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Audited Financial Statements and
Other Financial Information

Town of Farmington, Maine

December 31, 2016



Proven Expertise and Integrity

TOWN OF FARMINGTON, MAINE

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DECEMBER 31, 2016

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INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Farmington
Farmington, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Farmington, Maine as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town of Farmington, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Farmington, Maine as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information on pages 4 through 11 and 55 through 58 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 Farmington, Maine's basic financial statements. The Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and relate 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2017, on our consideration of the Town of Farmington, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Farmington, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
September 11, 2017

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

(UNAUDITED)

The following management's discussion and analysis of Town of Farmington, Maine's financial performance provides an overview of the Town's financial activities for the year ended December 31, 2016. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the above mentioned financial statements have separate columns for the two different types of Town activities. The types of activities presented for the Town of Farmington are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, health and welfare, recreation and culture, education, public works, community services and unclassified.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. The activity for the Town of Farmington includes the sewer fund.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Farmington, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Farmington can be divided into two categories: governmental funds and proprietary funds.

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

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

comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

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

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

Proprietary Funds: The Town of Farmington maintains one proprietary fund, the sewer fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The notes are found directly following the Statement of Cash Flows – Proprietary Funds.

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position for governmental funds is \$9,611,332 compared to \$9,381,671 in the prior year, an increase of \$229,661. For the business-type activities, total net position is \$5,412,492 as compared to \$5,479,352 in the prior year, a decrease of \$66,860.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased to \$2,080,768 at the end of this year for governmental activities and increased to \$2,933,667 for the business-type activities.

Table 1
Town of Farmington, Maine
Net Position
December 31,

	Governmental Activities		Business-type Activities	
	2016	2015	2016	2015
Assets:				
Current Assets	\$ 4,964,512	\$ 4,983,905	\$ 3,010,523	\$ 2,924,000
Capital Assets	6,775,547	6,540,739	3,107,909	3,265,602
Total Assets	<u>11,740,059</u>	<u>11,524,644</u>	<u>6,118,432</u>	<u>6,189,602</u>
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	693,844	418,775	39,715	16,361
Total Deferred Outflows of Resources	<u>693,844</u>	<u>418,775</u>	<u>39,715</u>	<u>16,361</u>
Liabilities:				
Current Liabilities	497,711	413,125	36,456	29,938
Long-term Debt Outstanding	1,928,017	1,645,813	692,114	680,209
Total Liabilities	<u>2,425,728</u>	<u>2,058,938</u>	<u>728,570</u>	<u>710,147</u>
Deferred Inflows of Resources:				
Prepaid Taxes	5,362	791	-	-
Deferred Police Revenue	12,533	-	-	-
Advance Payment of LRAP Funding	80,462	80,598	-	-
Deferred Inflows Related to Pensions	298,486	421,421	17,085	16,464
Total Deferred Inflows of Resources	<u>396,843</u>	<u>502,810</u>	<u>17,085</u>	<u>16,464</u>
Net Position:				
Net Investment in Capital Assets	6,030,684	5,620,105	2,478,825	2,614,901
Restricted: General Fund	-	52,718	-	-
Special Revenue Funds	631,956	781,301	-	-
Permanent Funds	867,924	844,596	-	-
Unrestricted	2,080,768	2,082,951	2,933,667	2,864,451
Total Net Position	<u>\$ 9,611,332</u>	<u>\$ 9,381,671</u>	<u>\$ 5,412,492</u>	<u>\$ 5,479,352</u>

Table 2
Town of Farmington, Maine
Change in Net Position
For the Years Ended December 31,

	Governmental Activities		Business-type Activities	
	2016	2015	2016	2015
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 173,103	\$ 125,681	\$ 938,690	\$ 922,074
Operating grants and contributions	356,045	494,149	-	-
<i>General Revenues:</i>				
Taxes	9,708,243	9,599,280	-	-
Grants and contributions not restricted to specific programs	913,033	791,411	-	-
Miscellaneous	352,655	157,663	3,615	2,919
Total Revenues	11,503,079	11,168,184	942,305	924,993
Expenses				
General government	819,785	874,748	-	-
Public safety	2,075,142	2,006,156	-	-
Health and welfare	23,890	22,559	-	-
Recreation and culture	327,193	332,563	-	-
Education	4,725,725	4,507,435	-	-
Public works	1,865,175	1,573,063	-	-
County tax	527,436	498,836	-	-
Community services	167,920	164,203	-	-
Unclassified	716,373	504,557	-	-
Unallocated depreciation (Note 4)	2,515	2,515	-	-
Interest on long-term debt	22,264	26,380	-	-
Sewer department	-	-	1,009,165	931,237
Total Expenses	11,273,418	10,513,015	1,009,165	931,237
Change in Net Position	229,661	655,169	(66,860)	(6,244)
Net Position - January 1	9,381,671	8,726,502	5,479,352	5,485,596
Net Position - December 31	\$ 9,611,332	\$ 9,381,671	\$ 5,412,492	\$ 5,479,352

Revenues and Expenses

Revenues for the Town's governmental activities increased by 3.00%, while total expenses increased by 7.23%. The Town's revenues increased primarily due to taxes, grants and contributions not restricted to specific programs and miscellaneous. The increase in expenses was mainly the result of education, public works, and unclassified.

For the business-type activities, revenues increased by \$17,312 from the prior year. The overall increase in expenses for the business-type activities was \$77,928

from the prior year. The increase in revenues was the result of charges for services and the increase in expenses was mainly due to payroll and taxes.

Financial Analysis of the Town's Fund Statements

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

Table 3
Town of Farmington, Maine
Fund Balances - Governmental Funds
December 31,

	<u>2016</u>	<u>2015 (Restated)</u>
Major Funds:		
General Fund:		
Nonspendable	\$ 3,987	\$ 6,912
Restricted	-	52,718
Assigned	20,811	-
Unassigned	1,813,798	1,591,621
Total General Fund	<u>\$ 1,838,596</u>	<u>\$ 1,651,251</u>
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 631,956	\$ 695,176
Committed	275,096	239,062
Assigned	274,111	496,452
Unassigned	(12,642)	(4,728)
Permanent Funds:		
Restricted	867,924	844,596
Unassigned	(2,864)	-
Total Nonmajor Funds	<u>\$ 2,033,581</u>	<u>\$ 2,270,558</u>

The general fund total fund balance increased by \$187,345 from the prior year. The nonmajor funds total fund balance decreased by \$236,977.

Budgetary Highlights

There were no significant differences between the original and final budget for the general fund.

The general fund actual revenues were over budget by \$193,532. This was a result of all revenues being receipted in excess of budgeted amounts.

The general fund actual expenditures were under budget by \$106,530. All expenditure categories were under budget with the exception of unclassified.

Capital Asset and Debt Administration

Capital Assets

As of December 31, 2016, the net book value of capital assets recorded by the Town increased by \$77,115. This increase was a result of capital additions of \$689,857 less current year depreciation expense of \$612,742.

**Table 4
Town of Farmington
Capital Assets (Net of Depreciation)
For the Years Ended December 31,**

	<u>2016</u>	<u>2015</u>
Land and improvements	\$ 876,161	\$ 876,338
Buildings and improvements	1,211,045	902,507
Machinery and equipment	912,996	971,874
Vehicles	1,231,109	1,303,540
Art works and historical treasures	15,000	15,000
Infrastructure	<u>5,637,145</u>	<u>5,737,082</u>
Total	<u><u>\$ 9,883,456</u></u>	<u><u>\$ 9,806,341</u></u>

Debt

At December 31, 2016, the Town had \$1,255,750 in bonds outstanding versus \$1,406,184 last year. Other obligations include capital leases payable, accrued vacation and sick time, and net pension liability. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

The Town continues to work toward maintaining a sufficient unassigned fund balance to sustain government operations for a period of approximately two months. However, the Town also maintains significant reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director at 153 Farmington Falls Road, Farmington, Maine 04938.

