. CAPITAL ASSETS (CONTINUED)

<table>
<thead>
<tr>
<th>Component Unit</th>
<th>Balance 6/30/15</th>
<th>Additions/Completions</th>
<th>Retirements/Dispositions</th>
<th>Balance 6/30/16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital assets being depreciated</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>$1,346,791</td>
<td>$</td>
<td>$</td>
<td>$1,346,791</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation for</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>(571,660)</td>
<td>(21,858)</td>
<td></td>
<td>(593,518)</td>
</tr>
<tr>
<td>Component unit capital assets, net</td>
<td>$775,131</td>
<td>$(21,858)</td>
<td></td>
<td>$753,273</td>
</tr>
</tbody>
</table>

Depreciation expense for the year ended June 30, 2016, was charged as direct expense to programs as follows:

- **Governmental activities**
  - General government: $14,642
  - Police: 17,356
  - Fire: 47,477
  - Public works: 99,345
  - Solid waste: 15,448
  - Recreation: 12,787
  - Cemetery: 4,758
  - Total depreciation expense – Governmental activities: $212,013

- **Business-type activities**
  - Sewer fund: $335,463

- **Component Unit**
  - Thompson Free Library: $21,858
NOTE 4. LONG-TERM LIABILITIES

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

<table>
<thead>
<tr>
<th>Governmental Fund Liabilities</th>
<th>Balance June 30, 2015</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance June 30, 2016</th>
<th>Portion due within one year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Obligation Bonds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maine Municipal Bond Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General obligation bond dated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>October 25, 2001, due 2017.</td>
<td>$ 86,866</td>
<td>$</td>
<td>(42,320)</td>
<td>$ 44,546</td>
<td>$ 44,546</td>
</tr>
<tr>
<td>Interest ranges 3.25%-5.125% with annual principal and semiannual interest payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General obligation bond dated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>October 27, 2005, due 2016.</td>
<td>40,000</td>
<td>-</td>
<td>(40,000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest ranges 3.70%-3.90% with annual principal and semiannual interest payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General obligation bond dated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 25, 2009, due 2026.</td>
<td>255,000</td>
<td>-</td>
<td>(21,250)</td>
<td>233,750</td>
<td>21,250</td>
</tr>
<tr>
<td>Interest ranges 2.15%-5.35% with annual principal and semiannual interest payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General obligation bond dated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 25, 2009, due 2027.</td>
<td>180,000</td>
<td>-</td>
<td>(15,000)</td>
<td>165,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Interest ranges 2.2%-5.30% with annual principal and semiannual interest payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Camden National Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.80% general obligation bond dated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 14, 2011, due May 14, 2020 with annual principal and interest payments</td>
<td>50,000</td>
<td>-</td>
<td>(10,000)</td>
<td>40,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Total general obligation bonds</td>
<td>611,866</td>
<td>-</td>
<td>(128,569)</td>
<td>483,297</td>
<td>90,796</td>
</tr>
<tr>
<td>Capital Leases</td>
<td>177,521</td>
<td>122,410</td>
<td>(53,635)</td>
<td>246,296</td>
<td>51,808</td>
</tr>
<tr>
<td>Net Pension Liability</td>
<td>148,521</td>
<td>209,967</td>
<td>(29,471)</td>
<td>329,017</td>
<td>N/A</td>
</tr>
<tr>
<td>Total governmental long-term liabilities</td>
<td>937,808</td>
<td>332,377</td>
<td>(211,675)</td>
<td>1,058,810</td>
<td>142,604</td>
</tr>
</tbody>
</table>
NOTE 4. LONG-TERM LIABILITIES (CONTINUED)

<table>
<thead>
<tr>
<th>Proprietary Fund Liabilities</th>
<th>Balance June 30, 2015</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance June 30, 2016</th>
<th>Portion due within one year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Obligation Bonds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Rural Development</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.50% general obligation sewer bonds dated February 16, 2011, due 2039</td>
<td>$1,336,551</td>
<td>$ -</td>
<td>$ (41,321)</td>
<td>$1,295,230</td>
<td>$ 42,354</td>
</tr>
<tr>
<td>2.00% general obligation sewer bonds dated May 10, 2012, due 2040</td>
<td>275,220</td>
<td>-</td>
<td>(8,593)</td>
<td>266,627</td>
<td>8,785</td>
</tr>
<tr>
<td><strong>Maine Municipal Bond Bank</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.25% general obligation revolving loan dated November 13, 2003, due 2024</td>
<td>120,091</td>
<td>-</td>
<td>(12,499)</td>
<td>107,592</td>
<td>12,705</td>
</tr>
<tr>
<td>1.71% general obligation sewer bonds dated November 13, 2003, due 2019</td>
<td>508,732</td>
<td>-</td>
<td>(126,181)</td>
<td>382,551</td>
<td>127,775</td>
</tr>
<tr>
<td>1.00% general obligation sewer bonds dated September 14, 2012, due 2032</td>
<td>1,061,654</td>
<td>-</td>
<td>(57,803)</td>
<td>1,004,051</td>
<td>58,179</td>
</tr>
<tr>
<td>0.44% general obligation sewer bonds dated August 6, 2014, due 2034</td>
<td>785,238</td>
<td>-</td>
<td>(38,125)</td>
<td>747,113</td>
<td>38,294</td>
</tr>
<tr>
<td><strong>Total proprietary general obligation bonds</strong></td>
<td>4,097,486</td>
<td>-</td>
<td>(284,322)</td>
<td>3,813,164</td>
<td>288,072</td>
</tr>
<tr>
<td><strong>Total governmental fund and proprietary fund long-term liabilities</strong></td>
<td>$5,035,394</td>
<td>$ 332,377</td>
<td>$ (495,997)</td>
<td>$4,871,774</td>
<td>$ 430,676</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Component Unit Liabilities</th>
<th>Balance June 30, 2015</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance June 30, 2016</th>
<th>Portion due within one year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Pension Liability</strong></td>
<td>$14,626</td>
<td>$ 32,747</td>
<td>$ (5,380)</td>
<td>$ 41,993</td>
<td>$ N/A</td>
</tr>
</tbody>
</table>


