

2015

# Town of Lisbon, Maine Annual Financial Report For The Fiscal Year Ended June 30, 2015

Lisbon, Me.

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Federal Compliance Audit

Town of Lisbon, Maine

June 30, 2015



*Proven Expertise and Integrity*



# TOWN OF LISBON, MAINE

Edward Karass, Director

Diane Barnes, Town Manager

January 26, 2016

To the Citizens of the Town of Lisbon

The comprehensive annual financial report of the Town of Lisbon, Maine for the fiscal year ended June 30, 2015, is hereby submitted. The Town is required to issue annually a report on its financial position and activity presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and are audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States by an independent firm of certified public accountants after the close of the fiscal year.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town of Lisbon, Maine.

This report consists of management's representations concerning the financial operation and condition of the Town. Responsibility for both the reliability of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To provide a reasonable basis for making these representations, management of the Town has established an internal control framework that is designed to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits require estimates and judgments by management. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds of the Town of Lisbon and all disclosures deemed necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town's financial statements have been audited by RHR Smith LLP, a firm of licensed certified public accountants, as required by Title 30A Subsection 5824 and Title 20A Chapter 221 Section 6051. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town of Lisbon for the fiscal year ended June 30, 2015 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures

in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was not a reasonable basis for rendering an unqualified opinion that the Town of Lisbon's financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

As a recipient of federal, state, and county financial assistance, the Town is subject to annual single audits in conformity with the provisions of the federal Single Audit Act of 1984 amended by the Single Audit Act Amendments of 1996, related U.S. Office of Management and Budget's Circular A-133. Information related to the Single Audit, including the schedule of expenditures of federal awards, findings and questioned costs, and auditor's reports on the internal control and compliance with applicable laws and regulations are included in the compliance section.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## **Profile of the Town of Lisbon**

The Town is ideally located approximately 6 miles east of downtown Lewiston and 6 miles west of the Mid coast area, and only 39 minutes or 27 miles north of Portland. The Town has a land area of approximately twenty-three square miles and a population of 8,883 based on 2014 estimates. Founded in 1799, Abenaki Indians called the falls *Anmecangin*, meaning "much fish". The area was once part of Little River Plantation, a portion of which was incorporated in 1799 as Thompsonborough, then renamed in 1802 after Lisbon, Portugal. In 1806, Lisbon annexed the remainder of Little River Plantation.

Taking advantage of water power from the Androscoggin River, Lisbon Falls became a small mill town. Before it burned down in 1987, the Worumbo Mill was the main mill in Lisbon Falls. It had been incorporated in 1864, and was world famous for its woolens. Especially well known were its vicuna wool products, which became famous when President Eisenhower's Chief of Staff, Sherman Adams, received a vicuna sport coat as a gift from a wealthy industrialist and had to resign due to the resulting scandal.

As of 2014, the town's largest employer is Dingley Press. According to the company's Website, Dingley employs approximately 500 people achieving \$100 million in sales. According to information in the public domain, Dingley Press is the fifth largest catalogue printer in the United States with a presence in both print and digital media. Other services provided by the company include co-distribution and mailing services.

The Town operates under the council-manager form of government. Policy making and legislative authority are vested in the governing Town Council, which consists of a Chairperson and six other council members. The Town Council is responsible, among other things, for passing ordinances, adopting the budget, and establishing fiscal and operational policy. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, and for overseeing the day-to-day operations of the Town. Council members are elected to four-year staggered terms with seven council members elected every two years.

The financial reporting entity (the Town) includes all the funds of the primary government (i.e., the Town of Lisbon as legally defined); however, at this time, the report does not contain the financial statement information of its component unit, the Lisbon Water Department. Component units are legally separate entities for which the primary government is financially accountable.

The Town provides a full range of services. These services include police and fire protection; storage and distribution of potable water through the Lisbon Water Department; sewerage collection and treatment; sanitation services; construction and maintenance of roadways, sidewalks, streets, and infrastructure; code enforcement; planning and zoning; public services; parking enforcement; and education. The Town owns and operates its' own water and sewerage facilities.

Although primarily residential, the Town's close proximity to Lewiston, Auburn, Portland, and the Mid-coast region of Maine has contributed to the development of several new businesses including: Dollar General, The Beauty Box, Ferns Estimating Services, Expert Volvo, Lisbon Family Dentist, Golden Dragon Martial Arts Academy and Fitness, Daniel Buck Auction & Art Gallery, Advanced Auto Parts, the expansion of The Shop as well as the renovations to The Lamp. Each of these businesses is within the Town's boundaries. 2014 data provided by the Bureau of Labor Statistic, Bureau of the Census and Maine Office Policy and Management Analysis.

The function of county government, is separate governmental entity and, accordingly, is excluded from this report.

## **Budgeting Controls**

The annual budget serves as the foundation for the Town of Lisbon's financial planning and control. Beginning in January of each year the Town Manager and School Superintendent begin the preparation of the budget to be enacted by the Town Council by June 30<sup>th</sup>. The various Department Heads are required to submit their proposed budget requests to their respective Executive Heads.

For Municipal Operations, the Town Manager, along with the Department Heads, review the requests and develop the proposed budget submission. The School Department is required by Town Charter, Municipal Ordinance, and by Title 20A, Section 15693 M.R.S.A., as amended to submit the detailed school budget to the

School Committee for review and approval of the allocation of resources. The School Committee, then makes its recommendations to the Council for funding. The Council has the final approval of the budget request to be sent to the voters for referendum on the budget.

After reviewing the department budget requests with each Department Head and the respective budget review teams, the Town Manager and School Committee present their proposed budgets to the Town Council in accordance with an established calendar year. The Town Council is required to hold public hearings on the proposed budgets and to adopt the final Budget no later than June 30 of each year.

I recommend, beginning in FY 2016-17, the Town Manager and the School Superintendent reach an agreement to prepare a consolidated five-year capital improvement plan complete with cash flows required over the life-cycle of the improvements in the plan. Beginning with 2017-2018 fiscal year, the plan should be submitted to the Town Council and School Committee for action in May of each year. The proposed five-year capital improvement plan would outline project priorities, proposed funding sources, and any requirements for borrowing. The plan would include a cash flow analysis to provide the Council, School Committee, and citizens of Lisbon an understanding of when resources would be required to fund the approved projects. The five-year Capital improvement Plan would be adopted at the last meeting in May of each year. By reviewing the plan on an annual basis, the stakeholders would have current knowledge of any required shifts in priorities.

In addition, the Town maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Town Council, and in the case of the School Department Budget voted upon in a referendum. Activities of the General, Special Revenue and Capital Projects are included in the annual budget. The School Department Budget is considered via a separate document. Interim financial statements are distributed to management and elected officials as required by each body to provide information on the status of actual revenues and expenditures as compared to the budgeted amounts and prior years. The level of budgetary control (that is, the level at which expenditures cannot exceed the budgeted amount) is established at the individual fund level. Although the Town does not maintain an encumbrance system as one technique of accomplishing budgetary control, amounts committed are carried forward to the next fiscal year instead of being lapsed to Fund Balance at year-end.

To enhance the budgeting process in Lisbon, the Council should consider acting upon a consolidated budget, uniformly formatted, consisting of the Municipality's General Government operations and School Department operations. This single document would provide a clearer understanding of the total requested funding for the upcoming fiscal year and the available resources to meet the requests. A single budget would also help Lisbon's citizens to understand the complexities of balancing all the needs of the community. The School Department would continue to meet the

presentation requirements set forth by the State of Maine for school budget submissions for state funding.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Lisbon operates.

## **Local Economy**

The Town of Lisbon's overall economic outlook is slowly improving. However, there are still areas in the downtown and village that are in need of new development and redevelopment of existing idle resources, especially the former mills. Lisbon must continue to make strides through its vision of the Rt. 196 corridor and Downtown Master Plans along with leveraging the Rail Trail System. All of these initiatives will make Lisbon an attractive location to do business and enjoy recreational opportunities.

Although primarily residential, the Town's close proximity to Lewiston, Auburn, Portland, and the Mid-coast region of Maine has contributed to the development of several new businesses including: Dollar General, The Beauty Box, Ferns Estimating Services, Expert Volvo, Lisbon Family Dentist, Golden Dragon Martial Arts Academy and Fitness, Daniel Buck Auction & Art Gallery, Advanced Auto Parts, the expansion of The Shop as well as the renovations to The Lamp. Each of these businesses is within the Town's boundaries.

2014 data provided by the Bureau of Labor Statistic, Bureau of the Census and Maine Office Policy Analysis indicates that approximately 48% of the Town's population over the age of 16 is employed. This is slightly below the countywide average of 49.9% and the State average of 48.7%. Employment in business, science, or arts accounted for 27% of the work force employment; 34% in either office, sales, or retail services; and about 39% in service, construction, transportation and other similar positions.

The Town's 2014 unemployment rate, provided by the Maine Department of Employment Security - Economic Information Division, (not adjusted for seasonal employment) of 4.7% compares favorably with the statewide rate of 5.7% and a national average of 6.2%. Currently through nine months of calendar 2015, the average unemployment rates are 4.34%, 4.78, and 5.38% respectively.

Local property tax revenues are driven primarily by the value of residential and commercial property, with property tax bills determined by the local government's assessment of the value of property. Real estate and personal property tax collections typically lag the market values because local assessment practices take time to catch up with changes. As a result, current property tax bills and property tax collections typically reflect values of property that may be determined several years prior to their collection.

Despite anecdotal news reports of improving real estate markets in most parts of the country, property tax revenues remained fairly flat. Lisbon in terms of constant dollars decreased by 0.8 percent in 2014 compared with 2013 in constant dollars. The first anticipated increase in property tax collections is projected for 2015 at a rate of .17 percent over 2014 after adjusting to constant dollars.

Although significant infrastructure improvements have been completed recently, a gymnasium and track at the Lisbon High School costing \$500,000 and \$5,695,714 respectively, general obligation debt remains at 4.1% of taxable valuation.

In 2014, of the fourteen communities comprising Androscoggin County, Lisbon accounted for 3.6% (\$40.9M) of all taxable retail sales recorded in the county and .2% statewide. Two communities, Lewiston and Auburn accounted for 84% of total taxable retail sales in Androscoggin County in 2014. However, the 2014 statistics are positive for Lisbon as there was a very modest uptick in sales. Unadjusted for inflation, the increase amounted approximately 5.45% or \$2.1 million in sales.

### **Long-term Financial Planning**

A major step forward for the Town of Lisbon will be the compilation, submission, and adoption of a five year capital improvements plan. The plan will present in a single document, requirements from municipal government operations, school operations, and necessary improvements to the Town's water supply.

### **Major Initiatives**

Although the Town does not yet have a comprehensive capital improvements plan that complies with the content recommendations of the Government Finance Officers Association, several initiatives have been undertaken in the past year.

**School Department:** During the 2014-2015 Fiscal Year the School Department undertook and completed a new gymnasium, track, and related grounds improvements at Lisbon High School. Bonds were issued in the amounts of 5,695,714 for the gymnasium project and \$500,000 for the track. Other projects undertaken by the department included a Qualified Energy Conservation Bond lease or QECB in the amount of \$1,701,655.

**Municipal Government** which comprises all of the Town of Lisbon's general government activities issued QECBs amounting to approximately \$818,871 to make energy improvements in several facilities. The Town also saw the completion of the River Trail Project which was heavily subsidized by the State of Maine Department of Transportation.

## **Acknowledgements**

As the management of the Town of Lisbon, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Respectfully Submitted,

Edward Karass, MBA  
Finance Director - Deputy Treasurer  
Town of Lisbon

TOWN OF LISBON, MAINE

JUNE 30, 2015

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## INDEPENDENT AUDITORS' REPORT

Town Council  
Town of Lisbon, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Lisbon, Maine, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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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.

#### Basis for Adverse Opinion on the Water Department Fund and Business-Type Activities

Management has not included the Water Department Fund in the Town of Lisbon, Maine's financial statements. Accounting principles generally accepted in the United States of America require the Water Department Fund to be presented as a major enterprise fund as financial information about the Water Department Fund to be part of the business-type activities, thus increasing that activity's assets, liabilities, revenues, expenses, and changing its net position. The amount by which the departure would affect the assets, liabilities, net position, revenues and expenses of the business-type activities and the omitted major fund has not been determined. The Water Department is accounted for separately, using a calendar year end, and has a separate audit report issued December 31<sup>st</sup> each year. It should be noted that the Town has issued certain bonds on behalf of the Water Department and this debt is reflected in the separate Water Department financial statements.

#### Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on the Water Department Fund and Business-Type Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the Water Department Fund or the Business-Type Activities as of June 30, 2015, or the changes in financial position or cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. The Town of Lisbon, Maine has issued a separate department financial statements.

#### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Lisbon, Maine as of June 30, 2015, 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 5 through 16 and 59 through 61 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 Lisbon, Maine's basic financial statements. The combining and individual non-major fund financial statements and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2016, on our consideration of the Town of Lisbon, 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 Lisbon, Maine's internal control over financial reporting and compliance.

*R.H.R. Smith & Company*

Buxton, Maine  
January 26, 2016



# TOWN OF LISBON, MAINE

Edward Karass, Director

Diane Barnes, Town Manager

## REQUIRED SUPPLEMENTARY INFORMATION MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

(UNAUDITED)

The following management's discussion and analysis of Town of Lisbon, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Town's financial statements.

### Financial Statement Overview

In accordance with generally accepted accounting principles, the Town presents two kinds of statements, each with a different snapshot of the Town's finances. The government-wide financial statements present financial information on the Town as a whole. The focus of the fund statements is on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Town's accountability.

### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad view of the Town's finances, in a manner similar to private-sector businesses. The Statement of Net Position presents information on all of the Town's assets, deferred outflow of resources, liabilities and deferred inflows of resources with the aggregate difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. 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 cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type) activities. The governmental activities of the Town include general governmental, public safety, public works, public services, general assistance, education, and TIF. The

business-type activities of the Town include the Lisbon Water Department, a Component Unit of the Town, however this is not included in the financial statements. The government-wide financial statements include the Town itself (known as the primary government). The Town is financially accountable for the Lisbon Water Department (LWD), but it has a separate governing board. Because the LWD is a component unit, its financial information is reported separately from the financial information of the Town. The government-wide financial statements can be found on pages 17 through 19 of this report.

### **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 Lisbon, like other local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Lisbon can be divided into two categories: governmental funds and fiduciary funds.

*Governmental funds:* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Lisbon presents eight columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, loan program fund, school capital fund, gym bond fund, track bond fund, school QZAB/QECB fund, and town QECB fund. All other funds are shown as nonmajor and are combined in the "Nonmajor Funds" column on these statements. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 20 through 23 of this report.

The Town adopts an annual budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. The Town did not adopt any significant budget amendments for the fiscal year ended June 30, 2015.