TOWN OF FARMINGTON, MAINE

STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,975,982	\$ -	\$ 3,975,982
Investments	1,195,807	1,199,405	2,395,212
Accounts receivable (net of allowance for uncollectibles):			
Taxes	721,992	-	721,992
Liens	245,604	-	245,604
Notes	224,591	-	224,591
Other	136,737	270,930	407,667
Prepaid items	3,987	-	3,987
Internal balances	(1,540,188)	1,540,188	-
Total current assets	4,964,512	3,010,523	7,975,035
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	731,729	37,500	769,229
Depreciable assets, net of accumulated depreciation	6,043,818	3,070,409	9,114,227
Total noncurrent assets	6,775,547	3,107,909	9,883,456
TOTAL ASSETS	11,740,059	6,118,432	17,858,491
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	693,844	39,715	733,559
TOTAL DEFERRED OUTFLOWS OF RESOURCES	693,844	39,715	733,559
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 12,433,903	\$ 6,158,147	\$ 18,592,050
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 213,745	\$ -	\$ 213,745
Payroll related liabilities	54,258	-	54,258
Accrued expenses	7,180	5,488	12,668
Current portion of long-term obligations	222,528	30,968	253,496
Total current liabilities	497,711	36,456	534,167
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	543,999	606,745	1,150,744
Capital leases payable	69,965	-	69,965
Accrued compensated absences	108,824	16,383	125,207
Net pension liability	1,205,229	68,986	1,274,215
Total noncurrent liabilities	1,928,017	692,114	2,620,131
TOTAL LIABILITIES	2,425,728	728,570	3,154,298
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	5,362	-	5,362
Deferred police revenue	12,533	-	12,533
Advance payment of LRAP funding	80,462	-	80,462
Deferred inflows related to pensions	298,486	17,085	315,571
TOTAL DEFERRED INFLOWS OF RESOURCES	396,843	17,085	413,928
NET POSITION			
Net investment in capital assets	6,030,684	2,478,825	8,509,509
Restricted:			
Special revenue funds	631,956	-	631,956
Permanent funds	867,924	-	867,924
Unrestricted	2,080,768	2,933,667	5,014,435
TOTAL NET POSITION	9,611,332	5,412,492	15,023,824
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 12,433,903	\$ 6,158,147	\$ 18,592,050

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

TOWN OF FARMINGTON, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 819,785	\$ 82,413	\$ -	\$ -	\$ (737,372)	\$ -	\$ (737,372)
Public safety	2,075,142	15,748	-	-	(2,059,394)	-	(2,059,394)
Health and welfare	23,890	-	-	-	(23,890)	-	(23,890)
Recreation and culture	327,193	48,038	-	-	(279,155)	-	(279,155)
Education	4,725,725	-	-	-	(4,725,725)	-	(4,725,725)
Public works	1,865,175	26,904	-	-	(1,838,271)	-	(1,838,271)
County tax	527,436	-	-	-	(527,436)	-	(527,436)
Community services	167,920	-	-	-	(167,920)	-	(167,920)
Unclassified	716,373	-	356,045	-	(360,328)	-	(360,328)
Unallocated depreciation (Note 4)*	2,515	-	-	-	(2,515)	-	(2,515)
Interest on long-term debt	22,264	-	-	-	(22,264)	-	(22,264)
Total governmental activities	<u>11,273,418</u>	<u>173,103</u>	<u>356,045</u>	<u>-</u>	<u>(10,744,270)</u>	<u>-</u>	<u>(10,744,270)</u>
Business-type activities:							
Sewer department	1,009,165	938,690	-	-	-	(70,475)	(70,475)
Total business-type activities	<u>1,009,165</u>	<u>938,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,475)</u>	<u>(70,475)</u>
Total government	<u>\$ 12,282,583</u>	<u>\$ 1,111,793</u>	<u>\$ 356,045</u>	<u>\$ -</u>	<u>(10,744,270)</u>	<u>(70,475)</u>	<u>(10,814,745)</u>

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

TOWN OF FARMINGTON, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	<u>(10,744,270)</u>	<u>(70,475)</u>	<u>(10,814,745)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	8,775,954	-	8,775,954
Excise taxes	932,289	-	932,289
Intergovernmental	913,033	-	913,033
Miscellaneous	<u>352,655</u>	<u>3,615</u>	<u>356,270</u>
Total general revenues	<u>10,973,931</u>	<u>3,615</u>	<u>10,977,546</u>
Change in net position	229,661	(66,860)	162,801
NET POSITION - JANUARY 1	<u>9,381,671</u>	<u>5,479,352</u>	<u>14,861,023</u>
NET POSITION - DECEMBER 31	<u>\$ 9,611,332</u>	<u>\$ 5,412,492</u>	<u>\$ 15,023,824</u>

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

TOWN OF FARMINGTON, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,592,267	\$ 383,715	\$ 3,975,982
Investments	569,164	626,643	1,195,807
Accounts receivable (net of allowance for uncollectibles):			
Taxes	721,992	-	721,992
Liens	245,604	-	245,604
Notes	-	224,591	224,591
Other	136,737	-	136,737
Prepaid items	3,987	-	3,987
Due from other funds	90,809	889,441	980,250
TOTAL ASSETS	\$ 5,360,560	\$ 2,124,390	\$ 7,484,950
LIABILITIES			
Accounts payable	\$ 213,745	\$ -	\$ 213,745
Payroll related payables	54,258	-	54,258
Accrued expenses	7,180	-	7,180
Due to other funds	2,429,629	90,809	2,520,438
TOTAL LIABILITIES	2,704,812	90,809	2,795,621
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	5,362	-	5,362
Deferred police revenue	12,533	-	12,533
Advance payment of LRAP funding	80,462	-	80,462
Deferred tax revenues	718,795	-	718,795
TOTAL DEFERRED INFLOWS OF RESOURCES	817,152	-	817,152
FUND BALANCES			
Nonspendable	3,987	-	3,987
Restricted	-	1,499,880	1,499,880
Committed	-	275,096	275,096
Assigned	20,811	274,111	294,922
Unassigned	1,813,798	(15,506)	1,798,292
TOTAL FUND BALANCES	1,838,596	2,033,581	3,872,177
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,360,560	\$ 2,124,390	\$ 7,484,950

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

TOWN OF FARMINGTON, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Total Governmental Funds
Total Fund Balances	\$ 3,872,177
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	6,775,547
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	693,844
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	718,795
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(626,666)
Capital leases payable	(118,197)
Accrued compensated absences	(145,099)
Net pension liability	(1,260,583)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(298,486)
Net position of governmental activities	<u>\$ 9,611,332</u>

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

TOWN OF FARMINGTON, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property taxes	\$ 8,847,054	\$ -	\$ 8,847,054
Excise taxes	932,289	-	932,289
Intergovernmental	913,033	356,045	1,269,078
Charges for services	173,103	-	173,103
Miscellaneous revenues	85,592	267,063	352,655
TOTAL REVENUES	<u>10,951,071</u>	<u>623,108</u>	<u>11,574,179</u>
EXPENDITURES			
Current:			
General government	821,225	-	821,225
Public safety	1,929,293	-	1,929,293
Health and welfare	23,890	-	23,890
Recreation and culture	307,423	-	307,423
Education	4,725,725	-	4,725,725
Public works	1,679,499	-	1,679,499
County tax	527,436	-	527,436
Community services	167,920	-	167,920
Unclassified	233,860	489,513	723,373
Debt service:			
Principal	128,817	-	128,817
Interest	22,264	-	22,264
Capital outlay	-	566,946	566,946
TOTAL EXPENDITURES	<u>10,567,352</u>	<u>1,056,459</u>	<u>11,623,811</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>383,719</u>	<u>(433,351)</u>	<u>(49,632)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	15,000	211,374	226,374
Transfers (out)	(211,374)	(15,000)	(226,374)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(196,374)</u>	<u>196,374</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	187,345	(236,977)	(49,632)
FUND BALANCES - JANUARY 1, RESTATED	<u>1,651,251</u>	<u>2,270,558</u>	<u>3,921,809</u>
FUND BALANCES - DECEMBER 31	<u>\$ 1,838,596</u>	<u>\$ 2,033,581</u>	<u>\$ 3,872,177</u>

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

TOWN OF FARMINGTON, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (49,632)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	573,946
Depreciation expense	<u>(339,138)</u>
	<u>234,808</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>275,069</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>(71,100)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	15,037
Net pension liability	<u>(473,227)</u>
	<u>(458,190)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>175,771</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>122,935</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 229,661</u></u>

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

TOWN OF FARMINGTON, MAINE

STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2016

	<u>Enterprise Fund</u> <u>Sewer</u>
ASSETS	
Current assets:	
Investments	\$ 1,199,405
Accounts receivable (net of allowance for uncollectibles)	270,930
Due from other funds	1,540,188
Total current assets	<u>3,010,523</u>
Noncurrent assets:	
Capital assets:	
Land and buildings	9,893,516
Vehicles and equipment	1,999,843
Plant/infrastructure	7,908,349
Less: accumulated depreciation	<u>(16,693,799)</u>
Total noncurrent assets	<u>3,107,909</u>
TOTAL ASSETS	<u>6,118,432</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	39,715
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>39,715</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 6,158,147</u>
LIABILITIES	
Current liabilities:	
Accrued interest	\$ 5,488
Current portion of long-term obligations	30,968
Total current liabilities	<u>36,456</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	606,745
Accrued compensated absences	16,383
Net pension liability	68,986
Total noncurrent liabilities	<u>692,114</u>
TOTAL LIABILITIES	<u>728,570</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	17,085
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>17,085</u>
NET POSITION	
Net investment in capital assets	2,478,825
Unrestricted	2,933,667
TOTAL NET POSITION	<u>5,412,492</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 6,158,147</u>

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

TOWN OF FARMINGTON, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Enterprise Fund</u> <u>Sewer</u>
OPERATING REVENUES	
Charges for services	\$ 937,267
Other	1,423
TOTAL OPERATING REVENUES	<u>938,690</u>
OPERATING EXPENSES	
Payroll and taxes	365,365
Treatment plant	228,478
Professional services	105,672
Depreciation	273,604
Other	14,673
TOTAL OPERATING EXPENSES	<u>987,792</u>
OPERATING INCOME (LOSS)	<u>(49,102)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	3,615
Interest (expense)	(21,373)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(17,758)</u>
CHANGE IN NET POSITION	(66,860)
NET POSITION - JANUARY 1	<u>5,479,352</u>
NET POSITION - DECEMBER 31	<u><u>\$ 5,412,492</u></u>

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

TOWN OF FARMINGTON, MAINE

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Enterprise Fund Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 951,949
Internal activity - receipts (payments) from/to other funds	(98,782)
Payments to employees	(346,707)
Payments to suppliers	(350,174)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>156,286</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	3,615
Invested cash	(1,000)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>2,615</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital asset purchases	(115,911)
Principal payments on bond payable	(21,617)
Interest payments on bond payable	(21,373)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(158,901)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>-</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (49,102)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	273,604
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
(Increase) decrease in accounts receivable	13,259
(Increase) decrease in due from other funds	(98,782)
(Increase) decrease in deferred outflows related to pensions	(23,354)
(Decrease) increase in accrued interest	(176)
(Decrease) increase in accrued compensated absences	(1,175)
(Decrease) increase in net pension liability	41,391
(Decrease) increase in deferred inflows related to pensions	621
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 156,286</u></u>

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

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Farmington was incorporated under the laws of the State of Maine. The Town operates under the Board of Selectmen-Manager form of government and provides the following services: general government, public safety, health and welfare, recreation and culture, education, public works, community services, and unclassified.