NOTE 4. LONG-TERM LIABILITIES (CONTINUED)

General obligation bonds payable

Future maturities of general obligation and proprietary fund bonds payable are as follows:

<table>
<thead>
<tr>
<th>Year ended June 30</th>
<th>General Obligations</th>
<th>Proprietary Obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
<td>Interest</td>
</tr>
<tr>
<td>2017</td>
<td>$90,796</td>
<td>$20,059</td>
</tr>
<tr>
<td>2018</td>
<td>46,250</td>
<td>16,657</td>
</tr>
<tr>
<td>2019</td>
<td>46,250</td>
<td>14,405</td>
</tr>
<tr>
<td>2020</td>
<td>46,250</td>
<td>12,213</td>
</tr>
<tr>
<td>2021</td>
<td>36,250</td>
<td>10,025</td>
</tr>
<tr>
<td>2022-2026</td>
<td>181,250</td>
<td>23,691</td>
</tr>
<tr>
<td>2027-2031</td>
<td>36,251</td>
<td>392</td>
</tr>
<tr>
<td>2032-2036</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2037-2040</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$483,297</td>
<td>$97,442</td>
</tr>
</tbody>
</table>

In accordance with Maine law, no municipality shall incur debt for specific purposes in excess of certain percentages of State valuation of such municipality. At June 30, 2016, the Town was in compliance with these limitations.

Capital leases payable

The Town is the lessee of a photocopier, a fire truck, and a loader under capital leases expiring in 2020 and 2021. The liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair market value of the asset acquired.

As of June 30, 2016, the Town had recorded $19,678 in equipment and $413,220 in vehicles related to outstanding capital leases. Amortization of these assets is included with depreciation expense. Accumulated depreciation for these assets at June 30, 2016 is $42,554.

Minimum future lease payments under capital leases as of June 30, 2016 are:

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$60,472</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>60,472</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>60,472</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>58,371</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>23,995</td>
<td></td>
</tr>
<tr>
<td></td>
<td>270,744</td>
<td></td>
</tr>
</tbody>
</table>

Less amount representing interest (24,448)

Present value of minimum lease payments $246,296
NOTE 5. INTERFUND TRANSACTIONS

During the course of normal operations the Town has numerous transactions between funds including expenditures and transfers.

Individual fund interfund receivable and payable balances at June 30, 2016, arising from these transactions and interfund transfers were as follows:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Due from Other Funds</th>
<th>Due to Other Funds</th>
<th>Transfers In</th>
<th>Transfers Out</th>
</tr>
</thead>
<tbody>
<tr>
<td>General fund</td>
<td>$ -</td>
<td>$372,866</td>
<td>$15,860</td>
<td>$ -</td>
</tr>
<tr>
<td>Special revenue fund</td>
<td>319,472</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Nonmajor funds - Permanent fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,860</td>
</tr>
<tr>
<td>Sewer proprietary fund</td>
<td>53,869</td>
<td>475</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$373,341</strong></td>
<td><strong>$373,341</strong></td>
<td><strong>$15,860</strong></td>
<td><strong>$15,860</strong></td>
</tr>
</tbody>
</table>

Transfers are used to move revenues from the fund that budget requires to collect them to the fund that budget requires to expend them and use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorization. The $15,860 is a transfer from permanent fund endowments to the general fund for use in cemetery operations.

The $53,869 due to the sewer proprietary fund from the general fund is the remainder of an interfund advance that will be paid off in $17,956 increments over the next three years with 1.5% interest.

NOTE 6. NET INVESTMENT IN CAPITAL ASSETS

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds payable adding back any unspent proceeds. The Town's net investment in capital assets was calculated as follows at June 30, 2016:

<table>
<thead>
<tr>
<th></th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets</td>
<td>$6,628,135</td>
<td>$20,800,909</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(2,930,171)</td>
<td>(5,557,944)</td>
</tr>
<tr>
<td>Related bonds payable</td>
<td>(483,287)</td>
<td>(3,813,164)</td>
</tr>
<tr>
<td>Related capital leases payable</td>
<td>(246,296)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total balance</strong></td>
<td><strong>$2,988,371</strong></td>
<td><strong>$11,429,801</strong></td>
</tr>
</tbody>
</table>
NOTE 7. FUND BALANCE – SPECIAL REVENUE FUND - RESTRICTED

At June 30, 2016 the Town maintained restricted fund balances in its special revenue fund for grants and contributions for the following programs:

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walmart donation</td>
<td>$18</td>
</tr>
<tr>
<td>Maine Highlands Senior Center</td>
<td>170,441</td>
</tr>
<tr>
<td>Bike Maine grant</td>
<td>1,123</td>
</tr>
<tr>
<td>Dredging</td>
<td>44,432</td>
</tr>
<tr>
<td>Wellness grant</td>
<td>31</td>
</tr>
<tr>
<td>Balloon festival</td>
<td>447</td>
</tr>
<tr>
<td>Senior network</td>
<td>1,544</td>
</tr>
<tr>
<td>Downtown revitalization</td>
<td>314</td>
</tr>
<tr>
<td>Penquis community grant</td>
<td>300</td>
</tr>
<tr>
<td>Land use</td>
<td>3,545</td>
</tr>
<tr>
<td>Community &amp; Economic development grants</td>
<td>2,501</td>
</tr>
<tr>
<td>Byrne Justice grants</td>
<td>12,321</td>
</tr>
<tr>
<td>Wood sales &amp; sludge removal</td>
<td>19,045</td>
</tr>
</tbody>
</table>