*Fiduciary Funds:* These funds are used to account for resources held for the benefit of parties outside the Town of Lisbon. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The Town maintains two fiduciary funds: an agency fund, which accounts for student activity funds at the individual schools, and a private purpose trust fund, which accounts for scholarships. The fiduciary fund financial statements can be found on pages 24 and 25 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Changes in Fiduciary Net Position – Fiduciary Funds on pages 26 through 57 of this report.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund, a Schedule of Proportionate Share of the Net Pension Liability and a Schedule of Contributions. Required supplementary information can be found on pages 59 through 61 of this report

### **Other Supplementary Information**

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, and other detailed budgetary information for the general fund. The combining and other schedules can be found on pages 63 through 73 of this report.

### **Financial Analysis of the Town as a Whole**

The Town is presenting current and prior year comparative information in the Management's Discussion and Analysis to provide a means of analyzing its' financial condition and position as of June 30, 2015.

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities.

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

	<b>2015</b>	<b>2014 (Restated)</b>
<b>Assets:</b>		
Current Assets	\$ 11,953,425	\$ 7,408,345
Capital Assets	28,323,236	25,211,873
Total Assets	<u>40,276,661</u>	<u>32,620,218</u>
<b>Deferred Outflows of Resources:</b>		
Deferred Outflows Related to Pensions	833,800	253,419
Total Deferred Outflows of Resources	<u>833,800</u>	<u>253,419</u>
<b>Liabilities:</b>		
Current Liabilities	4,363,273	2,010,225
Long-term Debt Outstanding	18,423,503	14,074,147
Total Liabilities	<u>22,786,776</u>	<u>16,084,372</u>
<b>Deferred Inflows of Resources:</b>		
Prepaid Taxes	34,645	-
Deferred Revenue	29,482	26,798
Deferred Inflows Related to Pensions	1,118,343	-
Total Deferred Inflows of Resources	<u>1,182,470</u>	<u>26,798</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	9,370,945	14,261,144
Restricted	5,515,591	1,646,582
Unrestricted	2,254,679	854,741
Total Net Position	<u>\$ 17,141,215</u>	<u>\$ 16,762,467</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Town of Lisbon, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17,141,215 at June 30, 2015.

The largest portion of the Town's net position (54.67%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The Town of Lisbon uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this

debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position (32.17%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$2,255,384 and 13.16% of total net position) may be used to meet the Town's ongoing obligations to citizens and creditors. The Town is able to report positive balances in net position for the government as a whole, as well as for its separate governmental activities for the fiscal year ended June 30, 2015 and 2014.

The Town's governmental net position increased \$378,748 during the fiscal year ended June 30, 2015. Governmental current assets increased \$4,545,080 which reflects increases in cash and investment balances. Capital assets increased \$3,111,363 reflecting purchases of \$4,471,049 and depreciation expense of \$1,359,686. Long term liabilities increased \$4,473,962. The Town issued G.O. Bond Series 2014A and B on behalf of the School Department for \$6.2 million. Restricted fund balances increased \$3,868,304 and unrestricted fund balances increased \$1,400,643.

For more detailed information, see the Statement of Net Position on page 17.

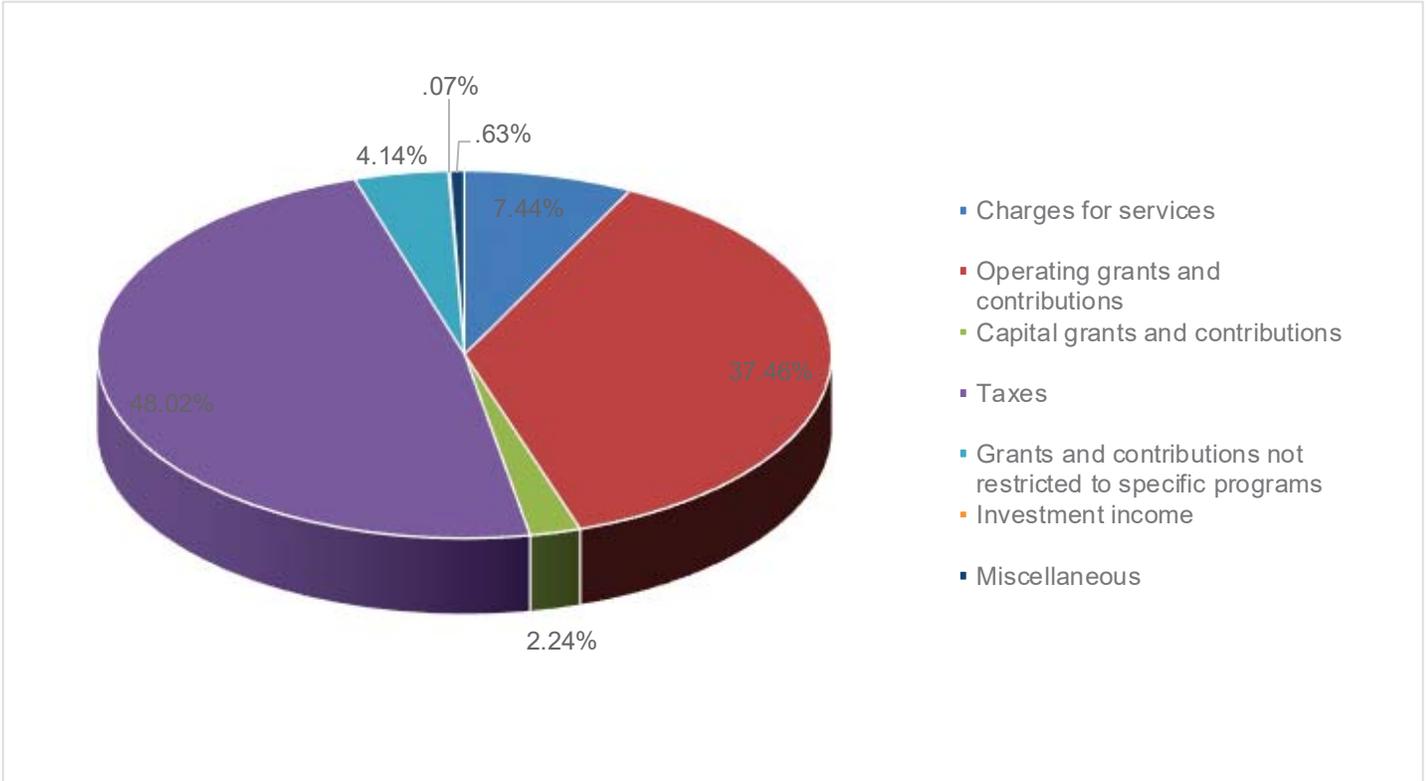
### **Revenues and Expenses**

The following table summarizes the revenues and expenses of the Town's activities:

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

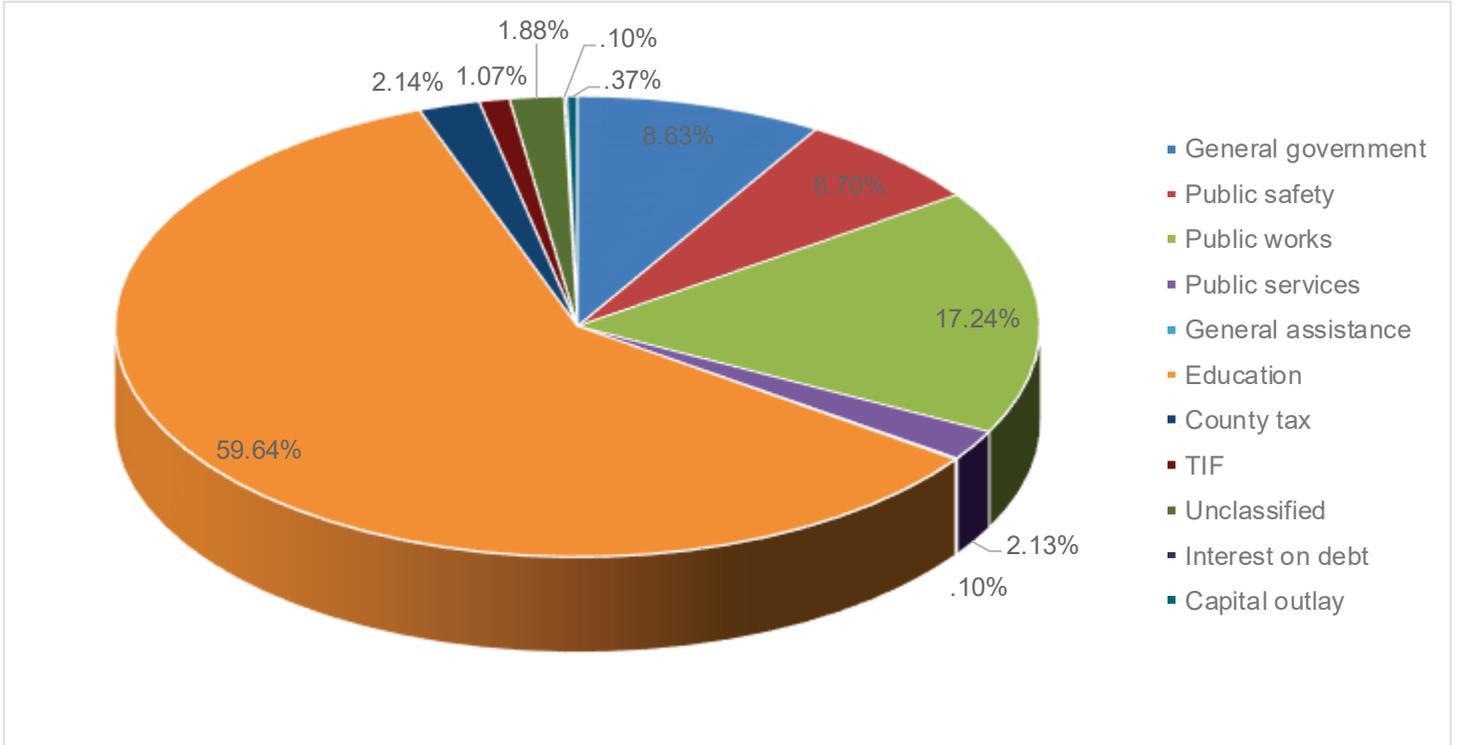
	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 1,978,440	\$ 1,673,250
Operating grants and contributions	9,957,036	10,751,306
Capital grants and contributions	594,818	982,068
<i>General Revenues:</i>		
Taxes	12,765,924	11,779,530
Grants and contributions not restricted to specific programs	1,100,289	898,669
Investment income	19,074	24,027
Miscellaneous	167,880	13,647
Total Revenues	<u>26,583,461</u>	<u>26,122,497</u>
<b>Expenses</b>		
General government	2,262,805	2,525,184
Public safety	1,754,769	1,763,577
Public works	4,516,768	4,046,460
Public services	559,542	535,434
General assistance	26,549	25,436
Education	15,627,821	15,647,312
County tax	559,592	542,737
TIF	279,566	-
Unclassified	494,022	432,369
Interest on debt	25,405	69,554
Capital outlay	97,874	-
Total Expenses	<u>26,204,713</u>	<u>25,588,063</u>
Loss on disposal of assets	<u>-</u>	<u>(20,388)</u>
Change in Net Position	378,748	514,046
Net Position - July 1, Restated	<u>16,762,467</u>	<u>16,248,421</u>
Net Position - June 30	<u><u>\$ 17,141,215</u></u>	<u><u>\$ 16,762,467</u></u>

**Town of Lisbon, Maine  
Revenues Pie Chart  
For the Year Ended June 30, 2015**



Charges for services are primarily comprised of police and dispatch, animal control and school services. Taxes of \$12,765,924 increased \$986,394 during fiscal year 2015 from the period ending June 30, 2014. Operating grants and contributions are primarily comprised of School subsidies, which are the second largest revenue source in the General Fund.

**Town of Lisbon, Maine  
Expenses Pie Chart  
For the Year Ended June 30, 2015**



The Town's expenses totaled \$26,204,713 for fiscal year ended June 30, 2015 as compared to \$25,588,063 for the period ended June 30, 2014. Education accounts for the majority of expenses representing 59.64% of the total for fiscal year 2015. Public safety expenses related to the operations of the Police Department and Fire Department accounted for 6.70% of the total and Public Works expenses accounted for 17.24% of the total.

**Financial Analysis of the Town's Fund Statements**

For the fiscal year ended June 30, 2015, the governmental funds had a combined fund balance of \$9,638,437. This reflects an increase from the prior year fund balance of \$4,593,714. The General Fund, which is the main operating fund of the Town of Lisbon, reported a current year increase \$196,636 in fund balance. The other major fund balances increased by \$4,305,574. The non-major fund balances increased by \$91,504. Revenues of \$23,483,548 were \$603,988 higher than budget. Property taxes of \$11,426,640 were \$284,272 higher than budget. Excise tax revenues of \$1,440,383 were \$160,383 greater than budget with stronger than anticipated automobile sales. Investment income was \$1,871 higher than budget.

The Town's operating expenditures of \$22,799,578 were \$502,668 less than budget. The Town has continued its' efforts to reduce expenditures wherever possible throughout the year. General government expenditures of \$2,242,144 were \$261,991 lower than budget. Public safety expenditures of \$1,640,374 were under budget by

\$126,103. Public works expenditures of \$2,140,118 were under budget by \$68,272 and education expenses amounting to \$14,669,441 were also under budget by \$269,099.

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

	<u>2015</u>	<u>2014</u>
Major Funds:		
General Fund:		
Nonspendable	\$ 29,295	\$ 245,662
Restricted	351,389	417,452
Assigned	623,550	741,080
Unassigned	2,242,429	1,645,833
Total General Fund	<u>3,246,663</u>	<u>3,050,027</u>
Loan Program:		
Nonspendable	283,931	350,627
Committed	710,953	699,705
School Capital Fund:		
Committed	110,109	76,445
Gym Bond Fund:		
Restricted	3,085,170	-
Unassigned	-	(16,703)
Track Bond Fund:		
Restricted	48,895	-
School QZAB/QECB Fund:		
Restricted	945,064	-
Town QECB Fund:		
Restricted	231,526	-
Total Major Funds	<u>\$ 8,662,311</u>	<u>\$ 4,160,101</u>
Non-major Funds:		
Special Revenue Funds:		
Nonspendable	\$ 21,752	\$ 21,752
Restricted	116,666	131,221
Committed	829,953	705,824
Unassigned	(18,173)	-
Permanent Funds:		
Nonspendable	705	705
Restricted	25,223	25,120
Total Non-major Funds	<u>\$ 976,126</u>	<u>\$ 884,622</u>

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2015, the net book value of capital assets recorded by the Town increased by \$3,111,363. This increase was a result of capital additions of \$4,471,049 less current year depreciation expense of \$1,359,686.