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

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

Implementation of New Accounting Standards

During the year ended December 31, 2016, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

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

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

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Government-Wide and Fund Financial Statements

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's sewer fund is categorized as a business-type activity. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Governmental Funds:

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

Major Funds

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

Nonmajor Funds

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

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c)

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

established fees and charges based on a pricing policy designed to recover similar costs.

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

Budget

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

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Late in the prior year, the Town prepared a budget for the year beginning January 1. The operating budget included proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town of Farmington was then called for the purpose of adopting the proposed budget after public notice of the meeting had been given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. No supplemental budgetary appropriations were necessary during the year.
5. The Town does not adopt a budget for special revenue funds.

Deposits and Investments

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

It is the policy of the Town of Farmington, Maine to invest public funds in a manner that will provide preservation of capital and safety of principal, seek to maximize the return on the portfolio, but avoid assuming unreasonable investment risk, while conforming to all state and local statutes governing the investment of public funds.

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Interfund Receivables and Payables

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

Transactions Between Funds

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

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$0 as of December 31, 2016.

Capital Assets

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

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

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	38 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

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

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

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

Compensated Absences

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of December 31, 2016, the Town's liability for compensated absences is \$166,943.

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

Net Position

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

Fund Balances

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

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

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Deferred Outflows and Inflows of Resources

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

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

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualify for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied on August 30, 2016 on the assessed value listed as of April 1, 2016, for all real and personal property located in the Town. Taxes were due on November 1, 2016. Interest on unpaid taxes commenced on November 2, 2016, at 7% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$24,164 for the year ended December 31, 2016.

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

Program Revenues

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

Operating/Non-operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At December 31, 2016, the Town's cash balances amounting to \$3,975,982 were comprised of bank deposits and cash equivalents of \$4,143,294. All of these bank deposits and cash equivalents were either fully covered by federal depository insurance and consequently not exposed to custodial credit risk, were covered by an irrevocable stand-by letter of credit, or were covered by the Securities Investor Protection Corporation (SIPC).

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 3,904,059
Savings accounts	220,589
Money market accounts	2,610
Cash equivalents	16,036
	<u>\$ 4,143,294</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. The Town's investment in mutual funds and common stock for \$626,434, is not exposed to custodial credit risk because those securities were registered in the Town's name or were covered by the Securities Investor Protection Corporation (SIPC). Of the Town's investment in certificates of deposit of \$1,768,778, \$1,372,742 were either covered by federal depository insurance and consequently were not exposed to custodial credit risk or were covered by an irrevocable stand-by letter of credit. The remaining investments of \$396,036 were uncollateralized and uninsured.

At December 31, 2016, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>< 1 Year</u>	<u>1 - 5 Years</u>
Certificates of deposit	\$ 1,768,778	\$ -	\$ -	\$ 1,768,778
Equity securities:				
Common stock	160,596	160,596	-	-
Mutual funds	465,838	465,838	-	-
	<u>\$ 2,395,212</u>	<u>\$ 626,434</u>	<u>\$ -</u>	<u>\$ 1,768,778</u>

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as of December 31, 2016:

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	December 31, 2016 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Common stock - domestic	\$ 160,596	\$ 160,596	\$ -	\$ -
Mutual funds - domestic and foreign	465,838	465,838	-	-
Total equity securities	626,434	626,434	-	-
Total investments by fair value level	626,434	\$ 626,434	\$ -	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	16,036			
Total cash equivalents measured at the NAV	16,036			
Total investments and cash equivalents measured at fair value	\$ 642,470			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 2 or 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of December 31, 2016 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. Certificates of deposit held with local financial institutions for \$1,768,778 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

Credit risk – Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Certain long-term trust funds are invested through a financial institution with trust powers in a mix of securities that comply with state and federal regulations to provide long-term growth and income.

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 3 - NOTES RECEIVABLE

Amounts recorded as notes receivable represent loans made under an economic development program to local businesses. Management has determined that no allowance for loan losses is necessary at December 31, 2016. Bad debt expense for the year ended December 31, 2016 was \$0. Any future adjustments to the allowance for uncollectible amounts are not known at this time.

The following is a summary of changes in notes receivable for the year ended December 31, 2016:

	Balance, 1/1/16	Additions	Deletions	Balance, 12/31/16
<u>Governmental Activities:</u>				
Revolving Loan	\$ 205,570	\$ 46,000	\$ (26,979)	\$ 224,591
Totals	<u>\$ 205,570</u>	<u>\$ 46,000</u>	<u>\$ (26,979)</u>	<u>\$ 224,591</u>

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2016 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 90,809	\$ 2,429,629
Enterprise Fund	1,540,188	-
Nonmajor Special Revenue Funds	853,287	56,451
Nonmajor Permanent Funds	36,154	34,358
	<u>\$ 2,520,438</u>	<u>\$ 2,520,438</u>

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2016:

	Balance, 1/1/16	Additions	Disposals	Balance, 12/31/16
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 716,729	\$ -	\$ -	\$ 716,729
Art works and historical treasures	15,000	-	-	15,000
	<u>731,729</u>	<u>-</u>	<u>-</u>	<u>731,729</u>
Depreciated assets:				
Buildings and improvements	3,122,912	351,036	-	3,473,948
Land improvements	301,886	7,000	-	308,886
Machinery and equipment	1,739,977	11,965	-	1,751,942
Vehicles	3,434,306	47,371	-	3,481,677
Infrastructure	10,632,039	156,574	-	10,788,613
	<u>19,231,120</u>	<u>573,946</u>	<u>-</u>	<u>19,805,066</u>
Less: accumulated depreciation				
Buildings and improvements	(2,418,350)	(32,406)	-	(2,450,756)
Land improvements	(179,777)	(7,177)	-	(186,954)
Machinery and equipment	(1,238,679)	(46,418)	-	(1,285,097)
Vehicles	(2,136,385)	(149,068)	-	(2,285,453)
Infrastructure	(7,448,919)	(104,069)	-	(7,552,988)
Total accumulated depreciation	<u>(13,422,110)</u>	<u>(339,138)</u>	<u>-</u>	<u>(13,761,248)</u>
Net depreciated assets	<u>5,809,010</u>	<u>234,808</u>	<u>-</u>	<u>6,043,818</u>
Net capital assets	<u>\$ 6,540,739</u>	<u>\$ 234,808</u>	<u>\$ -</u>	<u>\$ 6,775,547</u>

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance, 1/1/16	Additions	Disposals	Balance, 12/31/16
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 37,500	\$ -	\$ -	\$ 37,500
	<u>37,500</u>	<u>-</u>	<u>-</u>	<u>37,500</u>
Depreciated assets:				
Buildings and improvements	9,856,016	-	-	9,856,016
Machinery and equipment	1,860,565	21,825	-	1,882,390
Vehicles	82,568	34,885	-	117,453
Infrastructure	7,849,148	59,201	-	7,908,349
	<u>19,648,297</u>	<u>115,911</u>	<u>-</u>	<u>19,764,208</u>
Less: accumulated depreciation				
Buildings and improvements	(9,658,071)	(10,092)	-	(9,668,163)
Machinery and equipment	(1,389,989)	(46,250)	-	(1,436,239)
Vehicles	(76,949)	(5,619)	-	(82,568)
Infrastructure	(5,295,186)	(211,643)	-	(5,506,829)
Total accumulated depreciation	<u>(16,420,195)</u>	<u>(273,604)</u>	<u>-</u>	<u>(16,693,799)</u>
Net depreciated assets	<u>3,228,102</u>	<u>(157,693)</u>	<u>-</u>	<u>3,070,409</u>
Net capital assets	<u>\$ 3,265,602</u>	<u>\$ (157,693)</u>	<u>\$ -</u>	<u>\$ 3,107,909</u>
<u>Current year depreciation</u>				
General government				\$ 4,258
Public works				218,081
Parks and recreation				13,204
Public safety				101,080
Town-wide				<u>2,515</u>
Total governmental activities depreciation expense				339,138
Sewer				<u>273,604</u>
Total depreciation expense				<u>\$ 612,742</u>