$256,062

NOTE 8. FUND BALANCE – GENERAL FUND - ASSIGNED

At June 30, 2016 the Town maintained assigned fund balances for capital projects and other purposes as follows:

<table>
<thead>
<tr>
<th>Project</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homecoming</td>
<td>$29,138</td>
</tr>
<tr>
<td>Unemployment</td>
<td>8,307</td>
</tr>
<tr>
<td>Health insurance co-pay</td>
<td>30,200</td>
</tr>
<tr>
<td>Emergency preparedness</td>
<td>5,986</td>
</tr>
<tr>
<td>Fire equipment</td>
<td>33,749</td>
</tr>
<tr>
<td>Fire station and donations</td>
<td>2,455</td>
</tr>
<tr>
<td>Community policing</td>
<td>2,060</td>
</tr>
<tr>
<td>Promotion grant match</td>
<td>11,950</td>
</tr>
<tr>
<td>Aerial photos</td>
<td>9,929</td>
</tr>
<tr>
<td>Greeley Landing</td>
<td>1,596</td>
</tr>
<tr>
<td>Public works equipment</td>
<td>30,070</td>
</tr>
<tr>
<td>Public works building</td>
<td>4,854</td>
</tr>
<tr>
<td>Office machines</td>
<td>57,000</td>
</tr>
<tr>
<td>Recreation facilities</td>
<td>33,983</td>
</tr>
<tr>
<td>Learn to Skate</td>
<td>500</td>
</tr>
<tr>
<td>Promotion and development</td>
<td>10,700</td>
</tr>
<tr>
<td>Cable infrastructure</td>
<td>8,932</td>
</tr>
<tr>
<td>Police building</td>
<td>20,519</td>
</tr>
<tr>
<td>Police equipment</td>
<td>25,571</td>
</tr>
<tr>
<td>Police drug enforcement</td>
<td>8,277</td>
</tr>
<tr>
<td>Solid waste equipment</td>
<td>28,294</td>
</tr>
<tr>
<td>Solid waste facilities</td>
<td>13,117</td>
</tr>
<tr>
<td>Cemetery equipment</td>
<td>23,012</td>
</tr>
<tr>
<td>Cemetery facilities</td>
<td>5,847</td>
</tr>
<tr>
<td>Central hall</td>
<td>22,589</td>
</tr>
<tr>
<td>Morton Ave building</td>
<td>37,133</td>
</tr>
<tr>
<td>Road improvement</td>
<td>172,785</td>
</tr>
<tr>
<td>Paving</td>
<td>10,000</td>
</tr>
<tr>
<td>Gravel pit stumpage sales</td>
<td>16,861</td>
</tr>
<tr>
<td>Airport stumpage sales</td>
<td>11,638</td>
</tr>
<tr>
<td>Pine Crest Business Park</td>
<td>21,758</td>
</tr>
<tr>
<td>Future retirement costs</td>
<td>332,747</td>
</tr>
</tbody>
</table>

$1,031,257
NOTE 9. BENEFICIAL INTERESTS IN ASSETS HELD BY OTHERS

The Town is an income beneficiary of assets held by Maine Community Foundation (MCF) as a result of making reciprocal transfers of assets to MCF and specifying itself as the beneficiary. As such, the Town receives distributions amounting to a percentage of the fair value of these assets each year. The Town has granted variance power to MCF. The Board of Trustees of the MCF has the power to modify, consistent with State law, including seeking approval of the appropriate court or Attorney General, where applicable, any restriction or condition on the distribution of funds for any specified Towns if, in the sole judgment of the Board (without the necessity of the approval of any participating trustee, custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. Annual distributions from these assets have been reported as revenue.

The estimated fair market value of the beneficial interests in the assets, which approximate the present values of expected future cash flows from the assets, are recognized in the statement of financial position as beneficial interests in assets held by others. This amounted to $1,608,639 in the year ended June 30, 2016. Of this amount, $617,752 is reported in governmental funds and $990,887 is reported in fiduciary funds.

NOTE 10. MUNICIPAL SOLID WASTE LANDFILL CLOSURE

State and federal laws and regulations required the Town to incur certain landfill closure and post closure costs for its landfill which was closed in prior years. The future post-closure costs are estimated to be approximately $8,500 per year.

NOTE 11. DEFINED BENEFIT PENSION PLAN

Maine Public Employees Retirement System – Town and Thompson Free Library

Eligible employees participate in the Maine Public Employees Retirement System’s Participating Local District (PLD) Plan. The PLD plan is a multiple-employer cost sharing defined benefit plan. Eligible employers (districts) are defined in Maine statute.

Pension Benefits

Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. The System’s retirement programs provide defined retirement benefits based on members’ average final compensation and service credit earned as of retirement. Vesting occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below his/her normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members’ accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members’ accounts is set by the System’s Board of Trustees and is currently 5.0%.
NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations.

Contributions - PLD Plan

Participating employees are required to contribute 7.5% of their annual salary to the Plan by State Statute. The Town is required to pay 8.9% of members’ compensation, as determined on an annual basis by the Plan’s actuaries. The contribution requirements of plan members and the Town are established by and may be amended by the State legislature. The Town had covered payroll of $1,012,922 and the Thompson Free Library component unit (Library) had covered payroll of $70,349 for the year ended June 30, 2016.