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

	<u>2015</u>	<u>2014</u>
Land and improvements	\$ 1,048,575	\$ 1,048,575
Construction in progress	4,495,891	64,000
Buildings and improvements	11,301,514	12,315,373
Equipment and vehicles	2,637,590	3,182,193
Infrastructure	<u>8,839,666</u>	<u>8,601,732</u>
Total	<u><u>\$ 28,323,236</u></u>	<u><u>\$ 25,211,873</u></u>

### Debt

As of June 30, 2015, the Town had a total of \$20,761,415 of long-term obligations outstanding. Of this amount, \$15,655,962 is in the form of general obligation bonds that are backed by the full faith and credit of the Town government. Normally, the debt service on the general obligation bonds is paid with a component of the property tax levy. Typically, the School Department enjoys a shared cost of debt service with the State of Maine for any project that the State of Maine deems to be necessary as approved by the State Board of Education and the Commissioner of the Department of Education. As noted earlier, the Town issued G.O. Bond Series 2014A and G.O. Bond Series 2014B for the construction of a gymnasium and track. These projects did not receive any State of Maine participation. Therefore, bonds of \$5,695,714 and \$500,000 are solely the responsibility of the Town of Lisbon's taxpayers.

Included in long-term debt outstanding at the end of 2015 two Qualified Energy Conservation Bond leases for Municipal Government operation and School Department operations amounting to \$818,871 and \$1,701,655 for the School Department. The proceeds of these tax favored bond issues were used to pay for capital costs related to energy savings improvements in Town and School Buildings.

**Table 5**  
**Town of Lisbon, Maine**  
**Bonded and Similar Indebtedness**  
**June 30,**

	<b>2015</b>	<b>2014 (Restated)</b>
General obligation bonds	\$ 15,655,962	\$ 10,474,399
Capital leases payable	3,296,329	867,610
Accrued compensated absences	549,751	552,963
Net pension liability	1,259,373	2,179,175
<b>Total</b>	<b>\$ 20,761,415</b>	<b>\$ 14,074,147</b>

In Maine, a municipality may not incur debt which would cause its total debt outstanding at any time, exclusive of debt incurred for school purposes, for storm or sanitary sewer purposes, for energy facility purposes or for municipal airport purposes to exceed 7 1/2% of its last full state valuation, or any lower percentage or amount that the citizens of the Town may set by Charter or Ordinance. A municipality may incur debt for school purposes to an amount outstanding at any time not exceeding 10% of its last full state valuation, or any lower percentage or amount that a municipality may set, for storm or sanitary sewer purposes to an amount outstanding at any time not exceeding 7 1/2% of its last full state valuation, or any lower percentage or amount that the citizens of the Town may set by Charter or Municipal Ordinance. Municipalities may set for municipal airport and special district purposes an amount outstanding at any time not exceeding 3% of its last full state valuation, or any lower percentage or amount that a municipality may set. However, in no case may a municipality incur debt which would cause its total debt outstanding at any time to exceed 15% of its last full state valuation, or any lower percentage or amount that a municipality self-imposes.

However, the Town has a self-imposed debt limit of 5% of the assessed value of taxable property in the Town (\$458,010,590). Per the Town's revenue policy, long term debt will only be used to finance long-lived capital and operating assets. In September of 2014, the Town of Lisbon issued tax exempt bonds amounting to \$6,195,714 through the Maine Municipal Bond Bank. Standard & Poor's assigned a AA+ to the general obligation bonds.

### **Economic Factors and Next Year's Budgets and Rates**

The financial results for the year ended June 30, 2015, as outlined in the above discussion and analysis, continue to show slight improvement from prior years, which is indicative of the economic stabilization and spotty growth occurring in the local and state economy. Economic improvement is expected to continue into the second half of 2016 as retail, housing, and public revenue sectors show signs of growth. Stability in real estate and personal property tax, and excise taxes are expected to continue. State

aid for education is expected to decrease. The Town Council continues to emphasize a disciplined and strategic allocation of resources and fiscal prudence to ensure Lisbon's long-term financial sustainability. The Town's ongoing management of its finances has enabled the Town to meet its financial obligations while adding to the Town's Fund Balance. The Town's general credit ratings have remained stable. Although general government's expenditure budget has remained austere, the employees continue to strive to provide Lisbon's citizens with above average services.

Significant factors considered in preparing the Town's budget for the next fiscal year include the following:

- The primary revenue, real estate and personal property taxes are expected to remain flat. Requested increases in the general government budget and school department budget will continue to be constrained by nearly flat resources.
- State aid for education will decrease by approximately \$500,000 due to the State Department of Education's forecast of lower school enrollments, a modest uptick in town valuations, decreasing debt service requirements, and the lower State appropriation for education costs for the 2016-2017 Fiscal Year. At the same time revenue is constrained, the Superintendent has submitted a budget to the School Committee with an increase of approximately \$700,000.
- Anticipated revenues earmarked for the Lisbon Public Safety Communications Center are uncertain. Two of the three participating towns are seeking other alternatives. In 2015-2016, a total of \$66,927 had been budgeted for revenue coming from the three Towns participating in the cost of Communications Center. The revenue loss could amount to about \$22,000 or a 33% decrease.
- The Police Department's Field Operations budgeted revenues were revised downward by \$58,225. This a loss of funding from the School Department for reimbursing the costs of School Resources Officers. The funding outlook for the next budget year is uncertain.
- General government is forecasting an additional \$200,000 increase beyond its normal operating budget to pay for the cost of introducing natural gas to the Town of Lisbon. The additional budget request will be used for infrastructure improvements to support the initiative.

### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Finance Department at 300 Lisbon Road, Lisbon, Maine 04250.

## TOWN OF LISBON, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2015

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 9,734,287
Investments	806,327
Note receivable	313,226
Accounts receivable (net of allowance for uncollectibles):	
Taxes	294,653
Liens	67,964
Other	210,702
Due from other governments	504,514
Inventory	21,752
Total current assets	<u>11,953,425</u>
Noncurrent assets:	
Capital assets	
Land and other assets not being depreciated	5,544,466
Buildings, equipment, vehicles and infrastructure, net of accumulated depreciation	<u>22,778,770</u>
Total noncurrent assets	<u>28,323,236</u>
<b>TOTAL ASSETS</b>	<u>40,276,661</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	<u>833,800</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>833,800</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 41,110,461</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 705,991
Payroll related liabilities	1,236,370
Accrued interest	83,000
Current portion of long-term obligations	<u>2,337,912</u>
Total current liabilities	<u>4,363,273</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	14,305,766
Capital leases payable	2,982,970
Net pension liability	<u>1,134,767</u>
Total noncurrent liabilities	<u>18,423,503</u>
<b>TOTAL LIABILITIES</b>	<u>22,786,776</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Prepaid taxes	34,645
Deferred revenue	29,482
Deferred inflows related to pensions	<u>1,118,343</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,182,470</u>
<b>NET POSITION</b>	
Net investment in capital assets	9,370,945
Restricted	5,515,591
Unrestricted	<u>2,254,679</u>
<b>TOTAL NET POSITION</b>	<u>17,141,215</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 41,110,461</u>

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

TOWN OF LISBON, MAINE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
General government	\$ 2,262,805	\$ 300,453	\$ -	\$ -	\$ (1,962,352)
Public safety	1,754,769	146,570	-	-	(1,608,199)
Public works	4,516,768	1,094,413	96,604	594,818	(2,730,933)
Public services	559,542	165,700	-	-	(393,842)
General assistance	26,549	-	5,946	-	(20,603)
Education	15,627,821	255,277	9,854,486	-	(5,518,058)
County tax	559,592	-	-	-	(559,592)
TIF	279,566	-	-	-	(279,566)
Unclassified	494,022	16,027	-	-	(477,995)
Interest on debt	25,405	-	-	-	(25,405)
Capital outlay	97,874	-	-	-	(97,874)
Total government	<u>\$ 26,204,713</u>	<u>\$ 1,978,440</u>	<u>\$ 9,957,036</u>	<u>\$ 594,818</u>	<u>(13,674,419)</u>

## TOWN OF LISBON, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(13,674,419)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	11,325,541
Excise taxes	1,440,383
Grants and contributions not restricted to specific programs	1,100,289
Investment income	19,074
Miscellaneous	<u>167,880</u>
Total general revenues	<u>14,053,167</u>
Change in net position	378,748
NET POSITION - JULY 1, RESTATED	<u>16,762,467</u>
NET POSITION - JUNE 30	<u><u>\$ 17,141,215</u></u>

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

## STATEMENT C

## TOWN OF LISBON, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General Fund	Loan Program	School Capital Fund	Gym Bond Fund	Track Bond Fund	School QZAB/QECB Fund	Town QECB Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>									
Cash and cash equivalents	\$ 4,586,518	\$ 820,069	\$ -	\$ 3,083,048	\$ 48,895	\$ 945,064	\$ 231,526	\$ 19,167	\$ 9,734,287
Investments	787,901	-	-	-	-	-	-	18,426	806,327
Accounts receivable (net of allowance for uncollectibles):									
Taxes	294,653	-	-	-	-	-	-	-	294,653
Liens	67,964	-	-	-	-	-	-	-	67,964
Other	-	-	-	-	-	-	-	210,702	210,702
Notes, net of allowance of \$201,416	29,295	283,931	-	-	-	-	-	-	313,226
Due from other governments	347,628	-	-	-	-	-	-	156,886	504,514
Inventory	-	-	-	-	-	-	-	21,752	21,752
Due from other funds	-	-	150,359	2,122	-	-	-	659,946	812,427
<b>TOTAL ASSETS</b>	<b>\$ 6,113,959</b>	<b>\$ 1,104,000</b>	<b>\$ 150,359</b>	<b>\$ 3,085,170</b>	<b>\$ 48,895</b>	<b>\$ 945,064</b>	<b>\$ 231,526</b>	<b>\$ 1,086,879</b>	<b>\$ 12,765,852</b>
<b>LIABILITIES</b>									
Accounts payable	\$ 665,741	\$ -	\$ 40,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 705,991
Accrued payroll	1,236,370	-	-	-	-	-	-	-	1,236,370
Due to other funds	592,558	109,116	-	-	-	-	-	110,753	812,427
<b>TOTAL LIABILITIES</b>	<b>2,494,669</b>	<b>109,116</b>	<b>40,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110,753</b>	<b>2,754,788</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Prepaid taxes	34,645	-	-	-	-	-	-	-	34,645
Deferred revenue	29,482	-	-	-	-	-	-	-	29,482
Deferred revenue - property taxes	308,500	-	-	-	-	-	-	-	308,500
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>372,627</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>372,627</b>
<b>FUND BALANCES</b>									
Nonspendable	29,295	283,931	-	-	-	-	-	22,457	335,683
Restricted	351,389	710,953	-	3,085,170	48,895	945,064	231,526	141,889	5,514,886
Committed	-	-	110,109	-	-	-	-	829,953	940,062
Assigned	623,550	-	-	-	-	-	-	-	623,550
Unassigned	2,242,429	-	-	-	-	-	-	(18,173)	2,224,256
<b>TOTAL FUND BALANCES</b>	<b>3,246,663</b>	<b>994,884</b>	<b>110,109</b>	<b>3,085,170</b>	<b>48,895</b>	<b>945,064</b>	<b>231,526</b>	<b>976,126</b>	<b>9,638,437</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 6,113,959</b>	<b>\$ 1,104,000</b>	<b>\$ 150,359</b>	<b>\$ 3,085,170</b>	<b>\$ 48,895</b>	<b>\$ 945,064</b>	<b>\$ 231,526</b>	<b>\$ 1,086,879</b>	<b>\$ 12,765,852</b>

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

## TOWN OF LISBON, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 9,638,437
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	28,323,236
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	308,500
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	833,800
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(15,655,962)
Capital leases payable	(3,296,329)
Accrued interest	(83,000)
Accrued compensated absences	(549,751)
Net pension liability	(1,259,373)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(1,118,343)</u>
Net position of governmental activities	<u><u>\$ 17,141,215</u></u>

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

## STATEMENT E

## TOWN OF LISBON, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Loan Program Fund	School Capital Fund	Gym Bond Fund	Track Bond Fund	School QZAB/QECB Fund	Town QECB Fund	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>									
Taxes:									
Property	\$ 11,426,640	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,426,640
Excise	1,440,383	-	-	-	-	-	-	-	1,440,383
Licences and permits	62,486	-	-	-	-	-	-	-	62,486
Intergovernmental	10,596,505	-	-	-	-	-	-	1,055,638	11,652,143
Investment income	9,871	1,494	-	5,908	86	1,111	481	123	19,074
Interest income	94,843	14,195	-	-	-	-	-	-	109,038
Charges for services	133,010	-	-	-	-	-	-	1,139,538	1,272,548
Other income	482,508	1,832	-	-	-	-	-	217,908	702,248
<b>TOTAL REVENUES</b>	<b>24,246,246</b>	<b>17,521</b>	<b>-</b>	<b>5,908</b>	<b>86</b>	<b>1,111</b>	<b>481</b>	<b>2,413,207</b>	<b>26,684,560</b>
<b>EXPENDITURES</b>									
Current:									
General government	2,436,661	-	-	-	-	-	-	123,167	2,559,828
Public safety	1,673,865	-	-	-	-	-	-	-	1,673,865
Public works	3,191,604	-	-	-	-	-	-	845,464	4,037,068
Public services	527,621	-	-	-	-	-	-	31,921	559,542
General assistance	26,549	-	-	-	-	-	-	-	26,549
Education	14,669,441	-	-	-	-	-	-	1,156,151	15,825,592
County tax	559,592	-	-	-	-	-	-	-	559,592
TIF	279,566	-	-	-	-	-	-	-	279,566
Unclassified	424,816	51,744	-	-	287	17,175	-	-	494,022
Capital outlay	137,032	-	52,885	2,599,749	450,904	740,527	587,826	-	4,568,923
Debt service - Town	338,346	21,225	-	-	-	-	-	-	359,571
<b>TOTAL EXPENDITURES</b>	<b>24,265,093</b>	<b>72,969</b>	<b>52,885</b>	<b>2,599,749</b>	<b>451,191</b>	<b>757,702</b>	<b>587,826</b>	<b>2,156,703</b>	<b>30,944,118</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(18,847)</b>	<b>(55,448)</b>	<b>(52,885)</b>	<b>(2,593,841)</b>	<b>(451,105)</b>	<b>(756,591)</b>	<b>(587,345)</b>	<b>256,504</b>	<b>(4,259,558)</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Proceeds from long-term debt	137,032	-	-	5,695,714	500,000	1,701,655	818,871	-	8,853,272
Transfers in	165,000	-	86,549	-	-	-	-	-	251,549
Transfers (out)	(86,549)	-	-	-	-	-	-	(165,000)	(251,549)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>215,483</b>	<b>-</b>	<b>86,549</b>	<b>5,695,714</b>	<b>500,000</b>	<b>1,701,655</b>	<b>818,871</b>	<b>(165,000)</b>	<b>8,853,272</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>196,636</b>	<b>(55,448)</b>	<b>33,664</b>	<b>3,101,873</b>	<b>48,895</b>	<b>945,064</b>	<b>231,526</b>	<b>91,504</b>	<b>4,593,714</b>
<b>FUND BALANCES - JULY 1</b>	<b>3,050,027</b>	<b>1,050,332</b>	<b>76,445</b>	<b>(16,703)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>884,622</b>	<b>5,044,723</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 3,246,663</b>	<b>\$ 994,884</b>	<b>\$ 110,109</b>	<b>\$ 3,085,170</b>	<b>\$ 48,895</b>	<b>\$ 945,064</b>	<b>\$ 231,526</b>	<b>\$ 976,126</b>	<b>\$ 9,638,437</b>