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2016:

	Balance, 1/1/16	Additions	Deletions	Balance, 12/31/16	Current Year Portion
<u>Governmental Activities:</u>					
Bonds payable	\$ 755,483	\$ -	\$ (128,817)	\$ 626,666	\$ 82,667
Capital leases payable	165,151	-	(46,954)	118,197	48,232
Accrued compensated absences	160,136	-	(15,037)	145,099	36,275
Net pension liability	787,356	485,122	(11,895)	1,260,583	55,354
Totals	<u>\$ 1,868,126</u>	<u>\$ 485,122</u>	<u>\$ (202,703)</u>	<u>\$ 2,150,545</u>	<u>\$ 222,528</u>
	Balance, 1/1/16	Additions	Deletions	Balance, 12/31/16	Current Year Portion
<u>Business-type Activities:</u>					
Bonds payable	\$ 650,701	\$ -	\$ (21,617)	\$ 629,084	\$ 22,339
Accrued compensated absences	23,019	-	(1,175)	21,844	5,461
Net pension liability	30,763	42,012	(621)	72,154	3,168
Totals	<u>\$ 704,483</u>	<u>\$ 42,012</u>	<u>\$ (23,413)</u>	<u>\$ 723,082</u>	<u>\$ 30,968</u>

The following is a summary of outstanding bonds payable:

	Governmental Activities	Business-type Activities
General Obligation Bond of 2011, annual principal payments of \$32,667, plus interest, interest rate of 3.90% per annum, maturity in 2026.	\$ 326,666	\$ -
General Obligation Bond of 2012, annual principal payments of \$50,000 plus interest, interest rate varies from 0.860%-2.680% per annum, maturity in 2022.	300,000	-
General Obligation Bond of 2005, annual payments of principal and interest of \$12,849, interest rate of 4.125% per annum, maturity in 2034.	-	157,392
General Obligation Bond of 2006, annual payments of principal and interest of \$12,371, interest rate of 4.25% per annum, maturity in 2035.	-	161,469
General Obligation Bond of 2009, annual payments of principal and interest of \$7,106, interest rate of 2.625% per annum, maturity in 2038.	-	117,377
General Obligation Bond of 2010, annual payments of principal and interest of \$6,201, interest rate of 2.250% per annum, maturity in 2039.	-	110,318
General Obligation Bond of 2010, annual payments of principal and interest of \$4,639, interest rate of 2.250% per annum, maturity in 2039.	-	82,528
Total Long-term Debt	<u>\$ 626,666</u>	<u>\$ 629,084</u>

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bond principal and interest requirements for the following years ending December 31:

Governmental Activities:

	Principal	Interest	Total Debt Service
2017	\$ 82,667	\$ 19,295	\$ 101,962
2018	82,667	19,196	101,863
2019	82,667	14,997	97,664
2020	82,667	12,683	95,350
2021	82,667	10,244	92,911
2022-2026	213,331	20,450	233,781
	<u>\$ 626,666</u>	<u>\$ 96,865</u>	<u>\$ 723,531</u>

Business-type Activities:

	Principal	Interest	Total Debt Service
2017	\$ 22,339	\$ 22,066	\$ 44,405
2018	23,084	21,362	44,446
2019	23,857	20,634	44,491
2020	24,658	19,878	44,536
2021	25,487	18,795	44,282
2022-2026	140,971	82,392	223,363
2027-2031	166,720	58,378	225,098
2032-2036	157,630	29,665	187,295
2037-2041	44,338	6,851	51,189
	<u>\$ 629,084</u>	<u>\$ 280,021</u>	<u>\$ 909,105</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ended December 31, 2016 was \$43,637.

The following is a summary of the outstanding capital leases payable:

The Town leases a sidewalk plow from Kansas State Bank of Manhattan under a non-cancelable agreement dated April of 2014. The term of the lease is for five years ending in April of 2019. Annual payments are \$21,025.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The Town leases a front-end loader from TD Equipment Finance under a non-cancelable agreement dated December of 2014. The term of the lease is for four years ending in December of 2018. Annual payments are \$30,477.

The following is a summary of outstanding capital lease requirements for the following fiscal years ending December 31:

Year Ending December 31:	
2017	\$ 51,502
2018	51,502
2019	<u>21,025</u>
Total minimum lease payments	124,029
Less amount representing interest	<u>(5,832)</u>
Present value of future minimum lease payments	<u><u>\$ 118,197</u></u>

NOTE 7 - NONSPENDABLE FUND BALANCES

At December 31, 2016, the Town had the following nonspendable fund balances:

General Fund:	
Prepaid items	\$ 3,987
	<u><u>\$ 3,987</u></u>

NOTE 8 - RESTRICTED FUND BALANCES

At December 31, 2016, the Town had the following restricted fund balances:

Nonmajor Special Revenue Funds (See Schedule D)	\$ 631,956
Nonmajor Permanent Funds (See Schedule F)	<u>867,924</u>
	<u><u>\$ 1,499,880</u></u>

NOTE 9 - COMMITTED FUND BALANCES

At December 31, 2016, the Town had the following committed fund balances:

Nonmajor Special Revenue Funds (See Schedule D)	<u><u>\$ 275,096</u></u>
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TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 10 - ASSIGNED FUND BALANCES

At December 31, 2016, the Town had the following assigned fund balances:

General Fund:	
Encumbrances	\$ 20,811
Nonmajor Special Revenue Funds (See Schedule D)	<u>274,111</u>
	<u>\$ 294,922</u>

NOTE 11 - DEFICIT FUND BALANCES

At December 31, 2016, the following funds had deficit fund balances:

Ice Skating	\$ 10
Wellness Works Grant	24
Public Safety Bond	4,718
Drainage Project	7,890
Hippach Field	<u>2,864</u>
	<u>\$ 15,506</u>

NOTE 12 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. Specific insurance related to these categories includes general, law enforcement and public officials' liability coverage, employment practices, and automobile insurance. The Town is liable for deductibles ranging up to \$50,000 for settlements exceeding the limits of coverage, which range from \$1,500 to \$28,427,705.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of December 31, 2016. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

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

Benefits Provided

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

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

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's employees are part of the PLD plans "AC" and "1C" and are required to contribute 8% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.5% for plan "AC" and 14.2% for plan "1C" (which includes police, fire, public works and sewer department employees) of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended December 31, 2016 was \$128,555.

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

At December 31, 2016, the Town reported a liability of \$1,332,737 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2016, the Town's proportion was 0.250830%, which was a decrease of 0.005595% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Town recognized net pension expense of \$93,881. At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,156	\$ 85,721
Changes of assumptions	142,873	-
Net difference between projected and actual earnings on pension plan investments	492,490	204,968
Changes in proportion and differences between contributions and proportionate share of contributions	10,525	24,882
Contributions subsequent to the measurement date	71,515	-
Total	<u>\$ 733,559</u>	<u>\$ 315,571</u>

\$71,515 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Year ended June 30:	
2017	\$ 58,522
2018	51,616
2019	159,523
2020	76,812
2021	-
Thereafter	-

Actuarial Methods and Assumptions

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

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

Amortization

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

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

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

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Mortality Rates - For participating local districts, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

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

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

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

Discount Rate

The discount rate used to measure the collective total pension liability was 6.875% for 2016. 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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2016 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.875% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 2,212,103	\$ 1,332,737	\$ 504,845

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2016 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2016 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2016, this was 4 years for the PLD Consolidated Plan.

Differences between Projected and Actual Investment Earnings on Pension Plan Investments

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2016 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the Actuarial Methods and Assumptions section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2016 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

NOTE 14 - DEFERRED COMPENSATION PENSION PLAN

INTERNATIONAL CITY MANAGERS ASSOCIATION RETIREMENT CORPORATION

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits the employee to defer a portion of salary until future years. There is an employer match by the Town up to 6.5%. If the employee defers an amount equal or greater than 6.5% the Town contributes 9%. The Town contributes 12% for the Town

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 14 - DEFERRED COMPENSATION PENSION PLAN

Manager. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

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

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

NOTE 15 - EXPENDITURES OVER APPROPRIATIONS

As of December 31, 2016, the Town had the following overspent appropriations:

	<u>Excess</u>
Recycling Department (Article 17)	\$ 23,332
Overlay	<u>6,621</u>
	<u><u>\$ 29,953</u></u>

NOTE 16 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County debt and debt associated with its participating School District. As of December 31, 2016, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of Franklin	\$ 470,219	9.90%	\$ 46,547
RSU #9	58,409,745	34.89%	<u>20,377,122</u>
			<u><u>\$ 20,423,670</u></u>

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 17 - TAX INCREMENT FINANCING DISTRICT & ABATEMENTS

Tax Increment Financing District

The Town has established a tax increment financing district in accordance with Maine statutes to finance economic development programs located in the Town of Farmington, Maine. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the districts' so called "captured assessed value". A portion of the incremental tax revenues will be returned to the district to repay principal and interest on any indebtedness, to fund the expenditures of the development program, and to finance future expansion.