<table>
<thead>
<tr>
<th></th>
<th>Year ended 6/30/16</th>
<th>Year ended 6/30/15</th>
<th>Year ended 6/30/14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Percentage</td>
<td>Amount</td>
</tr>
<tr>
<td>Town</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer</td>
<td>$</td>
<td>0.00%</td>
<td>$</td>
</tr>
<tr>
<td>Employee</td>
<td>75,969</td>
<td>7.50</td>
<td>71,970</td>
</tr>
<tr>
<td>Component Unit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thompson Free Library</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer</td>
<td>$</td>
<td>8.90%</td>
<td>$</td>
</tr>
<tr>
<td>Employee</td>
<td>5,276</td>
<td>7.50</td>
<td>4,828</td>
</tr>
</tbody>
</table>

Net Pension Liability

The collective net pension liability measured as of June 30, 2015 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>PLD Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan collective total pension liability</td>
<td>$2,720,936,009</td>
</tr>
<tr>
<td>Less plan net position</td>
<td>$(2,401,889,308)</td>
</tr>
<tr>
<td>Plan collective net pension liability</td>
<td>$319,046,701</td>
</tr>
</tbody>
</table>

At June 30, 2016, the Town reported a liability for its proportionate share of the net pension liability. The amount recognized by the Town as its proportionate share of the net pension liability was $329,017.

The net pension liability for the Town was measured as of June 30, 2015, and the total collective pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date. The Town’s proportionate share percentage of the collective net pension liability for the PLD Plan was 0.103125%, allocated based on adjusted contributions to the plan for the year ended June 30, 2015. This percentage was 0.096517% at the prior measurement date of June 30, 2014.
NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability (Continued)

At June 30, 2016, the Library reported a liability for its proportionate share of the net pension liability. The amount recognized by the Library as its proportionate share of the net pension liability was $41,993.

The net pension liability for the Library was measured as of June 30, 2015, and the total collective pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date. The Library's proportionate share percentage of the collective net pension liability for the PLD Plan was 0.013161%, allocated based on adjusted contributions to the plan for the year ended June 30, 2015. This percentage was 0.009505% at the prior measurement date of June 30, 2014.

Pension Expense

For the year ended June 30, 2016, the Town recognized pension expense of $97,965 related to the PLD Plan, made up of the Town's proportionate share of plan pension expense $88,886, and net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions $9,079.

For the year ended June 30, 2016, the Library recognized pension expense of $16,230 related to the PLD Plan, made up of the Library's proportionate share of plan pension expense $11,345, and net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions $4,885.

Deferred Outflows and Inflows of Resources

For the year ended June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<table>
<thead>
<tr>
<th>Differences between expected and actual experience</th>
<th>PLD Plan - Town</th>
<th>PLD Plan - Library</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred Outflows</td>
<td>13,285</td>
<td>1,695</td>
</tr>
<tr>
<td>Deferred Inflows</td>
<td>42,257</td>
<td>5,393</td>
</tr>
<tr>
<td>Changes of assumptions</td>
<td>29,076</td>
<td>-</td>
</tr>
<tr>
<td>Net difference between projected and actual investment earnings on pension plan investments</td>
<td>101,547</td>
<td>12,961</td>
</tr>
<tr>
<td>Changes in proportion and differences between employer contributions and proportionate share of contributions</td>
<td>126,404</td>
<td>16,133</td>
</tr>
<tr>
<td>Employer's contributions to plan subsequent to measurement date of collective net pension liability</td>
<td>23,610</td>
<td>12,562</td>
</tr>
<tr>
<td>90,150</td>
<td>6,261</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$257,668</td>
<td>$37,190</td>
</tr>
<tr>
<td></td>
<td>$168,661</td>
<td>$21,526</td>
</tr>
</tbody>
</table>
NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Deferred Outflows and Inflows of Resources (Continued)

$90,150 reported as deferred outflows related to pensions resulting from Town contributions and $6,261 from Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows and outflows will be recognized as pension expense as follows:

<table>
<thead>
<tr>
<th>Year ended June 30</th>
<th>PLD Plan Town</th>
<th>PLD Plan Library</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$ (5,156)</td>
<td>$ 3,068</td>
</tr>
<tr>
<td>2018</td>
<td>(5,156)</td>
<td>3,068</td>
</tr>
<tr>
<td>2019</td>
<td>(16,218)</td>
<td>27</td>
</tr>
<tr>
<td>2020</td>
<td>25,387</td>
<td>3,240</td>
</tr>
<tr>
<td></td>
<td>$ (1,143)</td>
<td>$ 9,403</td>
</tr>
</tbody>
</table>

Actuarial Assumptions

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 expected future salary. The normal cost for each employee is the product of his pay and his normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

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

Asset Valuation Method

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

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established for the gain or loss for that year.

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 PLD Plan, 7.125% per annum for the year ended June 30, 2015, and 7.25% for the year ended June 30, 2014, compounded annually.
NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Salary Increases, Merit and Inflation – Members of the consolidated plan for PLDs, 3.5% to 9.5% per year.

Mortality Rates – For active members and non-disabled retirees of the PLD plan, the RP2000 Tables projected forward to 2015 using Scale AA are used; for all recipients of disability benefits, the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females is used.

Cost of Living Benefit Increases – 2.55% for the year ended June 30, 2015, and 3.12% for the year ended June 30, 2014 for participating local districts.

Expected Rate of Return on Plan Assets

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 of June 30, 2015 are summarized in the following table.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target Allocation</th>
<th>Long-term Expected Real Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S Equities</td>
<td>20%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Non-U.S. Equities</td>
<td>20%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>10%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Real Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>10%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>10%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Hard Assets</td>
<td>5%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>25%</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

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. For the PLD Plan, the discount rate changed from 7.25% to 7.125% and the cost of living benefit increase assumption was changed from 3.12% to 2.55%.
NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the collective total pension liability was 7.125% for 2015 and 7.25% for 2014 for the PLD 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.