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

## TOWN OF LISBON, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 4,593,714</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 report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	4,471,049
Capital asset disposed	-
Depreciation expense	<u>(1,359,686)</u>
	<u>3,111,363</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>(101,099)</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>580,381</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, reduces long-term liabilities in the Statement of Net Position	
	<u>1,242,990</u>
Deferred inflows 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>(1,118,343)</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	3,212
Net pension liability	<u>919,802</u>
	<u>923,014</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 378,748</u></u>

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

## TOWN OF LISBON, MAINE

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2015

	Private Purpose Trust Funds	<u>Agency Funds</u> Student Activities
ASSETS		
Cash and cash equivalents	\$ 156,678	\$ 101,660
TOTAL ASSETS	<u>\$ 156,678</u>	<u>\$ 101,660</u>
LIABILITIES		
Held on behalf of others	\$ -	\$ 101,660
TOTAL LIABILITIES	<u>-</u>	<u>\$ 101,660</u>
NET POSITION		
Restricted - held in trust	<u>\$ 156,678</u>	

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

## TOWN OF LISBON, MAINE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	Private- Purpose Trust
ADDITIONS	
Contributions	\$ 7,503
Investment earnings	1,134
TOTAL ADDITIONS	<u>8,637</u>
DEDUCTIONS	
Scholarships	<u>8,895</u>
TOTAL DEDUCTIONS	<u>8,895</u>
CHANGE IN NET POSITION	(258)
NET POSITION - JULY 1	<u>156,936</u>
NET POSITION - JUNE 30	<u><u>\$ 156,678</u></u>

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

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Reporting Entity***

The Town of Lisbon, Maine was incorporated under the laws of the State of Maine. The Town operates under the council-manager form of government and provides the following services: general government, public safety, public works, public services, general assistance, education 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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so.

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

The Lisbon Water Department is an enterprise fund within the Town. The Water Department is not included in these financial statements. Operations of the Water Department are financed through usage fees charged to customers. The Water Department issues separate financial statements. The Water Department is not a separate legal entity from the Town, and debt issued for the Water Department is backed by the full faith and credit of the Town. Financing costs for the Water Department debt are provided through user charges.

***Government-Wide and Fund Financial Statements***

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

Both the government-wide and fund financial statements categorize primary activities as governmental. All the Town's activities are categorized as governmental.

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

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, liabilities, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town:

1. Governmental Funds:

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

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Fiduciary Funds:

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

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (agency and private-purpose). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

The 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, liabilities, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

**Budget**

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

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Town Council was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. The Town does not adopt budgets for Special Revenue Funds.

**Deposits and Investments**

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

The Town of Lisbon has no formal investment policy but instead follows the State of Maine Statutes.

**Inventories**

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet. The school lunch fund inventory consists of school nutrition supplies and food on hand at the end of the year, valued at cost. The cost value is determined using the first-in, first-out (FIFO) method.

**Interfund Receivables and Payables**

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

**Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of governmental activities.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts is estimated to be \$201,416 as of June 30, 2015.

**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.

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

Estimated useful lives are as follows:

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

**Long-term Obligations**

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

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

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund 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 June 30, 2015, the Town's liability for compensated absences is \$549,751.

**Pensions**

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

**Net Position**

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

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Fund Balances**

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

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

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

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

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

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

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

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Deferred Outflows and Inflows of Resources**

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

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and deferred revenue also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualifies 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 August 11, 2014 on the assessed value listed as of April 1, 2014, for all real and personal property located in the Town. Taxes were due in two installments on September 15, 2014 and March 15, 2015. Interest on unpaid taxes commenced on September 16, 2014 and March 16, 2015, 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 \$121,438 for the year ended June 30, 2015.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (grant income/expenses).

**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.

**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

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

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2015, the Town's cash balances amounting to \$9,992,625 were comprised of bank deposits of \$10,326,136. Of these bank deposits, \$10,941 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The remaining bank deposits of \$10,315,195 were collateralized with securities held by the financial institution in the Town’s name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 6,404
Savings accounts	4,537
Sweep accounts	10,315,195
	<u>\$ 10,326,136</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 have a policy for custodial credit risk for investments and the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers.

At June 30, 2015, the Town’s investments in certificates of deposit of \$121,327 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining investments in corporate bonds of \$685,000 was covered by Securities Investor Protection Corporation (SIPC) up to \$500,000. Investments in excess of \$500,000 were uncollateralized and uninsured.

At June 30, 2015, the Town had the following investments and maturities (maturity dates are not available for all items of investments):

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>Less than 1 Year</u>	<u>1-5 Years</u>
Certificates of Deposit	\$ 121,327	\$ -	\$ 121,327	\$ -
Fixed Income:				
Corporate Bonds	685,000	-	685,000	-
	<u>\$ 806,327</u>	<u>\$ -</u>	<u>\$ 806,327</u>	<u>\$ -</u>

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2015 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General Fund	\$ -	\$ 592,558
Loan Program	-	109,116
School Capital Fund	150,359	
Gym Bond Fund	2,122	-
Nonmajor Special Revenue Funds	659,946	110,753
	<u>\$ 812,427</u>	<u>\$ 812,427</u>

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2015:

	Balance 7/1/14	Additions	Disposals	Balance 6/30/15
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 1,048,575	\$ -	\$ -	\$ 1,048,575
Construction in progress	64,000	4,431,891	-	4,495,891
	<u>1,112,575</u>	<u>4,431,891</u>	<u>-</u>	<u>5,544,466</u>
Depreciated assets:				
Buildings	26,176,183	-	-	26,176,183
Equipment and vehicles	7,699,430	39,158	-	7,738,588
Infrastructure	21,734,035	-	-	21,734,035
	55,609,648	39,158	-	55,648,806
Less: accumulated depreciation	(31,510,350)	(1,359,686)	-	(32,870,036)
	<u>24,099,298</u>	<u>(1,320,528)</u>	<u>-</u>	<u>22,778,770</u>
Net capital assets	<u>\$ 25,211,873</u>	<u>\$ 3,111,363</u>	<u>\$ -</u>	<u>\$ 28,323,236</u>

Current year depreciation:

General government	\$ 104,454
Education	559,026
Public safety	132,053
Public works including infrastructure	564,153
Total depreciation expenses	<u>\$ 1,359,686</u>

NOTE 5 – LONG TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	Balance 7/1/14 (Restated)	Additions	Reductions	Balance 6/30/15	Due Within One Year
Bonds payable	\$ 10,474,399	\$ 6,195,714	\$ (1,014,151)	\$ 15,655,962	\$ 1,350,196
Capital leases payable	867,610	2,657,558	(228,839)	3,296,329	313,359
Accrued compensated absences	552,963	-	(3,212)	549,751	549,751
Net pension liability	2,179,175	608,980	(1,528,782)	1,259,373	124,606
Totals	<u>\$ 14,074,147</u>	<u>\$ 9,462,252</u>	<u>\$ (2,774,984)</u>	<u>\$ 20,761,415</u>	<u>\$ 2,337,912</u>

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 5 – LONG TERM DEBT (CONTINUED)

The following is a summary of the outstanding bonds payable:

	Town	School
\$500,000 Bond issued July 2000. Interest is stated at 1.00%, with varying annual principal installments. The bond is part of the intermediary relending loan program and will be retired with annual payments from the Loan Program Fund. Maturity in July 2026.	\$ 238,830	\$ -
\$12,899,710, 2004B General Obligation Bond due in annual principal installments and semiannual interest installments through November 2024. Interest is charged at a rate from 3.00% to 4.677% per annum. Annual principal installments are \$644,985.	-	6,449,860
\$368,000, 2005B General Obligation Bond due in annual principal installments and semiannual interest installments through November 2020. Interest is charged at a rate from 4.576% to 6.546% per annum. Annual principal installments are from \$12,855 to \$32,558.	176,628	-
\$350,000, 2004FR General Obligation Bond due in annual principal installments and semiannual interest installments through April 2024. Interest is charged at 1.93% per annum. Annual principal installments are \$17,500.	157,500	-
\$500,000, 2005FR General Obligation Bond due in annual principal installments and semiannual interest installments through October 2025. Interest is charged at 1.43% per annum. Annual principal installments are \$25,000.	275,000	-
\$540,000, 2006C General Obligation Bond due in annual principal installments and semiannual interest installments through November 2021. Interest is charged at a rate from 1.8% to 6.25% per annum. Annual principal installments are \$36,000.	252,000	-
\$1,310,855, 2009B General Obligation Bond due in annual principal installments and semiannual interest installments through November 2019. Interest is charged at a rate from 2.726% to 5.58% per annum. Annual principal installments are \$131,085.	655,430	-
\$1,070,000, 2010R General Obligation Bond due in annual principal installments and semiannual interest installments through November 2030. Interest is charged at a rate from 3.36% to 5.75% per annum. Annual principal installments are \$102,000.	856,000	-
\$350,000, 2010R Qualified School Construction Bond due in annual principal installments and semiannual interest installments through November 2030. Interest is charged at a rate of 5.28% per annum. Annual principal installments are \$35,000.	-	210,000

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 5 – LONG TERM DEBT (CONTINUED)

	Town	School
\$270,000, 2011E General Obligation Bond due in annual principal installments and semiannual interest installments through November 2021. Interest is charged at a rate from .5% to 5.5% per annum. Annual principal installments are \$27,000.	189,000	-
\$5,695,714, 2014B General Obligation Bond due in annual principal installments and semiannual interest installments through November 2034. Interest is charged at a rate from .43% to 3.786% per annum. Annual principal installments are \$284,786.	-	5,695,714
\$500,000, 2014B General Obligation Bond due in annual principal installments and semiannual interest installments through November 2024. Interest is charged at a rate from .43% to 2.65% per annum. Annual principal installments are \$50,000.	-	500,000
Total Bonds Payable	\$ 2,800,388	\$ 12,855,574

The annual principal and interest requirements to amortize the note and bonds payable are as follows:

	Principal	Interest	Total Debt Service
2016	\$ 1,350,196	\$ 479,524	\$ 1,829,720
2017	1,351,501	442,140	1,793,641
2018	1,352,832	400,199	1,753,031
2019	1,354,229	360,850	1,715,079
2020	1,355,684	322,618	1,678,302
2021-2025	5,655,904	1,042,738	6,698,642
2026-2030	1,758,187	414,240	2,172,427
2031-2035	1,477,429	134,157	1,611,586
	\$ 15,655,962	\$ 3,596,466	\$ 19,252,428

In 2010, the Town issued a Series 2010R Public Improvement Qualified School Construction Bond for \$350,000. This bond is eligible for federal interest subsidy payments equal to 92.9% of the true interest cost of the bond as provided in the American Recovery and Reinvestment Act (ARRA) and the Hiring Incentives to Restore Employment (HIRE) Act.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 5 – LONG TERM DEBT (CONTINUED)

Due to mandatory federal spending cuts that went into effect March 1, 2013 with sequestration, the federal interest subsidy payments are being adjusted downward. The current sequestration reduction rate is 7.3 percent and is subject to change at any time. The total financial impact to the Town is unknown.

The Town also issued four bonds during 2005, 2006, 2010 and 2014 in the amounts of \$3,000,000, \$393,000, \$970,000 and \$650,000, respectively, on behalf of the Lisbon Water Department. These bonds are carried on the Water Department's financial statements as a liability of that Department. The Water Department issues separate financial statements which are not included in the financial statements of the Town. These bonds mature in 2024, 2025, 2030 and 2034, respectively and carry interest rates of 2.05%, 3.00%-5.00%, 2.06%-5.56% and .43%-3.79%, respectively. Balances at December 31, 2014 are \$1,600,666, \$216,150, \$776,000 and \$650,000, respectively.

**Capital Leases Payable**

The Town of Lisbon and Lisbon School Department have entered into lease agreements as lessees for financing the acquisition of various equipment and vehicles. Those leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of their inception in the government-wide financial statements. The following is the capitalized value of equipment leased under the capital leases as of June 30, 2015:

Cruisers (Town)	\$ 170,136
Other School equipment	2,011,190
Other Town equipment	1,639,301

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

NOTE 5 – LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding capital lease payments for the following fiscal years:

Year Ending June 30:	
2016	\$ 433,453
2017	366,945
2018	349,121
2019	305,851
2020	270,952
2021-2025	1,194,517
2026-2030	1,025,501
2031-2035	410,200
Total minimum lease payment	<u>4,356,540</u>
Less amount representing interest	<u>(1,060,211)</u>
Present value of future minimum lease payments	<u>\$ 3,296,329</u>

On December 15, 2014, the Town entered into a governmental Qualified Zone Academy Bond (QZAB) lease for \$858,737. This is a lease financing agreement that is secured by all equipment associated with the upgrading of boilers, lighting, heat pumps, destratification fans, pellet handling, and related energy improvements at school facilities including Lisbon High School, Middle School, Community School and Central Office. The Town is obligated to make annual debt service fund payments of \$50,514 through December 2031. The scheduled payments by the Town assume projected earnings at a fixed rate of 5.63 percent. If the trustee fails to earn projected amounts, the Town will pay, in addition to its scheduled payments, the amount such that total payments in the Debt Service Fund will equal \$858,737. Any additional financial impact to the Town is unknown.

On December 15 2014, the Town entered into (2) governmental Qualified Energy Conservation Bond (QECB) leases totaling \$1,661,786. These are lease financing agreements that are secured by all equipment and controls associated with the heating system, lighting, ventilation, building envelop, and relate energy upgrades at various Town facilities including the Lisbon High School, Middle School, Community School and Central Office. The Town is obligated to made annual debt service fund payments totaling \$154,586 through December 2031.

On October 9, 2014, the Internal Revenue Service announced that effective October 1, 2014, QECB subsidy payments processed in FY2015 would be reduced by 7.3% because of sequestration. QECB sequestration was originally set to expire at the

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 5 – LONG TERM DEBT (CONTINUED)

end of FY2021 but has since been extended twice, first through FY2023 and then, under legislation passed in February 2014, through FY2024. The sequestration reduction rate will be applied unless and until a law is enacted that cancels or otherwise impacts the sequester, at which time the sequestration reduction rate is subject to change. The financial impact to the Town is unknown.