Downtown Municipal Tax Increment Financing District and Downtown Omnibus Development Program

On October 29, 2013, the Farmington Board of Selectmen, as well as the Maine Department of Economic and Community Development, approved the creation of the Downtown Municipal Tax Increment Financing District for development in the Farmington area. The area of the District is approximately 229.56 acres. The TIF District was created to encourage and enable the redevelopment of a number of properties, stimulate new businesses and employment opportunities, and establish a funding program for the development of new or improved infrastructure in the Town of Farmington's downtown. The original assessed value of the property is \$52,747,100. The Town anticipates over the life of the district that new development, rehabilitation, and redevelopment will result in approximately \$30,146,361 in new taxable value. Tax increment revenues generated from this value over the life of the district will be approximately \$500,414. The Development Program provides for 100% of the increase in assessed value of the District to be captured and designated as captured assessed value for 30 years. The tax increment revenues will be deposited by the Town into the Development Program Fund for a period of 30 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5801.

The TIF District will remain in place for a period of thirty years from April 1, 2014 to March 31, 2044. The expenditures from this development project will be recouped in future years via an incremental tax levied upon the TIF District's captured assessed value. The Town, through its Board of Selectmen, may allocate a portion of TIF revenues generated on a parcel of land within the TIF District, under a credit enhancement agreement (CEA), to the developer of that project. The Town expects that the future CEAs approved by the Board will allocate between 0% and 100% of the tax increment generated by the project to the developer. The remaining amount will be retained by the Town and used to fund the development plan of the District. The actual percentage will be negotiated on a case by case basis at the Board's discretion. The

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 17 - TAX INCREMENT FINANCING DISTRICT & ABATEMENTS (CONTINUED)

CEA will continue for a period not to exceed 30 years or the remainder of the term of the District designation, whichever is less. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fill the commitment it makes in return for the tax abatement. The Town reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program.

Abatements

The Town has not made any commitments as part of the Credit Enhancement Agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities. The Town currently has no tax abatement agreements.

NOTE 18 - CONTINGENCIES

With regard 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 19 - LETTER OF CREDIT

At December 31, 2016, the Town had an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits held at TD, Bank, N.A. This letter of credit, which expires at the close of business on February 16, 2017, authorizes one draw only up to the amount of \$5,000,000. There were no draws for the year ended December 31, 2016.

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 20 - RESTATEMENTS

The beginning fund balances of the general fund and special revenue funds have been restated as of January 1, 2016. These balances were restated to reclassify expenses posted in the Drainage Project fund that should have been posted in the general fund. The beginning fund balances of the general fund and special revenue funds were restated by (\$8,942) and \$8,942, respectively.

The beginning fund balances of two special revenue funds have been restated as of January 1, 2016. These balances were restated to reclassify expenses posted in the Drainage Project fund that should have been posted in the Downtown TIF Reserve fund. The beginning fund balances of the Drainage Project fund and Downtown TIF Reserve fund were restated by \$86,125 and (\$86,125), respectively. The net restatement to the special revenue funds was \$0.

The net restatement to the general fund and special revenue funds was (\$8,942), and \$8,942, respectively. The net restatement to the governmental activities was \$0.

NOTE 21 - COMPARATIVE DATA/RECLASSIFICATIONS

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

Required Supplementary Information

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

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

TOWN OF FARMINGTON, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, January 1, Restated	\$ 1,651,251	\$ 1,651,251	\$ 1,651,251	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	8,744,361	8,744,361	8,847,054	102,693
Excise taxes	923,800	923,800	932,289	8,489
Intergovernmental	857,578	859,478	913,033	53,555
Charges for services	150,064	150,064	173,103	23,039
Miscellaneous revenues	79,836	79,836	85,592	5,756
Transfers from other funds	15,000	15,000	15,000	-
Amounts Available for Appropriation	<u>12,421,890</u>	<u>12,423,790</u>	<u>12,617,322</u>	<u>193,532</u>
Charges to Appropriations (Outflows):				
General government	834,182	834,182	821,225	12,957
Public safety	2,003,767	2,000,267	1,929,293	70,974
Health and welfare	25,000	25,000	23,890	1,110
Recreation and culture	327,157	327,157	307,423	19,734
Education	4,673,008	4,725,725	4,725,725	-
Public works	1,706,155	1,688,708	1,679,499	9,209
County tax	527,436	527,436	527,436	-
Community services	166,020	167,920	167,920	-
Unclassified	226,164	226,164	233,860	(7,696)
Debt service:				
Principal	128,817	128,817	128,817	-
Interest	22,506	22,506	22,264	242
Transfers to other funds	190,427	211,374	211,374	-
Total Charges to Appropriations	<u>10,830,639</u>	<u>10,885,256</u>	<u>10,778,726</u>	<u>106,530</u>
Budgetary Fund Balance, December 31	<u>\$ 1,591,251</u>	<u>\$ 1,538,534</u>	<u>\$ 1,838,596</u>	<u>\$ 300,062</u>
Utilization of unassigned fund balance	\$ 60,000	\$ 60,000	\$ -	\$ (60,000)
Utilization of restricted fund balance	-	52,717	-	(52,717)
	<u>\$ 60,000</u>	<u>\$ 112,717</u>	<u>\$ -</u>	<u>\$ (112,717)</u>

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

TOWN OF FARMINGTON, MAINE

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

	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>		
Proportion of the net pension liability (asset)	0.25%	0.26%
Proportionate share of the net pension liability (asset)	\$ 1,332,737	\$ 818,119
Covered-employee payroll	989,572	906,039
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	134.68%	90.30%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	88.27%

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

TOWN OF FARMINGTON, MAINE

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>		
Contractually required contribution	\$ 128,555	\$ 114,322
Contributions in relation to the contractually required contribution	<u>(128,555)</u>	<u>(114,322)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,083,863	\$ 970,374
Contributions as a percentage of covered- employee payroll	11.86%	11.78%

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

TOWN OF FARMINGTON, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016

Changes of Assumptions

There was a change in the investment rate of return assumption this year from 7.125% to 6.875%. Annual salary increases, including inflation, changed from 3.50% - 9.50% to 2.75% - 9.00%, for the PLD Consolidated Plan. There was also a change in the cost of living benefit increase from 2.55% to 2.20%. Finally, the mortality rates for active members, nondisabled retirees and recipients of disability benefits, were determined using the RP2014 Total Dataset Healthy Annuitant Mortality Table and the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, compared to the RP2000 Tables projected forward and the Revenue Ruling 96-7 Disabled Mortality Table used in the prior year.

Other Supplementary Information

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

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

TOWN OF FARMINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
General government:					
Administration	\$ 240,052	\$ -	\$ 240,052	\$ 237,210	\$ 2,842
Assessor	87,784	-	87,784	84,746	3,038
Clerk treasurer	253,665	-	253,665	263,615	(9,950)
Municipal building	95,320	-	95,320	87,068	8,252
CEO	150,561	-	150,561	144,440	6,121
Committees	6,800	-	6,800	4,146	2,654
	<u>834,182</u>	<u>-</u>	<u>834,182</u>	<u>821,225</u>	<u>12,957</u>
Public safety:					
Police department	1,172,050	(3,500)	1,168,550	1,148,191	20,359
Fire department	406,565	-	406,565	380,608	25,957
Hydrants	276,378	-	276,378	276,380	(2)
Street lights	87,500	-	87,500	79,984	7,516
Traffic lights	10,000	-	10,000	10,000	-
Ambulance	51,274	-	51,274	34,130	17,144
	<u>2,003,767</u>	<u>(3,500)</u>	<u>2,000,267</u>	<u>1,929,293</u>	<u>70,974</u>
Heath and welfare:					
General assistance	25,000	-	25,000	23,890	1,110
	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>23,890</u>	<u>1,110</u>
Recreation and culture:					
Parks and recreation	150,640	-	150,640	149,579	1,061
Community center	99,006	-	99,006	94,602	4,404
Cemeteries	77,511	-	77,511	63,242	14,269
	<u>327,157</u>	<u>-</u>	<u>327,157</u>	<u>307,423</u>	<u>19,734</u>

TOWN OF FARMINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Education	4,673,008	52,717	4,725,725	4,725,725	-
Public works:					
Highway department	1,249,537	(17,447)	1,232,090	1,206,016	26,074
Recycling department	64,838	-	64,838	88,170	(23,332)
Local roads	158,780	-	158,780	152,313	6,467
Capital improvement for roads	233,000	-	233,000	233,000	-
	1,706,155	(17,447)	1,688,708	1,679,499	9,209
County tax	527,436	-	527,436	527,436	-
Debt service:					
Principal	128,817	-	128,817	128,817	-
Interest	22,506	-	22,506	22,264	242
	151,323	-	151,323	151,081	242
Community services:					
Animal shelter	15,520	-	15,520	15,520	-
Public library	149,500	-	149,500	149,500	-
Snow clubs	-	1,900	1,900	1,900	-
Gay cemetery	1,000	-	1,000	1,000	-
	166,020	1,900	167,920	167,920	-