Discount Rate Sensitivity

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

<table>
<thead>
<tr>
<th></th>
<th>1% Decrease</th>
<th>Current Discount Rate</th>
<th>1% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLD Plan</td>
<td>635,635,545</td>
<td>319,046,701</td>
<td>18,900,921</td>
</tr>
</tbody>
</table>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in a separately issued MainePERS financial report that includes financial statements and required supplementary information for the PLD plan. That report may be obtained by calling 1-800-451-9800.

NOTE 12. RISK COVERAGE

The Town is exposed to various risks of losses related to torts, theft, damage, and destruction of assets, injuries to employees, and natural disasters. The Town maintains various commercial insurance policies to mitigate these risks to an acceptable level and to limit the Town’s exposure to losses.

NOTE 13. CONTINGENCIES

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

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town’s compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.
NOTE 14. JOINT VENTURE

Penobscot Energy Recovery Company

Under terms of a waste disposal agreement, the Town has guaranteed a certain amount of tons of acceptable waste per year to be hauled from Dover-Foxcroft to PERC at the agreed upon tipping fee, which changes quarterly. The Town is one of many members of a waste pool. Should the Town not deliver the guaranteed tonnage, and the waste pool did not cover the shortage, the Town could be billed for the shortfall. Additionally, the Town is a member of a Municipal Review Committee (MRC) participating in, among other things, prepayment of PERC debt in exchange for limited partnership interests in the entity. At June 30, 2016, the Town’s proportionate interest was 1.2467%. For the year ended June 30, 2016, the Town paid $192,052 in tipping fees to PERC. At June 30, 2016, $2,298 was owed to PERC for outstanding tipping fees and membership dues. The MRC issues its own financial statements which can be found on its website at www.mrcmaine.org.

NOTE 15. RELATED PARTY TRANSACTIONS AND PAYABLES

During the year ended June 30, 2016 the Town, acting as fiscal agent for the Historical Society, paid Edgerly Plumbing for services performed on grant projects. Elwood Edgerly (the owner) is a member of the Board of Selectmen. Total payments to Edgerly Plumbing during the year ended June 30, 2016 were $84,339, with $68,997 related to expenditures of federal awards. At June 30, 2016, $6,203 was owed to Edgerly Plumbing for services provided.
### Town of Dover-Foxcroft, Maine
### Budget and Actual (with Variances)
#### General Fund
### For the year ended June 30, 2016

<table>
<thead>
<tr>
<th></th>
<th>Budgeted Amounts</th>
<th>Actual</th>
<th>Variance with Final Budget - Positive (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original*</td>
<td>Changes**</td>
<td>Final*</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>$ 5,618,535</td>
<td>$ -</td>
<td>$ 5,618,535</td>
</tr>
<tr>
<td>Excise and miscellaneous taxes</td>
<td>632,000</td>
<td>-</td>
<td>632,000</td>
</tr>
<tr>
<td>Interest and lien costs</td>
<td>44,500</td>
<td>-</td>
<td>44,500</td>
</tr>
<tr>
<td>Licenses, permits and fees</td>
<td>36,755</td>
<td>-</td>
<td>36,755</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>536,191</td>
<td>-</td>
<td>536,191</td>
</tr>
<tr>
<td>Charges for services</td>
<td>292,855</td>
<td>19,993</td>
<td>312,848</td>
</tr>
<tr>
<td>Recycling credits</td>
<td>50,600</td>
<td>-</td>
<td>50,600</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest earnings</td>
<td>16,800</td>
<td>-</td>
<td>16,800</td>
</tr>
<tr>
<td>Payment in lieu of taxes</td>
<td>28,900</td>
<td>-</td>
<td>28,900</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>66,500</td>
<td>-</td>
<td>66,500</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>7,323,636</td>
<td>19,993</td>
<td>7,343,629</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>1,228,965</td>
<td>(4,404)</td>
<td>1,224,561</td>
</tr>
<tr>
<td>Protection</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Police and lights</td>
<td>489,795</td>
<td>-</td>
<td>489,795</td>
</tr>
<tr>
<td>Hydrant rental</td>
<td>214,430</td>
<td>-</td>
<td>214,430</td>
</tr>
<tr>
<td>Fire department</td>
<td>144,720</td>
<td>-</td>
<td>144,720</td>
</tr>
<tr>
<td>Public works</td>
<td>780,845</td>
<td>19,993</td>
<td>800,838</td>
</tr>
<tr>
<td>Solid waste</td>
<td>484,010</td>
<td>-</td>
<td>484,010</td>
</tr>
<tr>
<td>Welfare</td>
<td>52,060</td>
<td>-</td>
<td>52,060</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>119,416</td>
<td>-</td>
<td>119,416</td>
</tr>
<tr>
<td>Cemetery</td>
<td>92,970</td>
<td>-</td>
<td>92,970</td>
</tr>
<tr>
<td>Contingency and abatements</td>
<td>15,000</td>
<td>-</td>
<td>15,000</td>
</tr>
<tr>
<td>Library</td>
<td>156,395</td>
<td>-</td>
<td>156,395</td>
</tr>
<tr>
<td>Tax increment financing</td>
<td>110,600</td>
<td>-</td>
<td>110,600</td>
</tr>
<tr>
<td>County tax</td>
<td>424,114</td>
<td>-</td>
<td>424,114</td>
</tr>
<tr>
<td>Education</td>
<td>2,579,074</td>
<td>-</td>
<td>2,579,074</td>
</tr>
<tr>
<td>Debt service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>126,570</td>
<td>53,635</td>
<td>180,205</td>
</tr>
<tr>
<td>Interest and other charges</td>
<td>23,815</td>
<td>6,837</td>
<td>30,652</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>934,846</td>
<td>(56,066)</td>
<td>878,780</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>7,969,827</td>
<td>19,993</td>
<td>7,988,820</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over expenditures</td>
<td>(846,191)</td>
<td>-</td>
<td>(846,191)</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of carryover unassigned fund balances</td>
<td>220,000</td>
<td>-</td>
<td>220,000</td>
</tr>
<tr>
<td>Use of carryover assigned fund balances</td>
<td>817,527</td>
<td>-</td>
<td>817,527</td>
</tr>
<tr>
<td>Overlay</td>
<td>(205,336)</td>
<td>-</td>
<td>(205,336)</td>
</tr>
<tr>
<td>Lease proceeds</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers in</td>
<td>14,000</td>
<td>-</td>
<td>14,000</td>
</tr>
<tr>
<td>Total other financing sources and uses</td>
<td>646,191</td>
<td>-</td>
<td>646,191</td>
</tr>
<tr>
<td><strong>SPECIAL ITEM</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of capital assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net change in fund balances</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>FUND BALANCES - BEGINNING</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FUND BALANCES - ENDING</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Includes designated carryforward accounts
** Changes made for additional revenues per commitment and capital leases
Town of Dover-Foxcroft, Maine  
Schedule of the Town’s Proportionate Share of the Net Pension Liability  
Participating Local Districts Plan  
Last 10 Fiscal Years*  
For the years ended June 30,