All bonds and capital leases payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 6 – NONSPENDABLE FUND BALANCES

At June 30, 2015, the Town had the following nonspendable fund balances:

General Fund :	
Notes Receivable	\$ 29,295
Loan Program Fund	283,931
Nonmajor Special Revenue Funds	21,752
Nonmajor Permanent Funds	705
	<u>\$ 335,683</u>

NOTE 7 – RESTRICTED FUND BALANCES

At June 30, 2015, the Town had the following restricted fund balances:

General Fund:	
Education	\$ 351,389
Loan Program Fund	710,953
Gym Bond Fund	3,085,170
Track Bond Fund	48,895
School QZAB/QECB Fund	945,064
Town QECB Fund	231,526
Nonmajor Special Revenue Funds	116,666
Nonmajor Permanent Funds	25,223
	<u>\$ 5,514,886</u>

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 8 – COMMITTED FUND BALANCES

At June 30, 2015, the Town had the following committed fund balances:

School Capital Fund	\$ 110,109
Nonmajor Special Revenue Funds	829,953
	<u>\$ 940,062</u>

NOTE 9 – ASSIGNED FUND BALANCES

At June 30, 2015, the Town had the following assigned fund balances:

General Fund:	
Sale of Town Property	\$ 4,509
Animal Control	10,866
Rt. 196	1,551
Andro River Trail Grant	10,970
Public Safety Grants	(7,837)
Recreation	6,656
Furnace	533
PW Road Improvements	20,000
PW Garage	93,931
Fire Truck Replacement	250,212
Police Forfeiture	26,065
Medical Insurance	32,937
Cemetery Donation	384
Fire Department Grants	6,416
Fire Department Donations	14,193
Trail Donations	710
Senior Porgram Donations	1,136
Car Show Donations	1,286
Playground Donations	2,119
Giving Tree	2,082
Heating Assistance	644
Wreath Fund	2,371
Audit and accounting	5,000
Grants match	50,000
Buildings	24,926
Assessing	36,890
Road improvements	5,000
Solid waste	20,000
	<u>\$ 623,550</u>

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 10 - DEFINED BENEFIT PENSION PLANS

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

**Plan Description**

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

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60. 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.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's 2C plan members are required to contribute 7.0% of their annual covered salary and the Town's AC plan members are also required to contribute 7.0% of their annual salary. The Town is required to contribute at an actuarially determined rate. The current rate is 8.3% for the 2C plan and 7.8% for the AC plan 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 June 30, 2015 was \$239,059.

As of June 30, 2014 (the latest date available), the Town had an individual un-pooled pension asset of \$22,243. This was effective June 30, 1996 when the Town withdrew from the Maine State Retirement System and opted not to join the PLD Consolidated Plan. This individual un-pooled pension asset has an amortization period of 7 years. The Town currently uses a portion of this asset as an offset to cover the cost of current contributions due. The Town's contributions for the year ended June 30, 2015 have been adjusted accordingly and reflect the gross contributions due for service prior to applying the offset from this asset.

STATE EMPLOYEE AND TEACHER PLAN

**Plan Description**

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

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members.

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

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. The Town's teachers are required to contribute 7.65% of their compensation to the retirement system. The Town's payroll for teachers covered by this program was approximately \$7,348,015 for the year ended June 30, 2015. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 13.03% of the Town's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). Contributions paid by the State were approximately \$957,446 for the year ended June 30, 2015. Title 5 of the Maine Revised

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Statutes Annotated also requires the Town to contribute at an actuarially determined normal cost rate of 2.65%, which totaled \$194,722 for 2015. In addition, the Town is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 13.50% of compensation and totaled \$45,628 the year ended June 30, 2015.

**Pension Liabilities**

*PLD Consolidated Plan*

At June 30, 2015, the Town reported a liability of \$910,967 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2014, 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, 2014, the Town's proportion was 0.591994%, which was an increase of 0.017169% from its proportion measured as of June 30, 2013.

*SET Plan*

At June 30, 2015, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ 348,406
State's proportionate share of the net pension liability associated with the Town	<u>6,252,863</u>
Total	<u>\$ 6,601,269</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating school units and the State

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

actuarially determined. At June 30, 2014, the Town's proportion was 0.032250%, which was a decrease of 0.006636% from its proportion measured as of June 30, 2013.

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, the Town recognized total pension expense of \$81,399 for the PLD plan and net pension revenues of \$28,599 and revenue of \$336,843 for support provided by the State of Maine for the SET plan. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan		SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 114,390	\$ -	\$ -	\$ 1,742
Changes of assumptions	-	-	23,994	-
Net difference between projected and actual earnings on pension plan investments	-	967,505	-	149,096
Changes in proportion and differences between contributions and proportionate share of contributions	39,694	-	184,116	-
Contributions subsequent to the measurement date	231,256	-	240,350	-
Total	<u>\$ 385,340</u>	<u>\$ 967,505</u>	<u>\$ 448,460</u>	<u>\$ 150,838</u>

\$231,256 for the PLD plan and \$240,350 for the SET plan were reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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	SET Plan
Year ended June 30:		
2016	\$ 190,515	\$ (65,909)
2017	190,515	(65,911)
2018	190,514	37,274
2019	241,876	37,274
2020	-	-
Thereafter	-	-

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

**Actuarial Methods and Assumptions**

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2014 and 2013, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

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

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

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

*Asset Valuation Method*

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

*Amortization*

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

The net pension liability of the State Employee and Teacher Retirement Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2014 and June 30, 2013 are as follows:

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*Investment Rate of Return* - For the PLD Plan, 7.25% per annum, compounded annually; for the State Employee and Teacher Plan, 7.125% per annum for the year ended June 30, 2014 and 7.25% for the year ended June 30, 2013, compounded annually.

*Salary Increases, Merit and Inflation* - Members of the consolidated plan for PLDs, 3.50% to 9.50% per year; state employees, 3.50% to 10.50% per year; teachers, 3.50% to 13.5% per year.

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

*Cost of Living Benefit Increases* - 3.12% for participating local districts; 2.55% per annum for state employees and teachers.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US equities	20%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real assets:		
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.0%

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*Discount Rate*

The discount rate used to measure the collective total pension liability was 7.25% for the PLD Plan and 7.125% for 2014 and 7.25% for 2013 for the SET Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2014 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 7.25% for the PLD Consolidated Plan and 7.125% for the SET Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	6.25%	7.25%	8.25%
Town's proportionate share of the net pension liability	\$ 2,841,949	\$ 910,967	\$ (703,094)
<u>SET Plan:</u>			
Discount rate	6.125%	7.125%	8.125%
Town's proportionate share of the net pension liability	\$ 667,342	\$ 348,406	\$ 81,530

**Changes in Net Pension Liability**

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2014 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

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

service lives of active and inactive members in each plan. For 2014, this was 4 years for the PLD Consolidated Plan and 3 years for the SET Plan.

*Differences between Projected and Actual Investment Earnings*

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

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. There were no changes in assumptions for the PLD Consolidated Plan. For the SET Plan, the change in the discount rate from 7.25% to 7.125% was the only change in assumption in the 2014 valuation.

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

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

**Pension Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2014 Comprehensive Annual Financial Report available online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (800) 451-9800.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 11 – 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 either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently the Town participates in several public-entity and self-insured risk pools sponsored by the Maine Municipal Association.

Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2015. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 12 – CONTINGENCIES

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

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

NOTE 13 – OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2015, the Town's share was approximately:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of Androscoggin	\$ 184,077	7.00%	<u>\$ 12,885</u>

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 14 – OVERSPENT APPROPRIATIONS

As of June 30, 2015 the Town had overdrafts in the following line items:

Overlay/abatements	\$ 56,926
Unclassified	201,416
Debt service	<u>1,346</u>
	<u>\$ 259,688</u>

NOTE 15 – DEFICIT FUND BALANCES

The following funds had deficit fund balances at June 30, 2015:

School Federal and Other Programs	<u>\$ 1,349</u>
-----------------------------------	-----------------

NOTE 16 - TAX INCREMENT FINANCING DISTRICT

The Town has established several tax increment financing districts in accordance with Maine statutes to finance development programs located in the Town of Lisbon, 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.

Dingley Press Municipal Development and Tax Increment Financing District

On December 7, 1993, the Town of Lisbon entered into a credit enhancement agreement with the Dingley Press, a specialty catalog business, for the expansion of the existing 60,000 square foot facility to an additional 61,000 square feet. The original valuation of the property was \$13,925,410. 100% of the property taxes to be generated on 50% of the improvements within the District will be returned to the developer for 20 years. The remaining 50% will be retained by the Town and used for general purposes. This agreement was amended on January 22, 1998 to extend the term for an additional five year period, and to capture both real and personal property increases above the original valuation. On February 15, 2011, a second amendment request was approved to capture 100% of the increased assessed value (IAV) for the remaining eight year term of the District. 50% of the property taxes will be returned to developer, with the remaining amount being retained by the Town and used to fund the Town's economic and community development program.

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 16 - TAX INCREMENT FINANCING DISTRICT (CONTINUED)

Kelly Park Municipal Development and Tax Increment Financing District

On January 22, 2013, the Town of Lisbon approved an omnibus Tax Increment Financing District enabling individual credit enhancement agreements (CEAs) with developers of each park lot, which is currently subdivided as four lots with potential for additional subdivision to as many as eight lots. Individual CEA reimbursements including up to 100% of capture assessed value, will be determined by the extent of construction value/assessed value, number of jobs, and average weekly wage of jobs. The District and Development Program have been adopted locally and have been reviewed by the state for compliance with state statutes and subsequently was approved on March 15, 2013. The original valuation of the property was \$224,980.

Furniture Superstore Municipal Development and Tax Increment Financing District

On February 2, 2002, the Town of Lisbon entered into a credit enhancement agreement with the Furniture Superstore, a furniture retailer, for the design, construction and equipping of a 90,000 square foot furniture store and warehouse. The original valuation of the property was \$106,720. The District provides for 40% of the increase in assessed value (IAV) of the District to be captured and designated as captured assessed value. 100% of the property taxes to be generated, both real and personal, on captured assessed value within the District will be returned to the developer for 15 years. The remaining 60% of property taxes generated on the IAV will be retained by the Town and used for general purposes.

Enterprise Electric Municipal Development and Tax Increment Financing District

On December 9, 2003, the Town of Lisbon entered into a credit enhancement agreement with the Enterprise Electric for the construction of a 27,000 square foot facility. The original valuation of the property was \$23,400. The District provides for 50% of the increase in assessed value (IAV) of the District to be captured and designated as captured assessed value. 100% of the property taxes to be generated, both real and personal, on captured assessed value within the District will be returned to the developer for 20 years. The remaining 50% of property taxes generated on the IAV will be retained by the Town and used for general purposes.

Gendron Realty Municipal Development and Tax Increment Financing District

On September 28, 2004, the Town of Lisbon entered into a credit enhancement agreement with Gendron Realty, a realtor and real estate developer, for the demolition, removal of existing buildings and new construction of a 30,000 square foot building for a Food City, Sam's Italian Foods, Dunkin Donuts and other associated retail/office space. The original valuation of the property was \$303,130. The District provides for 40% of the

TOWN OF LISBON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 16 - TAX INCREMENT FINANCING DISTRICT (CONTINUED)

increase in assessed value (IAV) of the District to be captured and designated as captured assessed value. 100% of the property taxes to be generated, both real and personal, on captured assessed value within the District will be returned to the developer for 20 years. The remaining 60% of property taxes generated on the IAV will be retained by the Town and used for general purposes.

G and C Realty LLC Municipal Development and Tax Increment Financing District

On September 28, 2004, the Town of Lisbon entered into a credit enhancement agreement with G and C Realty, LLC, a realtor and real estate developer, for the construction of a 27,600 square foot facility for Floor Systems, Inc. on company-owned land. The original valuation of the property was \$39,600. The District provides for 50% of the increase in assessed value (IAV) of the District to be captured and designated as captured assessed value. 100% of the property taxes to be generated, both real and personal, on captured assessed value within the District will be returned to the developer for 15 years. The remaining 50% of property taxes generated on the IAV will be retained by the Town and used for general purposes.

NOTE 17 – RESTATEMENT

The net position of the governmental activities has been restated at July 1, 2014 to account for the implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 (Issued 06/12)*. As a result, the beginning balance has been reduced by \$1,925,756 to a balance of \$16,762,467.

NOTE 18 – COMPARATIVE DATA/RECLASSIFICATIONS

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

## Required Supplementary Information

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

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

## TOWN OF LISBON, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Resources (Inflows):				
Property taxes	\$ 11,142,368	\$ 11,142,368	\$ 11,426,640	\$ 284,272
Excise taxes	1,280,000	1,280,000	1,440,383	160,383
Licences and permits	52,450	52,450	62,486	10,036
Intergovernmental	9,861,805	9,861,805	10,001,687	139,882
Charges for services	130,287	130,287	133,010	2,723
Interest income	8,000	8,000	9,871	1,871
Interest/costs on liens	65,800	65,800	94,843	29,043
Other income	338,850	338,850	314,628	(24,222)
Amounts Available for Appropriation	<u>22,879,560</u>	<u>22,879,560</u>	<u>23,483,548</u>	<u>603,988</u>
Charges to Appropriations (Outflows):				
General government	2,504,135	2,504,135	2,242,144	261,991
Public safety	1,766,477	1,766,477	1,640,374	126,103
Public works	2,208,390	2,208,390	2,140,118	68,272
Public services	549,100	549,100	513,668	35,432
General assistance	28,300	28,300	26,549	1,751
County tax	559,600	559,600	559,592	8
Education	14,938,540	14,938,540	14,669,441	269,099
TIF	279,566	279,566	279,566	-
Overlay/abatements	131,438	131,438	188,364	(56,926)
Unclassified	-	-	201,416	(201,416)
Debt service	337,000	337,000	338,346	(1,346)
Total Charges to Appropriations	<u>23,302,546</u>	<u>23,302,546</u>	<u>22,799,578</u>	<u>502,968</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(422,986)</u>	<u>(422,986)</u>	<u>683,970</u>	<u>1,106,956</u>
OTHER FINANCING SOURCES (USES)				
Use of surplus	257,986	257,986	-	(257,986)
Revenues in carryforward accounts	-	-	762,698	762,698
Expenditures in carryforward accounts	-	-	(1,328,483)	(1,328,483)
Transfers in	165,000	165,000	165,000	-
Transfers (out)	-	-	(86,549)	(86,549)
TOTAL OTHER FINANCING SOURCES (USES)	<u>422,986</u>	<u>422,986</u>	<u>(487,334)</u>	<u>(910,320)</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>196,636</u>	<u>\$ 196,636</u>
FUND BALANCES - JULY 1			<u>3,050,027</u>	
FUND BALANCES - JUNE 30			<u>\$ 3,246,663</u>	