TOWN OF FARMINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Unclassified:					
Insurances	72,000	-	72,000	78,075	(6,075)
Tan interest	5,000	-	5,000	-	5,000
TIF	125,000	-	125,000	125,000	-
Overlay	24,164	-	24,164	30,785	(6,621)
	<u>226,164</u>	<u>-</u>	<u>226,164</u>	<u>233,860</u>	<u>(7,696)</u>
Transfers to other funds:					
Drainage project	60,000	-	60,000	60,000	-
Municipal landfill	4,000	-	4,000	4,000	-
Legal reserve	15,000	-	15,000	15,000	-
ADA	1,500	-	1,500	1,500	-
Public works	5,000	-	5,000	5,000	-
Municipal building	2,000	-	2,000	2,000	-
Revaluation	10,000	-	10,000	10,000	-
Community center	17,500	-	17,500	17,500	-
Police department	42,500	3,500	46,000	46,000	-
Fire department	27,927	-	27,927	27,927	-
Highway equipment	-	17,447	17,447	17,447	-
Parks and recreation	5,000	-	5,000	5,000	-
	<u>190,427</u>	<u>20,947</u>	<u>211,374</u>	<u>211,374</u>	<u>-</u>
Total Expenditures	<u>\$ 10,830,639</u>	<u>\$ 54,617</u>	<u>\$ 10,885,256</u>	<u>\$ 10,778,726</u>	<u>\$ 106,530</u>

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

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 147,094	\$ 236,621	\$ 383,715
Investments	-	626,643	626,643
Notes receivable	224,591	-	224,591
Due from other funds	853,287	36,154	889,441
TOTAL ASSETS	<u>\$ 1,224,972</u>	<u>\$ 899,418</u>	<u>\$ 2,124,390</u>
LIABILITIES			
Due to other funds	\$ 56,451	\$ 34,358	\$ 90,809
TOTAL LIABILITIES	<u>56,451</u>	<u>34,358</u>	<u>90,809</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	631,956	867,924	1,499,880
Committed	275,096	-	275,096
Assigned	274,111	-	274,111
Unassigned	(12,642)	(2,864)	(15,506)
TOTAL FUND BALANCES	<u>1,168,521</u>	<u>865,060</u>	<u>2,033,581</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,224,972</u>	<u>\$ 899,418</u>	<u>\$ 2,124,390</u>

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

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Investment income, net of unrealized gains/ (losses)	\$ 9,768	\$ 44,178	\$ 53,946
Interest income	-	336	336
Intergovernmental	356,045	-	356,045
Other income	212,781	-	212,781
TOTAL REVENUES	<u>578,594</u>	<u>44,514</u>	<u>623,108</u>
EXPENDITURES			
Capital outlay	566,946	-	566,946
Other	480,463	9,050	489,513
TOTAL EXPENDITURES	<u>1,047,409</u>	<u>9,050</u>	<u>1,056,459</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(468,815)</u>	<u>35,464</u>	<u>(433,351)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	211,374	-	211,374
Transfers (out)	-	(15,000)	(15,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>211,374</u>	<u>(15,000)</u>	<u>196,374</u>
NET CHANGE IN FUND BALANCES	(257,441)	20,464	(236,977)
FUND BALANCES, JANUARY 1, RESTATED	<u>1,425,962</u>	<u>844,596</u>	<u>2,270,558</u>
FUND BALANCES, DECEMBER 31	<u>\$ 1,168,521</u>	<u>\$ 865,060</u>	<u>\$ 2,033,581</u>

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

Special Revenue Funds

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

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016

	Revolving Loan Fund	TIF Reserve	Downtown TIF Reserve	Cable Franchise	Revaluation	Local Road Assistance
ASSETS						
Cash and cash equivalents	\$ 147,094	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	224,591	-	-	-	-	-
Due from other funds	-	145,652	35,876	7,495	83,597	26,132
TOTAL ASSETS	<u>\$ 371,685</u>	<u>\$ 145,652</u>	<u>\$ 35,876</u>	<u>\$ 7,495</u>	<u>\$ 83,597</u>	<u>\$ 26,132</u>
LIABILITIES						
Due to other funds	\$ 43,809	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>43,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	327,876	145,652	35,876	-	-	26,132
Committed	-	-	-	7,495	83,597	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>327,876</u>	<u>145,652</u>	<u>35,876</u>	<u>7,495</u>	<u>83,597</u>	<u>26,132</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 371,685</u>	<u>\$ 145,652</u>	<u>\$ 35,876</u>	<u>\$ 7,495</u>	<u>\$ 83,597</u>	<u>\$ 26,132</u>

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016

	Highway Equipment	Public Works	Computer Treasurer	Police Drug Education	Fire Equipment	Hippach Field Projects
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	-	-	-	-	-	-
Due from other funds	31,495	30,519	5,938	8,908	116,052	4,071
TOTAL ASSETS	<u>\$ 31,495</u>	<u>\$ 30,519</u>	<u>\$ 5,938</u>	<u>\$ 8,908</u>	<u>\$ 116,052</u>	<u>\$ 4,071</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	8,908	-	-
Committed	31,495	30,519	5,938	-	116,052	-
Assigned	-	-	-	-	-	4,071
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>31,495</u>	<u>30,519</u>	<u>5,938</u>	<u>8,908</u>	<u>116,052</u>	<u>4,071</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 31,495</u>	<u>\$ 30,519</u>	<u>\$ 5,938</u>	<u>\$ 8,908</u>	<u>\$ 116,052</u>	<u>\$ 4,071</u>

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016

	Sidewalk	Legal Reserve	Cops Grant	Police Equipment	Cable Equipment	Regional Radio Assessment
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	-	-	-	-	-	-
Due from other funds	33,588	26,162	12,166	33,348	18,696	4,632
TOTAL ASSETS	<u>\$ 33,588</u>	<u>\$ 26,162</u>	<u>\$ 12,166</u>	<u>\$ 33,348</u>	<u>\$ 18,696</u>	<u>\$ 4,632</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	12,166	-	-	-
Committed	-	-	-	-	-	-
Assigned	33,588	26,162	-	33,348	18,696	4,632
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>33,588</u>	<u>26,162</u>	<u>12,166</u>	<u>33,348</u>	<u>18,696</u>	<u>4,632</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 33,588</u>	<u>\$ 26,162</u>	<u>\$ 12,166</u>	<u>\$ 33,348</u>	<u>\$ 18,696</u>	<u>\$ 4,632</u>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016

	Municipal Building	Walton Mill Pond	Landfill	Rail Trail Bridge	Hippach Field Light	Tree
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	-	-	-	-	-	-
Due from other funds	6,171	2,609	44,844	5,012	890	2,221
TOTAL ASSETS	<u>\$ 6,171</u>	<u>\$ 2,609</u>	<u>\$ 44,844</u>	<u>\$ 5,012</u>	<u>\$ 890</u>	<u>\$ 2,221</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	6,171	2,609	44,844	5,012	890	2,221
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>6,171</u>	<u>2,609</u>	<u>44,844</u>	<u>5,012</u>	<u>890</u>	<u>2,221</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 6,171</u>	<u>\$ 2,609</u>	<u>\$ 44,844</u>	<u>\$ 5,012</u>	<u>\$ 890</u>	<u>\$ 2,221</u>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016

	Conservation Commission	Computer	FFSWD River Crossing	Community Resolution	Police Building Reserve	A.D.A.
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	-	-	-	-	-	-
Due from other funds	6,908	1,643	906	977	14,500	11,350
TOTAL ASSETS	<u>\$ 6,908</u>	<u>\$ 1,643</u>	<u>\$ 906</u>	<u>\$ 977</u>	<u>\$ 14,500</u>	<u>\$ 11,350</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	6,908	1,643	906	977	14,500	11,350
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>6,908</u>	<u>1,643</u>	<u>906</u>	<u>977</u>	<u>14,500</u>	<u>11,350</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 6,908</u>	<u>\$ 1,643</u>	<u>\$ 906</u>	<u>\$ 977</u>	<u>\$ 14,500</u>	<u>\$ 11,350</u>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016

	Walton Dam Project	Transportation Advisory	Community Center	Bowen Ice Skate Propane	Ice Skating	Wellness Works Grant
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	-	-	-	-	-	-
Due from other funds	5,189	288	24,454	139	-	-
TOTAL ASSETS	<u>\$ 5,189</u>	<u>\$ 288</u>	<u>\$ 24,454</u>	<u>\$ 139</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 10	\$ 24
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>24</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	5,189	288	24,454	139	-	-
Unassigned	-	-	-	-	(10)	(24)
TOTAL FUND BALANCES (DEFICITS)	<u>5,189</u>	<u>288</u>	<u>24,454</u>	<u>139</u>	<u>(10)</u>	<u>(24)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 5,189</u>	<u>\$ 288</u>	<u>\$ 24,454</u>	<u>\$ 139</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016

	CEO Equipment	Voting Machine	82 High Street	Firefighters Grant	Snowmobile Grant
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	-	-	-	-	-
Due from other funds	891	469	379	1,458	-
TOTAL ASSETS	<u>\$ 891</u>	<u>\$ 469</u>	<u>\$ 379</u>	<u>\$ 1,458</u>	<u>\$ -</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	379	1,458	-
Committed	-	-	-	-	-
Assigned	891	469	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>891</u>	<u>469</u>	<u>379</u>	<u>1,458</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 891</u>	<u>\$ 469</u>	<u>\$ 379</u>	<u>\$ 1,458</u>	<u>\$ -</u>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016