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Town’s proportion of the net pension liability</td>
<td>0.103125%</td>
<td>0.096517%</td>
<td>0.090781%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town’s proportionate share of the net pension liability</td>
<td>$329,017</td>
<td>$148,521</td>
<td>$279,841</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town’s covered-employee payroll</td>
<td>$1,028,138</td>
<td>$961,394</td>
<td>$955,445</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town’s proportionate share of the net pension liability as a percentage of its covered-employee payroll</td>
<td>32.00%</td>
<td>15.45%</td>
<td>29.29%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plan fiduciary net position as a percentage of the total pension liability</td>
<td>88.27%</td>
<td>94.10%</td>
<td>87.50%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* The amounts presented for each fiscal year available were determined as of June 30 of the previous year.
Town of Dover-Foxcroft, Maine  
Schedule of Town Contributions  
Participating Local Districts Plan  
Last 10 Fiscal Years*  
For the years ended June 30,

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractually required contribution</td>
<td>$ 80,195</td>
<td>$ 62,491</td>
<td>$ 50,639</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions in relation to the contractually required contribution</td>
<td>(80,195)</td>
<td>(62,491)</td>
<td>(50,639)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution deficiency (excess)</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town's covered-employee payroll</td>
<td>$ 1,028,138</td>
<td>$ 961,394</td>
<td>$ 955,445</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions as a percentage of covered-employee payroll</td>
<td>7.80%</td>
<td>6.50%</td>
<td>5.30%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* The amounts presented for each fiscal year available were determined as of June 30 of the previous year.
Town of Dover-Foxcroft, Maine
Schedule of the Thompson Free Library Component Unit’s Proportionate Share of the Net Pension Liability
Participating Local Districts Plan
Last 10 Fiscal Years*
For the years ended June 30,

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Library's proportion of the net pension liability</td>
<td>0.013162%</td>
<td>0.009505%</td>
<td>0.009658%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library's proportionate share of the net pension liability</td>
<td>$ 41,993</td>
<td>$ 14,626</td>
<td>$ 20,524</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library's covered-employee payroll</td>
<td>$ 68,967</td>
<td>$ 50,689</td>
<td>$ 37,026</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library's proportionate share of the net pension liability as a percentage of its covered-employee payroll</td>
<td>60.89%</td>
<td>28.85%</td>
<td>55.43%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plan fiduciary net position as a percentage of the total pension liability</td>
<td>88.27%</td>
<td>94.10%</td>
<td>87.50%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* The amounts presented for each fiscal year available were determined as of June 30 of the previous year.
### Schedule of Thompson Free Library Component Unit Contributions

#### Participating Local Districts Plan

**Last 10 Fiscal Years**

**For the years ended June 30,**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contractually required contribution</strong></td>
<td>$5,380</td>
<td>$3,295</td>
<td>$1,962</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contributions in relation to the contractually required contribution</strong></td>
<td>(5,380)</td>
<td>(3,295)</td>
<td>(1,962)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contribution deficiency (excess)</strong></td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Library's covered-employee payroll</strong></td>
<td>$68,967</td>
<td>$50,689</td>
<td>$37,026</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contributions as a percentage of covered-employee payroll</strong></td>
<td>7.80%</td>
<td>6.50%</td>
<td>5.30%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*The amounts presented for each fiscal year available were determined as of June 30 of the previous year.*
Town of Dover-Foxcroft, Maine  
Combining Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Permanent Fund and Special Revenue Fund Trusts  
For the Year ended June 30, 2016