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

## TOWN OF LISBON, MAINE

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

	<u>2015</u>
<u>PLD Plan:</u>	
Proportion of the net pension liability	0.59%
Proportionate share of the net pension liability	\$ 910,967
Covered-employee payroll	\$ 3,043,854
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	29.93%
Plan fiduciary net position as a percentage of the total pension liability	94.10%
 <u>SET Plan:</u>	
Town's proportion of the net pension liability	0.03%
Town's proportionate share of the net pension liability	\$ 348,406
State's proportionate share of the net pension liability associated with the Town	<u>6,252,863</u>
Total	<u><u>\$ 6,601,269</u></u>
Town's covered-employee payroll	\$ 7,689,438
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	4.53%
Plan fiduciary net position as a percentage of the total pension liability	83.91%

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

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

## TOWN OF LISBON, MAINE

SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS\*

	<u>2015</u>
<u>PLD Plan:</u>	
Contractually required contribution	\$ 231,256
Contributions in relation to the contractually required contribution	<u>(231,256)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 3,043,854
Contributions as a percentage of covered- employee payroll	7.60%
 <u>SET Plan:</u>	
Contractually required contribution	\$ 240,350
Contributions in relation to the contractually required contribution	<u>(240,350)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Town's covered-employee payroll	\$ 7,689,438
Contributions as a percentage of covered- employee payroll	3.13%

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

## 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.

- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary Basis – 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 Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds

SCHEDULE A

TOWN OF LISBON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015

	Town			School			2015 Combined		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES:									
Taxes:									
Property taxes	\$ 5,452,579	\$ 5,736,851	\$ 284,272	\$ 5,689,789	\$ 5,689,789	\$ -	\$ 11,142,368	\$ 11,426,640	\$ 284,272
Excise taxes	1,280,000	1,440,383	160,383	-	-	-	1,280,000	1,440,383	160,383
Registration fees	25,800	29,290	3,490	-	-	-	25,800	29,290	3,490
Interest and costs on taxes	40,000	65,553	25,553	-	-	-	40,000	65,553	25,553
	<u>6,798,379</u>	<u>7,272,077</u>	<u>473,698</u>	<u>5,689,789</u>	<u>5,689,789</u>	<u>-</u>	<u>12,488,168</u>	<u>12,961,866</u>	<u>473,698</u>
Licenses and permits:									
All other construction fees	32,200	40,480	8,280	-	-	-	32,200	40,480	8,280
Town clerk	20,250	22,006	1,756	-	-	-	20,250	22,006	1,756
	<u>52,450</u>	<u>62,486</u>	<u>10,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,450</u>	<u>62,486</u>	<u>10,036</u>
Intergovernmental:									
Education subsidies	-	-	-	8,807,989	8,777,386	(30,603)	8,807,989	8,777,386	(30,603)
State revenue sharing	520,000	565,346	45,346	-	-	-	520,000	565,346	45,346
General assistance	17,000	5,946	(11,054)	-	-	-	17,000	5,946	(11,054)
Tree growth reimbursement	11,000	11,806	806	-	-	-	11,000	11,806	806
BETE reimbursement	161,388	168,475	7,087	-	-	-	161,388	168,475	7,087
Homestead reimbursement	230,824	288,898	58,074	-	-	-	230,824	288,898	58,074
Miscellaneous state aid	8,000	44,017	36,017	-	21,462	21,462	8,000	65,479	57,479
Urban rural incentive program	96,604	96,604	-	-	-	-	96,604	96,604	-
Veteran reimbursement	9,000	21,747	12,747	-	-	-	9,000	21,747	12,747
	<u>1,053,816</u>	<u>1,202,839</u>	<u>149,023</u>	<u>8,807,989</u>	<u>8,798,848</u>	<u>(9,141)</u>	<u>9,861,805</u>	<u>10,001,687</u>	<u>139,882</u>
Charges for services:									
Police and dispatch	74,100	94,235	20,135	-	-	-	74,100	94,235	20,135
Animal control	38,411	19,227	(19,184)	-	-	-	38,411	19,227	(19,184)
School	-	-	-	17,776	19,548	1,772	17,776	19,548	1,772
	<u>112,511</u>	<u>113,462</u>	<u>951</u>	<u>17,776</u>	<u>19,548</u>	<u>1,772</u>	<u>130,287</u>	<u>133,010</u>	<u>2,723</u>
Investment income	8,000	9,871	1,871	-	-	-	8,000	9,871	1,871
Other revenues:									
MTM center	6,000	6,665	665	-	-	-	6,000	6,665	665
Recycling	118,500	120,190	1,690	-	-	-	118,500	120,190	1,690
Library	3,400	4,007	607	-	-	-	3,400	4,007	607
Recreation department	124,100	148,717	24,617	-	-	-	124,100	148,717	24,617
Parks department	10,300	10,944	644	-	-	-	10,300	10,944	644
Cable revenues	75,000	-	(75,000)	-	-	-	75,000	-	(75,000)
Other revenues	1,550	7,363	5,813	-	16,742	16,742	1,550	24,105	22,555
	<u>338,850</u>	<u>297,886</u>	<u>(40,964)</u>	<u>-</u>	<u>16,742</u>	<u>16,742</u>	<u>338,850</u>	<u>314,628</u>	<u>(24,222)</u>
Total revenues	<u>\$ 8,364,006</u>	<u>\$ 8,958,621</u>	<u>\$ 594,615</u>	<u>\$ 14,515,554</u>	<u>\$ 14,524,927</u>	<u>\$ 9,373</u>	<u>\$ 22,879,560</u>	<u>\$ 23,483,548</u>	<u>\$ 603,988</u>

SCHEDULE A (CONTINUED)

TOWN OF LISBON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2015

	Town			School			2015 Combined		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES:</b>									
<b>General government:</b>									
Elected officials	\$ 19,580	\$ 18,641	\$ 939	\$ -	\$ -	\$ -	\$ 19,580	\$ 18,641	\$ 939
Town manager	151,250	144,861	6,389	-	-	-	151,250	144,861	6,389
Contingency	5,000	913	4,087	-	-	-	5,000	913	4,087
Grant match	55,000	-	55,000	-	-	-	55,000	-	55,000
Insurance	853,400	746,043	107,357	-	-	-	853,400	746,043	107,357
Legal	40,000	71,136	(31,136)	-	-	-	40,000	71,136	(31,136)
Finance	103,983	91,319	12,664	-	-	-	103,983	91,319	12,664
Tax collector	104,150	102,245	1,905	-	-	-	104,150	102,245	1,905
Code enforcement	94,050	90,015	4,035	-	-	-	94,050	90,015	4,035
Town clerk	107,637	89,102	18,535	-	-	-	107,637	89,102	18,535
Assessing	142,150	102,866	39,284	-	-	-	142,150	102,866	39,284
Town buildings	259,860	233,584	26,276	-	-	-	259,860	233,584	26,276
Technology	164,050	163,315	735	-	-	-	164,050	163,315	735
Planning Board	7,800	6,264	1,536	-	-	-	7,800	6,264	1,536
Board of Appeals	1,625	673	952	-	-	-	1,625	673	952
Maine PERS	161,800	161,800	-	-	-	-	161,800	161,800	-
Social security	232,800	219,367	13,433	-	-	-	232,800	219,367	13,433
	<u>2,504,135</u>	<u>2,242,144</u>	<u>261,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,504,135</u>	<u>2,242,144</u>	<u>261,991</u>
<b>Public safety:</b>									
Police	1,006,679	916,494	90,185	-	-	-	1,006,679	916,494	90,185
Animal control officer	84,253	71,586	12,667	-	-	-	84,253	71,586	12,667
Fire	390,357	381,449	8,908	-	-	-	390,357	381,449	8,908
Communication	285,188	270,845	14,343	-	-	-	285,188	270,845	14,343
	<u>1,766,477</u>	<u>1,640,374</u>	<u>126,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,766,477</u>	<u>1,640,374</u>	<u>126,103</u>
<b>Public works:</b>									
Public works	1,054,844	959,021	95,823	-	-	-	1,054,844	959,021	95,823
Snow removal	195,539	272,326	(76,787)	-	-	-	195,539	272,326	(76,787)
Hydrant rental	347,000	317,014	29,986	-	-	-	347,000	317,014	29,986
Street and traffic lights	93,500	100,821	(7,321)	-	-	-	93,500	100,821	(7,321)
Engineer	74,080	74,079	1	-	-	-	74,080	74,079	1
Solid waste	443,427	416,857	26,570	-	-	-	443,427	416,857	26,570
	<u>2,208,390</u>	<u>2,140,118</u>	<u>68,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,208,390</u>	<u>2,140,118</u>	<u>68,272</u>

SCHEDULE A (CONTINUED)

TOWN OF LISBON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2015

	Town			School			2015 Combined		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>(PENDITURES, CONTINUED)</b>									
Public services:									
Health officer	10,150	10,000	150	-	-	-	10,150	10,000	150
Community services - senior citizens	37,250	36,104	1,146	-	-	-	37,250	36,104	1,146
Lisbon Falls Library	170,450	159,258	11,192	-	-	-	170,450	159,258	11,192
Miscellaneous public services	12,800	12,690	110	-	-	-	12,800	12,690	110
Conservation commission	575	100	475	-	-	-	575	100	475
Recreation department	223,255	211,698	11,557	-	-	-	223,255	211,698	11,557
Parks department	94,620	83,818	10,802	-	-	-	94,620	83,818	10,802
	<u>549,100</u>	<u>513,668</u>	<u>35,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,100</u>	<u>513,668</u>	<u>35,432</u>
General assistance	28,300	26,549	1,751	-	-	-	28,300	26,549	1,751
Intergovernmental - county tax	559,600	559,592	8	-	-	-	559,600	559,592	8
Education:									
Regular instruction	-	-	-	5,860,029	5,781,543	78,486	5,860,029	5,781,543	78,486
Special education	-	-	-	2,351,512	2,286,666	64,846	2,351,512	2,286,666	64,846
Other instruction	-	-	-	369,894	366,043	3,851	369,894	366,043	3,851
Student and support staff	-	-	-	1,213,523	1,212,032	1,491	1,213,523	1,212,032	1,491
System administration	-	-	-	539,265	512,676	26,589	539,265	512,676	26,589
School administration	-	-	-	757,868	749,197	8,671	757,868	749,197	8,671
Transportation	-	-	-	736,539	725,480	11,059	736,539	725,480	11,059
Facilities and maintenance	-	-	-	1,475,583	1,427,506	48,077	1,475,583	1,427,506	48,077
Career and technical	-	-	-	33,343	33,343	-	33,343	33,343	-
Adult education	-	-	-	165,660	157,085	8,575	165,660	157,085	8,575
All other expenditures	-	-	-	343,393	343,384	9	343,393	343,384	9
Debt service	-	-	-	1,091,931	1,074,486	17,445	1,091,931	1,074,486	17,445
	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,938,540</u>	<u>14,669,441</u>	<u>269,099</u>	<u>14,938,540</u>	<u>14,669,441</u>	<u>269,099</u>
Unclassified:									
Tax increment financing payments	279,566	279,566	-	-	-	-	279,566	279,566	-
Bad debts	-	201,416	(201,416)	-	-	-	-	201,416	(201,416)
Overlay/tax abatements	131,438	188,364	(56,926)	-	-	-	131,438	188,364	(56,926)
	<u>411,004</u>	<u>669,346</u>	<u>(258,342)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>411,004</u>	<u>669,346</u>	<u>(258,342)</u>
Debt service - Town:									
Principal	273,050	273,016	34	-	-	-	273,050	273,016	34
Interest	63,950	65,330	(1,380)	-	-	-	63,950	65,330	(1,380)
	<u>337,000</u>	<u>338,346</u>	<u>(1,346)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,000</u>	<u>338,346</u>	<u>(1,346)</u>
Total expenditures	<u>\$ 8,364,006</u>	<u>\$ 8,130,137</u>	<u>\$ 233,869</u>	<u>\$ 14,938,540</u>	<u>\$ 14,669,441</u>	<u>\$ 269,099</u>	<u>\$ 23,302,546</u>	<u>\$ 22,799,578</u>	<u>\$ 502,968</u>

SCHEDULE A (CONTINUED)

TOWN OF LISBON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2015

	Town			School			2015 Combined		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
OTHER FINANCING SOURCES(USES):									
Transfer in - special revenue funds	\$ -	\$ -	\$ -	\$ 165,000	\$ 165,000	\$ -	\$ 165,000	\$ 165,000	\$ -
Transfer out - capital reserve fund	-	-	-	-	(86,549)	(86,549)	-	(86,549)	(86,549)
Carryforward balances:									
Revenues in carryforward accounts	-	762,698	762,698	-	-	-	-	762,698	762,698
Expenditures in carryforward accounts	-	(1,328,483)	(1,328,483)	-	-	-	-	(1,328,483)	(1,328,483)
Budgeted use of surplus	-	-	-	257,986	-	(257,986)	257,986	-	(257,986)
	-	(565,785)	(565,785)	422,986	78,451	(344,535)	422,986	(487,334)	(910,320)
Net change in fund balance	\$ -	262,699	\$ 262,699	\$ -	(66,063)	\$ (66,063)	\$ -	196,636	\$ 196,636
FUND BALANCES - JULY 1		2,632,575			417,452			3,050,027	
FUND BALANCES - JUNE 30		\$ 2,895,274			\$ 351,389			\$ 3,246,663	

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

## TOWN OF LISBON, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,665	\$ 7,502	\$ 19,167
Investments	-	18,426	18,426
Accounts receivable	210,702	-	210,702
Due from other governments	156,886	-	156,886
Inventory	21,752	-	21,752
Due from other funds	659,946	-	659,946
<b>TOTAL ASSETS</b>	<u><u>\$ 1,060,951</u></u>	<u><u>\$ 25,928</u></u>	<u><u>\$ 1,086,879</u></u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	110,753	-	110,753
<b>TOTAL LIABILITIES</b>	<u><u>110,753</u></u>	<u><u>-</u></u>	<u><u>110,753</u></u>
<b>FUND BALANCES</b>			
Nonspendable	21,752	705	22,457
Restricted	116,666	25,223	141,889
Committed	829,953	-	829,953
Assigned	-	-	-
Unassigned	(18,173)	-	(18,173)
<b>TOTAL FUND BALANCES</b>	<u><u>950,198</u></u>	<u><u>25,928</u></u>	<u><u>976,126</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 1,060,951</u></u>	<u><u>\$ 25,928</u></u>	<u><u>\$ 1,086,879</u></u>

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

## TOWN OF LISBON, MAINE

COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND  
BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 1,055,638	\$ -	\$ 1,055,638
Charges for services	1,139,538	-	1,139,538
Investment income	20	103	123
Other income	217,908	-	217,908
TOTAL REVENUES	<u>2,413,104</u>	<u>103</u>	<u>2,413,207</u>
EXPENDITURES			
General government	123,167	-	123,167
Public works	845,464	-	845,464
Public services and payments	31,921	-	31,921
Education	785,012	-	785,012
Food service	371,139	-	371,139
TOTAL EXPENDITURES	<u>2,156,703</u>	<u>-</u>	<u>2,156,703</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>256,401</u>	<u>103</u>	<u>256,504</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	(165,000)	-	(165,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(165,000)</u>	<u>-</u>	<u>(165,000)</u>
NET CHANGE IN FUND BALANCES	91,401	103	91,504
FUND BALANCES - JULY 1	<u>858,797</u>	<u>25,825</u>	<u>884,622</u>
FUND BALANCES - JUNE 30	<u>\$ 950,198</u>	<u>\$ 25,928</u>	<u>\$ 976,126</u>

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

## Special Revenue Funds Description

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.