	Church Street	Animal Control	Playground	Police Training	Byrne Grant
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	-	-	-	-	-
Due from other funds	322	2,013	3,150	56,666	1,525
TOTAL ASSETS	<u>\$ 322</u>	<u>\$ 2,013</u>	<u>\$ 3,150</u>	<u>\$ 56,666</u>	<u>\$ 1,525</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	2,013	-	56,666	1,525
Committed	-	-	-	-	-
Assigned	322	-	3,150	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>322</u>	<u>2,013</u>	<u>3,150</u>	<u>56,666</u>	<u>1,525</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 322</u>	<u>\$ 2,013</u>	<u>\$ 3,150</u>	<u>\$ 56,666</u>	<u>\$ 1,525</u>

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016

	Byrne Grant II	Police Vehicle	Parks and Recreation Reserve	Public Safety Bond	Drainage Project	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 147,094
Notes receivable	-	-	-	-	-	224,591
Due from other funds	13,305	13,570	7,111	-	-	853,287
TOTAL ASSETS	<u>\$ 13,305</u>	<u>\$ 13,570</u>	<u>\$ 7,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,224,972</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ 4,718	\$ 7,890	\$ 56,451
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,718</u>	<u>7,890</u>	<u>56,451</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	13,305	-	-	-	-	631,956
Committed	-	-	-	-	-	275,096
Assigned	-	13,570	7,111	-	-	274,111
Unassigned	-	-	-	(4,718)	(7,890)	(12,642)
TOTAL FUND BALANCES (DEFICITS)	<u>13,305</u>	<u>13,570</u>	<u>7,111</u>	<u>(4,718)</u>	<u>(7,890)</u>	<u>1,168,521</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 13,305</u>	<u>\$ 13,570</u>	<u>\$ 7,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,224,972</u>

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

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Revolving Loan Fund	TIF Reserve	Downtown TIF Reserve	Cable Franchise	Revaluation	Local Road Assistance
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ 9,768	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Other income	-	-	127,432	49,956	-	-
TOTAL REVENUES	<u>9,768</u>	<u>-</u>	<u>127,432</u>	<u>49,956</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Capital outlay	-	-	156,574	-	-	-
Other	-	-	45,227	50,861	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>201,801</u>	<u>50,861</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,768</u>	<u>-</u>	<u>(74,369)</u>	<u>(905)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	10,000	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	9,768	-	(74,369)	(905)	10,000	-
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	<u>318,108</u>	<u>145,652</u>	<u>110,245</u>	<u>8,400</u>	<u>73,597</u>	<u>26,132</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 327,876</u>	<u>\$ 145,652</u>	<u>\$ 35,876</u>	<u>\$ 7,495</u>	<u>\$ 83,597</u>	<u>\$ 26,132</u>

SCHEDULE E (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Highway Equipment	Public Works	Computer Treasurer	Police Drug Education	Fire Equipment	Hippach Field Projects
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Other income	-	-	-	1,350	-	-
TOTAL REVENUES	-	-	-	1,350	-	-
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	1,993	21,442	-	-	-	-
TOTAL EXPENDITURES	1,993	21,442	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,993)	(21,442)	-	1,350	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	17,447	5,000	-	-	27,927	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	17,447	5,000	-	-	27,927	-
NET CHANGE IN FUND BALANCES (DEFICITS)	15,454	(16,442)	-	1,350	27,927	-
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	16,041	46,961	5,938	7,558	88,125	4,071
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 31,495	\$ 30,519	\$ 5,938	\$ 8,908	\$ 116,052	\$ 4,071

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Sidewalk	Legal Reserve	Cops Grant	Police Equipment	Cable Equipment	Regional Radio Assessment
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Other income	15,662	-	-	-	-	-
TOTAL REVENUES	15,662	-	-	-	-	-
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	20,489	5,392	-	-	-	-
TOTAL EXPENDITURES	20,489	5,392	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,827)	(5,392)	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	15,000	-	5,500	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	15,000	-	5,500	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(4,827)	9,608	-	5,500	-	-
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	38,415	16,554	12,166	27,848	18,696	4,632
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 33,588	\$ 26,162	\$ 12,166	\$ 33,348	\$ 18,696	\$ 4,632

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Municipal Building	Walton Mill Pond	Landfill	Rail Trail Bridge	Hippach Field Light	Tree
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Other income	-	-	3,357	-	-	-
TOTAL REVENUES	-	-	3,357	-	-	-
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	-	-	1,138	-	-	-
TOTAL EXPENDITURES	-	-	1,138	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	2,219	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	2,000	-	4,000	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,000	-	4,000	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	2,000	-	6,219	-	-	-
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	4,171	2,609	38,625	5,012	890	2,221
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 6,171	\$ 2,609	\$ 44,844	\$ 5,012	\$ 890	\$ 2,221

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Conservation Commission	Computer	FFSWD River Crossing	Community Resolution	Police Building Reserve	A.D.A.
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	3,500	1,500
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	3,500	1,500
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	3,500	1,500
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	6,908	1,643	906	977	11,000	9,850
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 6,908	\$ 1,643	\$ 906	\$ 977	\$ 14,500	\$ 11,350

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Walton Dam Project	Transportation Advisory	Community Center	Bowen Ice Skate Propane	Ice Skating	Wellness Works Grant
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Other income	-	-	-	-	-	670
TOTAL REVENUES	-	-	-	-	-	670
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	-	-	-	-	-	707
TOTAL EXPENDITURES	-	-	-	-	-	707
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	(37)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	17,500	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	17,500	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	17,500	-	-	(37)
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	5,189	288	6,954	139	(10)	13
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 5,189	\$ 288	\$ 24,454	\$ 139	\$ (10)	\$ (24)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	CEO Equipment	Voting Machine	82 High Street	Firefighters Grant	Snowmobile Grant
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	351,415	-	4,630
Other income	-	-	-	-	-
TOTAL REVENUES	-	-	351,415	-	4,630
EXPENDITURES					
Capital outlay	-	11,965	351,036	-	-
Other	-	-	-	-	4,630
TOTAL EXPENDITURES	-	11,965	351,036	-	4,630
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(11,965)	379	-	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(11,965)	379	-	-
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	891	12,434	-	1,458	-
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 891	\$ 469	\$ 379	\$ 1,458	\$ -

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Church Street	Animal Control	Playground	Police Training	Byrne Grant
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Other income	140	-	-	-	-
TOTAL REVENUES	140	-	-	-	-
EXPENDITURES					
Capital outlay	-	-	-	-	-
Other	-	335	-	-	-
TOTAL EXPENDITURES	-	335	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	140	(335)	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	140	(335)	-	-	-
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	182	2,348	3,150	56,666	1,525
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 322	\$ 2,013	\$ 3,150	\$ 56,666	\$ 1,525

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Byrne Grant II	Police Vehicle	Parks and Recreation Reserve	Public Safety Bond	Drainage Project	Total
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,768
Intergovernmental	-	-	-	-	-	356,045
Other income	-	14,214	-	-	-	212,781
TOTAL REVENUES	-	14,214	-	-	-	578,594
EXPENDITURES						
Capital outlay	-	47,371	-	-	-	566,946
Other	-	6,310	-	-	321,939	480,463
TOTAL EXPENDITURES	-	53,681	-	-	321,939	1,047,409
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(39,467)	-	-	(321,939)	(468,815)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	37,000	5,000	-	60,000	211,374
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	37,000	5,000	-	60,000	211,374
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(2,467)	5,000	-	(261,939)	(257,441)
FUND BALANCES (DEFICITS), JANUARY 1, RESTATED	13,305	16,037	2,111	(4,718)	254,049	1,425,962
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 13,305	\$ 13,570	\$ 7,111	\$ (4,718)	\$ (7,890)	\$ 1,168,521

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

Permanent Funds

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

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
DECEMBER 31, 2016

	Hippach Field	LA Smith	Cemetery	Weymouth	Webster
ASSETS					
Cash and cash equivalents	\$ 2,647	\$ 17,060	\$ 11,924	\$ 9,247	\$ 1,514
Investments	160,596	-	-	-	-
Due from other funds	32,079	-	327	-	-
TOTAL ASSETS	<u>\$ 195,322</u>	<u>\$ 17,060</u>	<u>\$ 12,251</u>	<u>\$ 9,247</u>	<u>\$ 1,514</u>
LIABILITIES					
Due to other funds	\$ -	\$ 106	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>106</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	195,322	16,954	12,251	9,247	1,514
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>195,322</u>	<u>16,954</u>	<u>12,251</u>	<u>9,247</u>	<u>1,514</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 195,322</u>	<u>\$ 17,060</u>	<u>\$ 12,251</u>	<u>\$ 9,247</u>	<u>\$ 1,514</u>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
DECEMBER 31, 2016