<table>
<thead>
<tr>
<th></th>
<th>Permanent Fund</th>
<th>Special Revenue Fund</th>
<th>Balson Student Loan and Town Fund</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Special Funds</td>
<td>Cemetery Funds</td>
<td>Gray Fire Trust Fund</td>
<td></td>
</tr>
<tr>
<td>PRINCIPAL (AND FUNDS FUNCTIONING AS PRINCIPAL) Revenue</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>-</td>
</tr>
<tr>
<td>Capital gains and principal additions</td>
<td>-</td>
<td>2,150</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating transfers in (out)</td>
<td>-</td>
<td>2,150</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total revenue</td>
<td>-</td>
<td>2,150</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fund balance, beginning</td>
<td>50,168</td>
<td>351,778</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fund balance, ending</td>
<td>50,168</td>
<td>353,928</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Permanent Fund</th>
<th>Special Revenue Fund</th>
<th>Balson Student Loan and Town Fund</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESTRICTED Revenues</td>
<td>(941)</td>
<td>(5,859)</td>
<td>2,676</td>
<td>(2,542)</td>
</tr>
<tr>
<td>Investment income</td>
<td>(511)</td>
<td>(3,133)</td>
<td>(131)</td>
<td>(1,380)</td>
</tr>
<tr>
<td>Operating transfers in (out)</td>
<td>-</td>
<td>(15,860)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses</td>
<td>(1,452)</td>
<td>(24,952)</td>
<td>2,545</td>
<td>(3,922)</td>
</tr>
<tr>
<td>Fund balance, beginning</td>
<td>14,800</td>
<td>53,624</td>
<td>162,968</td>
<td>175,558</td>
</tr>
<tr>
<td>Fund balance, ending</td>
<td>13,348</td>
<td>26,672</td>
<td>165,533</td>
<td>171,636</td>
</tr>
</tbody>
</table>

| TOTAL PRINCIPAL AND RESTRICTED FUND BALANCE, ENDING | $ 63,516 | $ 362,600 | $ 165,533 | $ 171,636 | $ 783,285 |
### PERMANENT FUNDS

<table>
<thead>
<tr>
<th>Principal</th>
<th>Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$353,928</td>
<td>$26,672</td>
<td>$382,600</td>
</tr>
</tbody>
</table>

**Cemetery funds**
- Funds held by Town of Dover-Foxcroft in Maine Community Foundation

**Special Funds**
- Funds held by Town of Dover-Foxcroft in Maine Community Foundation
  - Victor L. and Laura A. Warren Scholastic Fund: $12,584, 3,929, 16,513
  - Henry N. Spaulding Funds: $22,826, 6,071, 28,897
  - Ministerial and School Fund: $14,758, 3,348, 18,106

**Total special trust funds**: $50,168, 13,346, 63,516

**Total permanent funds**: $404,096, $42,020, $446,116

### SPECIAL REVENUE FUNDS

<table>
<thead>
<tr>
<th>Principal</th>
<th>Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$171,636</td>
<td>$171,636</td>
<td></td>
</tr>
</tbody>
</table>

**Special Funds**
- Funds held by Town of Dover-Foxcroft in Maine Community Foundation
  - George J. Babson - Loan Fund: $-$171,636
  - Funds held by the American Funds
    - Gray Fire department Fund: $143,033
  - Other assets
    - Receivables: $22,500

**Total special trust funds**: $22,500, $337,169, $337,169

**Total special revenue funds**: $337,169
Schedule 3
Town of Dover-Foxcroft, Maine
Combining Schedule of Changes in Net Position
Private Purpose Trust Funds
For the Year ended June 30, 2016

<table>
<thead>
<tr>
<th></th>
<th>Mayo Memorial Hospital</th>
<th>Thompson Free Library</th>
<th>Special Funds</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRINCIPAL (AND FUNDS FUNCTIONING AS PRINCIPAL)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital gains</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>and principal additions</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net position, beginning</strong></td>
<td>167,165</td>
<td>604,226</td>
<td>430,438</td>
<td>1,201,829</td>
</tr>
<tr>
<td><strong>Net position, ending</strong></td>
<td>167,165</td>
<td>604,226</td>
<td>430,438</td>
<td>1,201,829</td>
</tr>
<tr>
<td><strong>RESTRICTED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>$ (8,611)</td>
<td>(16,331)</td>
<td>(7,636)</td>
<td>(32,578)</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>11,192</td>
<td>-</td>
<td>11,192</td>
</tr>
<tr>
<td>Expenditures</td>
<td>(3,571)</td>
<td>(7,832)</td>
<td>(3,981)</td>
<td>(15,384)</td>
</tr>
<tr>
<td>Operating transfers in (out)</td>
<td>(16,658)</td>
<td>(59,218)</td>
<td>(14,935)</td>
<td>(90,811)</td>
</tr>
<tr>
<td>Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses</td>
<td>(28,840)</td>
<td>(72,189)</td>
<td>(26,552)</td>
<td>(127,581)</td>
</tr>
<tr>
<td><strong>Net position, beginning</strong></td>
<td>282,327</td>
<td>335,271</td>
<td>80,983</td>
<td>698,581</td>
</tr>
<tr>
<td><strong>Net position, ending</strong></td>
<td>253,487</td>
<td>263,082</td>
<td>54,431</td>
<td>571,000</td>
</tr>
<tr>
<td><strong>TOTAL PRINCIPAL AND RESTRICTED NET POSITION, ENDING</strong></td>
<td>$ 420,652</td>
<td>$ 867,308</td>
<td>$ 484,869</td>
<td>$ 1,772,829</td>
</tr>
</tbody>
</table>
Town of Dover-Foxcroft, Maine  
Schedule of Private Purpose Trust Funds Balances  
June 30, 2016