SCHEDULE D

TOWN OF LISBON, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2015

	Treatment Plant	Recreation Land Use	DARE Program	Economic Development	School Nutrition Program	School Federal and Other Programs	Totals
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 2,886	\$ 8,779	\$ -	\$ -	\$ -	\$ 11,665
Accounts receivable, net of allowance	210,702	-	-	-	-	-	210,702
Due from other governments	-	-	-	-	47,482	109,404	156,886
Due from other funds	608,052	8,313	22,854	15,943	4,784	-	659,946
Inventory	-	-	-	-	21,752	-	21,752
<b>TOTAL ASSETS</b>	<b>\$ 818,754</b>	<b>\$ 11,199</b>	<b>\$ 31,633</b>	<b>\$ 15,943</b>	<b>\$ 74,018</b>	<b>\$ 109,404</b>	<b>\$ 1,060,951</b>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	110,753	110,753
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110,753</b>	<b>110,753</b>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	21,752	-	21,752
Restricted	-	-	31,633	15,943	52,266	16,824	116,666
Committed	818,754	11,199	-	-	-	-	829,953
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(18,173)	(18,173)
<b>TOTAL FUND BALANCES</b>	<b>818,754</b>	<b>11,199</b>	<b>31,633</b>	<b>15,943</b>	<b>74,018</b>	<b>(1,349)</b>	<b>950,198</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 818,754</b>	<b>\$ 11,199</b>	<b>\$ 31,633</b>	<b>\$ 15,943</b>	<b>\$ 74,018</b>	<b>\$ 109,404</b>	<b>\$ 1,060,951</b>

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

## TOWN OF LISBON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	Treatment Plant	Recreation Land Use	DARE Program	Economic Development	School Nutrition Program	School Federal and Other Programs	Totals
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 339,785	\$ 715,853	\$ 1,055,638
Charges for services	967,558	-	-	-	171,980	-	1,139,538
Investment income	-	3	17	-	-	-	20
Other income	-	2,032	33,108	135,761	-	47,007	217,908
<b>TOTAL REVENUES</b>	<b>967,558</b>	<b>2,035</b>	<b>33,125</b>	<b>135,761</b>	<b>511,765</b>	<b>762,860</b>	<b>2,413,104</b>
<b>EXPENDITURES</b>							
General government	-	-	-	123,167	-	-	123,167
Public works	845,464	-	-	-	-	-	845,464
Public services and payments	-	-	31,921	-	-	-	31,921
Education	-	-	-	-	-	785,012	785,012
Food service	-	-	-	-	371,139	-	371,139
<b>TOTAL EXPENDITURES</b>	<b>845,464</b>	<b>-</b>	<b>31,921</b>	<b>123,167</b>	<b>371,139</b>	<b>785,012</b>	<b>2,156,703</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>122,094</b>	<b>2,035</b>	<b>1,204</b>	<b>12,594</b>	<b>140,626</b>	<b>(22,152)</b>	<b>256,401</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	(165,000)	-	(165,000)
<b>TOTAL OTHER SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(165,000)</b>	<b>-</b>	<b>(165,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>122,094</b>	<b>2,035</b>	<b>1,204</b>	<b>12,594</b>	<b>(24,374)</b>	<b>(22,152)</b>	<b>91,401</b>
<b>FUND BALANCES - JULY 1</b>	<b>696,660</b>	<b>9,164</b>	<b>30,429</b>	<b>3,349</b>	<b>98,392</b>	<b>20,803</b>	<b>858,797</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 818,754</b>	<b>\$ 11,199</b>	<b>\$ 31,633</b>	<b>\$ 15,943</b>	<b>\$ 74,018</b>	<b>\$ (1,349)</b>	<b>\$ 950,198</b>

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

TOWN OF LISBON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

	Balances Beginning of Year		Revenues		Expenditures		Balances End of Year	
	Principal (Nonspendable)	Unexpended Income	Investment Income	Contributions and Other Receipts	Disbursements	Principal (Nonspendable)	Unexpended Income	
Potter Patten Cemetery	\$ 75	\$ 299	\$ 6	\$ -	\$ -	\$ 75	\$ 305	
Davis Cemetery Perpetual Care	-	22,775	94	-	-	-	22,869	
Maine Research Company Charity Fund	630	2,046	3	-	-	630	2,049	
<b>Totals</b>	\$ 705	\$ 25,120	\$ 103	\$ -	\$ -	\$ 705	\$ 25,223	

TOWN OF LISBON, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Thru Grantor Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through State of Maine - Department of Education and Cultural Services:			
Donated Commodities	10.555	013-6134-05	\$ 30,000
Breakfast Program	10.553	013-7127-05	69,301
National School Lunch Program	10.555	013-7128-05	289,517
Total Department of Agriculture			<u>388,818</u>
U.S. Department of Education			
Passed through State of Maine - Department of Education and Cultural Services:			
Title IA	84.010	6334	358,163
Special Education Grants to States	84.027	6317	331,936
Preschool Grant	84.173	6241	3,702
Title IIA	84.367	1138	42,158
Total Department of Education			<u>735,959</u>
U.S. Department of Housing and Urban Development			
Passed through State of Maine - Department of Economic and Community Development:			
Community Development Public Service Program	14.228	N/A	5,012
Total Department of Housing and Urban Development			<u>5,012</u>
U.S. Department Transportation			
Passed through State of Maine - Bureau of Highway Safety:			
Highway Planning and Construction	20.205	PIN 017468	501,545
2014 Drive Sober Maine Enforcement	20.600	AL14-051	4,096
Total Department of Transportation			<u>505,641</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 1,635,430</u>

TOWN OF LISBON, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Town of Lisbon, Maine. All federal financial assistance received is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

3. The following programs were tested as Type A program as outlined in OMB Circular A-133.

- 1) 84.027/84.173 Cluster – Special Education Grants
- 2) 84.010 – Title IA
- 3) 20.205 – Highway Planning and Construction



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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

Town Council  
Lisbon, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Lisbon, Maine, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Lisbon, Maine's basic financial statements and have issued our report thereon dated January 26 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Lisbon, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Lisbon, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Lisbon, Maine's internal control.

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies (2015-1 and 2015-2).

### Compliance and Other Matters

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

We noted certain other matters that we reported to management of the Town of Lisbon, Maine in a separate letter dated January 27, 2016.

### Town of Lisbon, Maine's Response to Findings

Town of Lisbon, Maine's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town of Lisbon, Maine's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

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

*R.H.R. Smith & Company*

Buxton, Maine  
January 26, 2016

TOWN OF LISBON, MAINE

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

The following findings are related to the financial statements of the Town of Lisbon, Maine in accordance with GAGAS.

**FINDINGS - FINANCIAL STATEMENT AUDIT**

**CONTROL DEFICIENCIES – SIGNIFICANT DEFICIENCIES**

**2015-1**

As a general rule, all general ledger accounts should be reconciled on a monthly basis and, if necessary to subsidiary ledgers. At the time of audit fieldwork, various general ledger accounts including cash, tax and lien receivables, other accounts receivable, payroll liabilities, state payables and other accounts payable were not reconciled. State payables should be reconciled monthly and submitted in accordance with State guidelines or as required by policy established by the Town Manager. The Town had informed us that this has been a chronic problem and as a result, the Town engaged its outside accountants to assist them with these reconciliations, which also required extended additional audit procedures to ensure there were no significant errors and omissions.

We consider this area crucial in the Town's processing of accurate financial information and reducing the risk of loss. The Town should perform all reconciliations within 21 days after month end to mitigate the risk of material misstatement of financial information and improve internal controls. In addition, we recommend that any adjustments necessary to balance accounts to detail records and / or subsidiary ledgers also be reviewed by the Finance Director prior to posting. Further, these reconciliations should be reviewed, dated and signed by the Finance Director.

**Management Response:** The auditor's comments are accurate. We agree all accounts should be reconciled each month by the middle of the following month and submitted for review as part of a discussion about financial performance. We did require assistance from an accountant who is not an employee of the Town of Lisbon to help catch up reconciliations.

**Corrective Action:** We are looking toward a more efficient financial management system for the Town that may provide enough efficiencies to help mitigate the reportable condition cited for the 2015 fiscal year.

TOWN OF LISBON, MAINE

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**2015-2**

Currently, some Town departments have activities that require the collection and/or disbursement of funds outside the finance office or the financial accounting system.. These departments include School and Water. We recommend that the Town develop and implement internal control procedures that will ensure the safeguarding of the Town's assets and proper fiscal management. We also recommend that procedures be developed to ensure any and all expenditures from these accounts are substantiated, appropriate and authorized. These procedures should specifically address the following areas:

- **Cash Receipting -**
  - Cash received outside of the finance office should have proper receipts and documentation and should be deposited on a timely basis.
- **Cash Disbursements –**
  - Cash disbursed outside of the finance office should have proper authorization, documentation and be a valid expense of the account disbursed from. Any other disbursements that require a 1099 to be issued should also be communicated to the Town accounts payable office.
- **Reporting –**
  - Any departments that maintain separate accounts should submit monthly to the finance office the following:
    - bank statement,
    - bank reconciliation to include any outstanding items, and
    - a monthly report showing any activity in or out of the account.

Generally, activities that are not part of the Town should not be using the Town's tax ID number.

**Management Response:** We agree with the auditor's findings in all areas identified in 2015-2. A manual of internal control policies, plans, and related procedures should be deployed throughout the Town of Lisbon's operations. As stewards of the public's trust, it is incumbent upon all of us to maintain and implement strong internal control procedures -- the ultimate goal of such an effort is to protect Lisbon's assets.

Sound internal control plans are based on a comprehensive risk assessment, especially risks related to the prevention of fraud, waste and abuse. An effective Plan will require the involvement of all departments comprising Lisbon's government and is dependent of the removal of territorial barriers within the organization.

**Corrective Action:** The Finance Director will recommend the appropriate action steps to be taken to develop an internal control plan consistent with the framework established by COSO, the Committee of Sponsoring Organization, compile a manual of policies and procedures to be used throughout Lisbon's operations, and submit the document to the Council for consideration for adoption.



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Town Council  
Lisbon, Maine

Report on Compliance for Each Major Federal Program

We have audited Town of Lisbon, Maine's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Town of Lisbon, Maine's major federal programs for the year ended June 30, 2015. Town of Lisbon, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Town of Lisbon, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Lisbon, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Town of Lisbon, Maine's compliance.

#### Opinion on Each Major Federal Program

In our opinion, Town of Lisbon, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

#### Report on Internal Control Over Compliance

Management of Town of Lisbon, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Lisbon, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Lisbon, Maine's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
January 26, 2016

TOWN OF LISBON, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2015

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted yes no
- *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported  
In accordance with section 510(a) of OMB Circular A-133? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173 Cluster	Special Education Grants
84.010	Title IA
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and B: \$300,000

Auditee qualified as low-risk auditee? yes no

**Section II – Financial Statement Findings**

None

**Section III – Federal Awards Findings and Questioned Costs**

None



*Proven Expertise and Integrity*

## INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

Town Council  
Lisbon, Maine

We have audited the financial statements of the Town of Lisbon for the year ended June 30, 2015 and have issued our report thereon dated January 26, 2016. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

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

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

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

*RHR Smith & Company*

Buxton, Maine  
January 26, 2016

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TOWN OF LISBON, MAINE

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA  
SUBMITTED TO THE MEDMS FINANCIAL SYSTEM  
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Fund (4000)	Totals
June 30 balance per MEDMS financial System	\$ (86,401)	\$ -	\$ 126,077	\$ 39,676
<b>Revenue Adjustments:</b>				
Transfer - School Nutrition Program	165,000	-	-	165,000
<b>Expenditure Adjustments:</b>				
Transfer - Track Bond Fund	(86,549)	-	-	(86,549)
<b>Other Adjustments:</b>				
Fund Balances Not Reported on MEDMS:				
School Capital Fund	-	-	110,109	110,109
Gym Bond Fund	-	-	3,085,170	3,085,170
Track Bond Fund	-	-	48,895	48,895
QZAB/QUCB Funds	-	-	945,064	945,064
School Nutrition Program	-	74,018	-	74,018
Local Entitlement	-	(18,173)	-	(18,173)
PWS Fund	-	366	-	366
Unify Grant	-	58	-	58
MELMAC Grant	-	4,841	-	4,841
Common Good Grant	-	271	-	271
Maine College Transition Grant	-	1,521	-	1,521
Adult Education ITV	-	733	-	733
Transition Proficiency	-	8,534	-	8,534
ConnectME	-	500	-	500
Current Year Activity	(144,514)	-	-	(144,514)
Beginning Balance Variance	417,452	-	(126,077)	291,375
Audit Adjustments	86,401	-	-	86,401
Audited GAAP Basis Fund balance June 30	<u>\$ 351,389</u>	<u>\$ 72,669</u>	<u>\$ 4,189,238</u>	<u>\$ 4,613,296</u>

## Statistical Information

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

- Governmental Activities Tax Revenue By Source
- Assessed Value and Estimated Actual Value of Taxable Property
- Direct and Overlapping Property Tax Rates
- Principal Property Taxpayers
- Property Tax Levies and Collections
- Ratios of Outstanding Debt by Type
- Ratios of General Fund Bonded Debt Outstanding
- Direct and Overlapping Governmental Activities Debt
- Legal Debt Margin Information
- Demographic Statistics

TABLE 1

TOWN OF LISBON, MAINE  
GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Excise Tax</b>	<b>Total</b>
<b>2006</b>	\$8,493,757	\$1,287,346	\$9,781,103
<b>2007</b>	8,374,646	1,283,349	9,657,995
<b>2008</b>	8,436,493	1,292,837	9,729,330
<b>2009</b>	8,908,186	1,211,212	10,119,398
<b>2010</b>	9,080,016	1,193,331	10,273,347
<b>2011</b>	9,307,776	1,198,092	10,505,868
<b>2012</b>	9,507,677	1,247,481	10,755,158
<b>2013</b>	9,697,637	1,302,390	11,000,027
<b>2014</b>	10,145,880	1,336,549	11,482,429
<b>2015</b>	11,426,640	1,440,383	12,867,023