	Smith Cemetery	Riverside	Butterfield	Blake	Ctr. Mtg. House
ASSETS					
Cash and cash equivalents	\$ 2,446	\$ 12,246	\$ 1,411	\$ 12,623	\$ 9,604
Investments	-	-	-	-	-
Due from other funds	108	1	365	-	604
TOTAL ASSETS	<u>\$ 2,554</u>	<u>\$ 12,247</u>	<u>\$ 1,776</u>	<u>\$ 12,623</u>	<u>\$ 10,208</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 366	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>366</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	2,554	12,247	1,776	12,257	10,208
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>2,554</u>	<u>12,247</u>	<u>1,776</u>	<u>12,257</u>	<u>10,208</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 2,554</u>	<u>\$ 12,247</u>	<u>\$ 1,776</u>	<u>\$ 12,623</u>	<u>\$ 10,208</u>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
DECEMBER 31, 2016

	Ministerial	Alice Knowlton	Perkins	Albert Knowles	Nadine DeWolfe	Farmington Cemetery
ASSETS						
Cash and cash equivalents	\$ 12,038	\$ 21,125	\$ 1,131	\$ 2,869	\$ 48,772	\$ 35,255
Investments	-	-	-	-	-	465,838
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 12,038</u>	<u>\$ 21,125</u>	<u>\$ 1,131</u>	<u>\$ 2,869</u>	<u>\$ 48,772</u>	<u>\$ 501,093</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,341
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,341</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	12,038	21,125	1,131	2,869	48,772	492,752
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>12,038</u>	<u>21,125</u>	<u>1,131</u>	<u>2,869</u>	<u>48,772</u>	<u>492,752</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 12,038</u>	<u>\$ 21,125</u>	<u>\$ 1,131</u>	<u>\$ 2,869</u>	<u>\$ 48,772</u>	<u>\$ 501,093</u>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
DECEMBER 31, 2016

	Sumner P. Mills	Hippach Field	Howard	Other	Perpetual Flowers	Total
ASSETS						
Cash and cash equivalents	\$ 26,727	\$ 4,136	\$ 2,977	\$ -	\$ 869	\$ 236,621
Investments	-	-	-	209	-	626,643
Due from other funds	-	-	-	-	2,670	36,154
TOTAL ASSETS	<u>\$ 26,727</u>	<u>\$ 4,136</u>	<u>\$ 2,977</u>	<u>\$ 209</u>	<u>\$ 3,539</u>	<u>\$ 899,418</u>
LIABILITIES						
Due to other funds	\$ 18,545	\$ 7,000	\$ -	\$ -	\$ -	\$ 34,358
TOTAL LIABILITIES	<u>18,545</u>	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,358</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	8,182	-	2,977	209	3,539	867,924
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	(2,864)	-	-	-	(2,864)
TOTAL FUND BALANCES (DEFICITS)	<u>8,182</u>	<u>(2,864)</u>	<u>2,977</u>	<u>209</u>	<u>3,539</u>	<u>865,060</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 26,727</u>	<u>\$ 4,136</u>	<u>\$ 2,977</u>	<u>\$ 209</u>	<u>\$ 3,539</u>	<u>\$ 899,418</u>

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

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Hippach Field	LA Smith	Cemetery	Weymouth	Webster
REVENUES					
Interest income	\$ -	\$ 26	\$ 17	\$ 14	\$ 2
Investment income, net of unrealized gains/(losses)	14,697	-	-	-	-
TOTAL REVENUES	<u>14,697</u>	<u>26</u>	<u>17</u>	<u>14</u>	<u>2</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>14,697</u>	<u>26</u>	<u>17</u>	<u>14</u>	<u>2</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	14,697	26	17	14	2
FUND BALANCES (DEFICITS), JANUARY 1	<u>180,625</u>	<u>16,928</u>	<u>12,234</u>	<u>9,233</u>	<u>1,512</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 195,322</u>	<u>\$ 16,954</u>	<u>\$ 12,251</u>	<u>\$ 9,247</u>	<u>\$ 1,514</u>

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Smith Cemetery	Riverside	Butterfield	Blake	Ctr. Mtg. House
REVENUES					
Interest income	\$ 4	\$ 19	\$ 2	\$ 20	\$ 14
Investment income, net of unrealized gains/(losses)	-	-	-	-	-
TOTAL REVENUES	<u>4</u>	<u>19</u>	<u>2</u>	<u>20</u>	<u>14</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4</u>	<u>19</u>	<u>2</u>	<u>20</u>	<u>14</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	4	19	2	20	14
FUND BALANCES (DEFICITS), JANUARY 1	<u>2,550</u>	<u>12,228</u>	<u>1,774</u>	<u>12,237</u>	<u>10,194</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 2,554</u>	<u>\$ 12,247</u>	<u>\$ 1,776</u>	<u>\$ 12,257</u>	<u>\$ 10,208</u>

SCHEDULE G (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Ministerial	Alice Knowlton	Perkins	Albert Knowles	Nadine DeWolfe	Farmington Cemetery
REVENUES						
Interest income	\$ 18	\$ 32	\$ 2	\$ 4	\$ 73	\$ 35
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	29,481
TOTAL REVENUES	<u>18</u>	<u>32</u>	<u>2</u>	<u>4</u>	<u>73</u>	<u>29,516</u>
EXPENDITURES						
Other	-	-	-	-	-	2,050
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,050</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>18</u>	<u>32</u>	<u>2</u>	<u>4</u>	<u>73</u>	<u>27,466</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	(15,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	18	32	2	4	73	12,466
FUND BALANCES (DEFICITS), JANUARY 1	<u>12,020</u>	<u>21,093</u>	<u>1,129</u>	<u>2,865</u>	<u>48,699</u>	<u>480,286</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 12,038</u>	<u>\$ 21,125</u>	<u>\$ 1,131</u>	<u>\$ 2,869</u>	<u>\$ 48,772</u>	<u>\$ 492,752</u>

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Sumner P. Mills	Hippach Field	Howard	Other	Perpetual Flowers	Total
REVENUES						
Interest income	\$ 43	\$ 6	\$ 4	\$ -	\$ 1	\$ 336
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	44,178
TOTAL REVENUES	<u>43</u>	<u>6</u>	<u>4</u>	<u>-</u>	<u>1</u>	<u>44,514</u>
EXPENDITURES						
Other	-	7,000	-	-	-	9,050
TOTAL EXPENDITURES	<u>-</u>	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,050</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>43</u>	<u>(6,994)</u>	<u>4</u>	<u>-</u>	<u>1</u>	<u>35,464</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	(15,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	43	(6,994)	4	-	1	20,464
FUND BALANCES (DEFICITS), JANUARY 1	<u>8,139</u>	<u>4,130</u>	<u>2,973</u>	<u>209</u>	<u>3,538</u>	<u>844,596</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 8,182</u>	<u>\$ (2,864)</u>	<u>\$ 2,977</u>	<u>\$ 209</u>	<u>\$ 3,539</u>	<u>\$ 865,060</u>

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

General Capital Assets

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

TOWN OF FARMINGTON, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
DECEMBER 31, 2016

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General government	\$ 39,600	\$ 1,188,203	\$ 48,520	\$ -	\$ 1,276,323
Public works	111,700	923,104	2,443,882	10,632,039	14,110,725
Parks and recreation	166,700	1,044,409	114,377	-	1,325,486
Public safety	24,600	127,982	2,614,875	-	2,767,457
Sewer	37,500	9,856,016	1,999,843	7,908,349	19,801,708
Town-wide	389,129	499,136	11,965	156,574	1,056,804
Total General Capital Assets	<u>769,229</u>	<u>13,638,850</u>	<u>7,233,462</u>	<u>18,696,962</u>	<u>40,338,503</u>
Less: Accumulated Depreciation	<u>-</u>	<u>(12,305,873)</u>	<u>(5,089,357)</u>	<u>(13,059,817)</u>	<u>(30,455,047)</u>
Net General Capital Assets	<u>\$ 769,229</u>	<u>\$ 1,332,977</u>	<u>\$ 2,144,105</u>	<u>\$ 5,637,145</u>	<u>\$ 9,883,456</u>

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

TOWN OF FARMINGTON, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Capital Assets 1/1/16	Additions	Deletions	General Capital Assets 12/31/16
General government	\$ 1,276,323	\$ -	\$ -	\$ 1,276,323
Public works	14,110,725	-	-	14,110,725
Parks and recreation	1,318,486	7,000	-	1,325,486
Public safety	2,720,086	47,371	-	2,767,457
Sewer	19,685,797	115,911	-	19,801,708
Town-wide	537,229	519,575	-	1,056,804
Total General Capital Assets	39,648,646	689,857	-	40,338,503
Less: Accumulated Depreciation	(29,842,305)	(612,742)	-	(30,455,047)
Net General Capital Assets	<u>\$ 9,806,341</u>	<u>\$ 77,115</u>	<u>\$ -</u>	<u>\$ 9,883,456</u>

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



Proven Expertise and Integrity

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

Board of Selectmen
Town of Farmington
Farmington, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Farmington, Maine, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town of Farmington, Maine's basic financial statements, and have issued our report thereon dated September 11, 2017.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Farmington, Maine's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Farmington, Maine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Farmington, Maine's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
September 11, 2017