<table>
<thead>
<tr>
<th>Fund</th>
<th>Principal</th>
<th>Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mayo Memorial Hospital Fund</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds held by Town of Dover-Foxcroft in Maine Community Foundation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mayo Memorial trust</td>
<td>167,165</td>
<td>51,372</td>
<td>218,537</td>
</tr>
<tr>
<td>Funds held in trust by The First Theodora Gray</td>
<td></td>
<td>202,115</td>
<td>202,115</td>
</tr>
<tr>
<td>Total Mayo Memorial Hospital Fund</td>
<td>167,165</td>
<td>253,487</td>
<td>420,652</td>
</tr>
<tr>
<td><strong>Thompson Free Library</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds held by Town of Dover-Foxcroft in Maine Community Foundation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eugene S. Favor</td>
<td>27,206</td>
<td>2,227</td>
<td>29,433</td>
</tr>
<tr>
<td>Frank E. Guernsey</td>
<td>13,384</td>
<td>1,092</td>
<td>14,476</td>
</tr>
<tr>
<td>E.A. Thompson</td>
<td>11,322</td>
<td>929</td>
<td>12,251</td>
</tr>
<tr>
<td>Eva Gilman</td>
<td>5,924</td>
<td>478</td>
<td>6,402</td>
</tr>
<tr>
<td>Barbara Goodwin</td>
<td>11,749</td>
<td>955</td>
<td>12,704</td>
</tr>
<tr>
<td>Dudley C. Goodwin</td>
<td>10,681</td>
<td>867</td>
<td>11,548</td>
</tr>
<tr>
<td>Dorothy F. Greenlaw</td>
<td>10,147</td>
<td>824</td>
<td>10,971</td>
</tr>
<tr>
<td>Goodwin charitable trust</td>
<td>167,560</td>
<td>14,437</td>
<td>181,997</td>
</tr>
<tr>
<td>Sanford</td>
<td>5,009</td>
<td>406</td>
<td>5,415</td>
</tr>
<tr>
<td>Gellerson</td>
<td>2,136</td>
<td>167</td>
<td>2,303</td>
</tr>
<tr>
<td>Funds held in trust by The First Theodora Gray</td>
<td></td>
<td>204,065</td>
<td>204,065</td>
</tr>
<tr>
<td>Funds held in trust by The First Marion Morrison</td>
<td>339,108</td>
<td>36,635</td>
<td>375,743</td>
</tr>
<tr>
<td>Total Thompson Free Library Trust Fund</td>
<td>604,226</td>
<td>263,082</td>
<td>867,308</td>
</tr>
<tr>
<td><strong>Special Funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds held by Town of Dover-Foxcroft in Maine Community Foundation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Victor L. and Laura A. Warren Home Fund</td>
<td>268,084</td>
<td>22,773</td>
<td>290,857</td>
</tr>
<tr>
<td>Ruby Williams</td>
<td>66,982</td>
<td>7,195</td>
<td>74,177</td>
</tr>
<tr>
<td>Ambulance Fund</td>
<td>8,763</td>
<td>2,331</td>
<td>11,094</td>
</tr>
<tr>
<td>Guy M. Buck - Education Fund</td>
<td>4,710</td>
<td>321</td>
<td>5,031</td>
</tr>
<tr>
<td>Flora Mayo - Rent subsidy</td>
<td>70,799</td>
<td>18,836</td>
<td>89,635</td>
</tr>
<tr>
<td>Mary E. Page Fund</td>
<td>10,222</td>
<td>2,722</td>
<td>12,944</td>
</tr>
<tr>
<td>Lawrence - Peabody - Museum</td>
<td>878</td>
<td>233</td>
<td>1,111</td>
</tr>
<tr>
<td>Other assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Checking</td>
<td></td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Total special trust funds</td>
<td>430,438</td>
<td>54,431</td>
<td>484,869</td>
</tr>
<tr>
<td><strong>Total funds</strong></td>
<td>1,201,629</td>
<td>571,000</td>
<td>1,772,629</td>
</tr>
</tbody>
</table>

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## Taxes Receivable, Tax Liens, and Tax Acquired Property

### General Fund

**June 30, 2016**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxes receivable</strong></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>$ 290,960</td>
</tr>
<tr>
<td>2015 and prior</td>
<td>$ 806</td>
</tr>
<tr>
<td><strong>Total taxes receivable</strong></td>
<td>$ 291,766</td>
</tr>
<tr>
<td><strong>Tax liens and tax acquired property</strong></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>$ 106,812</td>
</tr>
<tr>
<td>2014 and prior</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Tax acquired</strong></td>
<td>$ 41,417</td>
</tr>
<tr>
<td><strong>Total tax liens and tax acquired property</strong></td>
<td>$ 148,229</td>
</tr>
<tr>
<td><strong>Total taxes receivable, tax liens, and tax acquired property</strong></td>
<td>$ 439,995</td>
</tr>
<tr>
<td><strong>Less allowance for uncollectibles and writeoffs</strong></td>
<td>(5,000)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 434,995</td>
</tr>
</tbody>
</table>
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Selectmen
Town of Dover-Foxcroft

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Dover-Foxcroft, 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 Dover-Foxcroft, Maine’s basic financial statements and have issued our report thereon dated February 16, 2017. Our report includes a reference to other auditors who audited the Schedules of Pension Amounts by Employer reported by the State of Maine Public Employees Retirement System, as described in our report on the Town of Dover-Foxcroft, Maine’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described as follows and in a communication letter to management, that we consider to be a significant deficiency.

- Internal control over financial reporting – Thompson Free Library
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Dover-Foxcroft, 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.

We noted certain other matters that we reported to management of Town of Dover-Foxcroft, Maine, in a separate letter dated February 16, 2017.

Town of Dover-Foxcroft, Maine's Response to Findings

Town of Dover-Foxcroft, Maine's response to the findings identified in our audit is described as follows. The library will implement changes to accounting procedures and/or the accounting software setup for payroll liability accounts, so that the liabilities are reduced when paid; for investments accounts, to record all account balances and accurately classify and record all activity of those accounts; for capital assets, to record all material additions and all disposals; will record auditor adjustments in a timely manner; and will continually review the trial balance and make periodic adjustments as needed. Town of Dover-Foxcroft, Maine's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Mastron A. Chibodeau & Associates

February 16, 2017