TABLE 2

## TOWN OF LISBON, MAINE

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30 <sup>th</sup>	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value (1)	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Assessed Value as a Percentage of Actual Value
	Commercial Property	Residential Property (1)						
2006	\$ 34,047,750	\$ 276,459,230	\$ 51,564,650	\$ 35,938,590	\$ 362,071,630	0.0243	\$ 502,020,000	70%
2007	33,456,650	282,398,890	50,849,855	35,887,170	366,705,395	0.0243	560,450,000	70%
2008	33,356,230	286,031,030	50,628,240	38,253,780	370,015,500	0.0238	599,000,000	67%
2009	33,472,790	291,829,210	47,450,560	38,356,880	372,752,560	0.0255	626,700,000	62%
2010	33,415,290	256,518,696	41,023,375	37,749,650	330,957,361	0.0255	629,550,000	56%
2011	33,622,800	362,977,429	29,038,360	50,453,950	425,638,589	0.0210	593,950,000	80%
2012	32,692,200	366,056,601	26,067,600	50,114,160	424,816,401	0.0210	559,100,000	83%
2013	34,044,800	394,102,477	24,201,200	50,490,970	452,348,477	0.0223	522,650,000	83%
2014	35,456,700	394,777,997	22,910,000	50,527,030	453,144,697	0.0230	526,600,000	85%
2015	29,335,600	360,576,228	33,371,300	50,109,220	423,283,128	0.0244	534,000,000	86%

SOURCE: Lisbon Assessor's Office

(1) Reflects property revaluations to approximately 87% of market value in 1996

(2) Estimated actual valuation amounts are the state equalized values published by Maine Revenue Services

TABLE 3

TOWN OF LISBON, MAINE  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Town Rate</b>	<b>Education Rate</b>	<b>Overlapping Rate County Government</b>	<b>Total Tax Rate</b>
<b>2006</b>	31.59%	62.78%	5.63%	100%
<b>2007</b>	35.23%	58.98%	5.79%	100%
<b>2008</b>	38.26%	55.51%	6.23%	100%
<b>2009</b>	40.35%	53.70%	5.95%	100%
<b>2010</b>	41.29%	52.69%	6.02%	100%
<b>2011</b>	38.68%	55.25%	6.07%	100%
<b>2012</b>	38.22%	55.72%	6.06%	100%
<b>2013</b>	40.14%	54.23%	5.63%	100%
<b>2014</b>	39.98%	54.81%	5.21%	100%
<b>2015</b>	43.92%	51.06%	5.02%	100%

TABLE 4

TOWN OF LISBON, MAINE  
 PRINCIPAL PROPERTY TAXPAYERS  
 FISCAL YEARS 2015 AND 2005

Taxpayer	2015			Taxpayer	2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Miller Hydro	\$ 21,098,600	1	4.66%	Miller Hydro	\$ 18,000,000	1	5.44%
Dingley Press	7,165,700	2	1.58%	Lisbon Acquisition Corp.	6,486,550	2	1.96%
Central Maine Power	4,588,000	3	1.01%	Lisbon Falls Property LLC	3,205,120	3	0.97%
Terra Firma Realty Trust	3,218,100	4	0.71%	Terra Firma Realty Trust	2,437,660	4	0.74%
Maritimes & Northeast	3,030,800	5	0.67%	JMC Farwell Limited	2,189,890	5	0.66%
JMC Farwell Limited	2,890,700	6	0.64%	Central Maine Power Co.	2,076,160	6	0.63%
Heritage Knolls	2,647,900	7	0.59%	Heritage Knolls	2,005,950	7	0.61%
Woodgate	2,345,100	8	0.52%	Woodgate	1,776,570	8	0.54%
Gendron Realty, Inc.	2,148,300	9	0.47%	Gendron Realty, Inc.	1,627,480	9	0.49%
Town & Country Village	1,812,800	10	0.40%	Lisbra, LLC	1,364,580	10	0.41%
<b>Totals</b>	<b>\$ 50,946,000</b>		<b>11.26%</b>	<b>Totals</b>	<b>\$ 41,169,960</b>		<b>12.44%</b>

TABLE 5

TOWN OF LISBON, MAINE  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST THREE FISCAL YEARS

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 10,069,383	\$ 9,805,335	98%	\$ 237,373	\$ 10,042,708	99.70%
2014	10,424,195	10,123,116	97%	258,515	10,381,631	99.50%
2015	11,318,242	11,075,822	98%	88,125	11,163,946	99%

Source: Tax Collection System

(1) Comprehensive collections information was not compiled in a useful format before 2013.

TABLE 6

## TOWN OF LISBON, MAINE

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	Capital Leases <sup>(1)</sup>	General Obligation Bonds	LWD Revenue Bonds			
2006	\$14,484,853	\$382,775	\$331,727	\$1,249,298		\$16,448,653	8.03%	\$1,792
2007	13,865,230	365,656	348,760	1,187,463		15,767,109	7.73%	1,726
2008	12,789,695	365,565	426,746	1,125,665		14,707,671	7.25%	1,617
2009	13,020,824	347,996	382,025	719,061		14,469,906	7.16%	1,599
2010	12,992,447	330,251	242,228	660,780		14,225,706	7.08%	1,580
2011	12,596,726	312,329	293,435	602,500		13,804,990	6.92%	1,544
2012	11,796,804	294,228	473,789	560,000		13,124,821	6.38%	1,468
2013	10,693,922	275,946	208,321	517,500		11,695,689	5.87%	1,314
2014	9,741,919	257,480	867,610	475,000		11,342,009	5.65%	1,284
2015	14,984,632	238,830	3,299,400	432,500		18,955,362	9.39%	2,151

Note: Details regarding the Town's outstanding debt may be found in the notes to the financial statements

1. Includes QECB Lease Purchases for General Government and School Department

TABLE 7

## TOWN OF LISBON, MAINE

RATIOS OF GENERAL FUND BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
<b>2006</b>	\$15,734,151	3.134%	\$1,714
<b>2007</b>	15,052,693	2.686%	1,648
<b>2008</b>	13,915,360	2.323%	1,530
<b>2009</b>	13,739,885	2.192%	1,518
<b>2010</b>	13,653,227	2.169%	1,517
<b>2011</b>	13,199,226	2.222%	1,477
<b>2012</b>	12,356,804	2.210%	1,382
<b>2013</b>	11,211,422	2.145%	1,260
<b>2014</b>	10,216,919	1.940%	1,157
<b>2015</b>	15,417,132	2.887%	1,750

TABLE 8

TOWN OF LISBON, MAINE  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 JUNE 30, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Debt:			
Androscoggin County	\$ 184,077	7.00%	\$ 12,885
Lisbon Water Department	2,808,537	100%	2,808,537
Subtotal	\$ 2,992,614		\$ 2,821,422
Town of Lisbon Direct Debt	\$ 18,955,362	100%	\$ 18,955,362
Total Direct and Overlapping Debt	\$ 21,947,976		\$ 21,776,784

The Town is subject to an annual assessment of its proportional share of Androscoggin County's expenses, including debt repayment, as determined by the percentage of the Town's State valuation compared with the County's State valuation. At June 30, 2015, the Town's State valuation was \$534M and County's State valuation was approximately \$7.7B. The ratio makes Lisbon's proportional share approximately 7%. Town's share is 7% of the County's \$184,077 of long-term debt outstanding as of June 30, 2015.

The citizens of Lisbon are totally responsible for the long-term debt incurred by the Lisbon Water Department as they are paying off the debt through the rates charged by the Water Department based on the gallons used. At June 30, 2015, the outstanding bonded debt of the Water Department was \$2.81M.

## TOWN OF LISBON, MAINE

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Assessed value per State</b>	<u>\$ 502,020,000</u>	<u>\$ 560,450,000</u>	<u>\$ 599,000,000</u>	<u>\$ 626,700,000</u>	<u>\$ 629,550,000</u>
Total debt limit - all purposes-15% of assessed value	\$ 75,303,000	\$ 84,067,500	\$ 89,850,000	\$ 94,005,000	\$ 94,432,500
Less outstanding debt applicable to debt limit	<u>16,116,926</u>	<u>15,418,349</u>	<u>14,280,925</u>	<u>14,087,881</u>	<u>13,983,478</u>
Legal Debt Margin	<u>\$ 59,186,074</u>	<u>\$ 68,649,151</u>	<u>\$ 75,569,075</u>	<u>\$ 79,917,119</u>	<u>\$ 80,449,022</u>
Total outstanding debt applicable to the limit as a percentage of debt limit	<u>21.40%</u>	<u>18.34%</u>	<u>15.89%</u>	<u>14.99%</u>	<u>14.81%</u>
<b>The Debt Limit is restricted by State Statute based on the assessed value per the State and percentage setforth in law.</b>					
<b>Municipal Purposes - 7.5%</b>					
Debt Limit	\$ 37,651,500	\$ 42,033,750	\$ 44,925,000	\$ 47,002,500	\$ 47,216,250
Less outstanding debt applicable to debt limit	<u>2,612,903</u>	<u>2,621,146</u>	<u>2,190,505</u>	<u>3,049,050</u>	<u>3,647,913</u>
Debt margin for municipal purposes	<u>\$35,038,597.00</u>	<u>\$39,412,604.00</u>	<u>\$42,734,495.00</u>	<u>\$43,953,450.00</u>	<u>\$43,568,337.00</u>
Outstanding debt applicable to the limit as a percentage of debt limit for municipal purposes	<u>6.94%</u>	<u>6.24%</u>	<u>4.88%</u>	<u>6.49%</u>	<u>7.73%</u>
<b>School purposes - 10%</b>					
Debt Limit	\$ 50,202,000	\$ 56,045,000	\$ 59,900,000	\$ 62,670,000	\$ 62,955,000
Less outstanding debt applicable to debt limit	<u>12,254,725</u>	<u>11,609,740</u>	<u>10,964,755</u>	<u>10,319,770</u>	<u>9,674,785</u>
Debt margin for school purposes	<u>\$ 37,947,275</u>	<u>\$ 44,435,260</u>	<u>\$ 48,935,245</u>	<u>\$ 52,350,230</u>	<u>\$ 53,280,215</u>
Outstanding debt applicable to the limit as a percentage of the debt limit for schools	<u>24.41%</u>	<u>20.72%</u>	<u>18.31%</u>	<u>16.47%</u>	<u>15.37%</u>
<b>Storm and sanitary sewer purposes - 7.5%</b>					
Debt Limit	\$ 37,651,500	\$ 42,033,750	\$ 44,925,000	\$ 47,002,500	\$ 47,216,250
Less outstanding debt applicable to debt limit	<u>1,249,298</u>	<u>1,187,463</u>	<u>1,125,665</u>	<u>719,061</u>	<u>660,780</u>
Debt margin for sewer purposes	<u>\$ 36,402,202</u>	<u>\$ 40,846,287</u>	<u>\$ 43,799,335</u>	<u>\$ 46,283,439</u>	<u>\$ 46,555,470</u>
Outstanding debt applicable to the limit as a percentage of debt limit for sewer purposes	<u>3.32%</u>	<u>2.83%</u>	<u>2.51%</u>	<u>1.53%</u>	<u>1.40%</u>
<b>Maximum total debt limit - 15%</b>	<u>\$ 75,303,000</u>	<u>\$ 84,067,500</u>	<u>\$ 89,850,000</u>	<u>\$ 94,005,000</u>	<u>\$ 94,432,500</u>

TABLE 9 (CONTINUED)

## TOWN OF LISBON, MAINE

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Assessed value per State</b>	<u>\$ 593,950,000</u>	<u>\$ 559,100,000</u>	<u>\$ 522,650,000</u>	<u>\$ 526,600,000</u>	<u>\$ 534,000,000</u>
Total debt limit - all purposes-15% of assessed value	\$ 89,092,500	\$ 83,865,000	\$ 78,397,500	\$ 78,990,000	\$ 80,100,000
Less outstanding debt applicable to debt limit	<u>13,511,555</u>	<u>12,651,032</u>	<u>11,487,368</u>	<u>10,474,399</u>	<u>15,655,962</u>
Legal Debt Margin	<u>\$ 75,580,945</u>	<u>\$ 71,213,968</u>	<u>\$ 66,910,132</u>	<u>\$ 68,515,601</u>	<u>\$ 64,444,038</u>
Total outstanding debt applicable to the limit as a percentage of debt limit	<u>15.17%</u>	<u>15.08%</u>	<u>14.65%</u>	<u>13.26%</u>	<u>19.55%</u>
<b>The Debt Limit is restricted by State Statute based on the assessed value per the State and percentage setforth in law.</b>					
<b>Municipal Purposes - 7.5%</b>					
Debt Limit	\$ 44,546,250	\$ 41,932,500	\$ 39,198,750	\$ 39,495,000	\$ 40,050,000
Less outstanding debt applicable to debt limit	<u>3,529,233</u>	<u>3,391,217</u>	<u>2,950,038</u>	<u>2,659,554</u>	<u>2,388,888</u>
Debt margin for municipal purposes	<u>\$41,017,017.00</u>	<u>\$38,541,283.00</u>	<u>\$36,248,712.00</u>	<u>\$36,835,446.00</u>	<u>\$37,661,112.00</u>
Outstanding debt applicable to the limit as a percentage of debt limit for municipal purposes	<u>7.92%</u>	<u>8.09%</u>	<u>7.53%</u>	<u>6.73%</u>	<u>5.96%</u>
<b>School purposes - 10%</b>					
Debt Limit	\$ 59,395,000	\$ 55,910,000	\$ 52,265,000	\$ 52,660,000	\$ 53,400,000
Less outstanding debt applicable to debt limit	<u>9,379,822</u>	<u>8,699,815</u>	<u>8,019,830</u>	<u>7,339,845</u>	<u>\$ 12,834,574</u>
Debt margin for school purposes	<u>\$ 50,015,178</u>	<u>\$ 47,210,185</u>	<u>\$ 44,245,170</u>	<u>\$ 45,320,155</u>	<u>\$ 40,565,426</u>
Outstanding debt applicable to the limit as a percentage of the debt limit for schools	<u>15.79%</u>	<u>15.56%</u>	<u>15.34%</u>	<u>13.94%</u>	<u>24.03%</u>
<b>Storm and sanitary sewer purposes - 7.5%</b>					
Debt Limit	\$ 44,546,250	\$ 41,932,500	\$ 39,198,750	\$ 39,495,000	\$ 40,050,000
Less outstanding debt applicable to debt limit	<u>602,500</u>	<u>560,000</u>	<u>517,500</u>	<u>475,000</u>	<u>432,500</u>
Debt margin for sewer purposes	<u>\$ 43,943,750</u>	<u>\$ 41,372,500</u>	<u>\$ 38,681,250</u>	<u>\$ 39,020,000</u>	<u>\$ 39,617,500</u>
Outstanding debt applicable to the limit as a percentage of debt limit for sewer purposes	<u>1.35%</u>	<u>1.34%</u>	<u>1.32%</u>	<u>1.20%</u>	<u>1.08%</u>
<b>Maximum total debt limit - 15%</b>	<u>\$ 89,092,500</u>	<u>\$ 83,865,000</u>	<u>\$ 78,397,500</u>	<u>\$ 78,990,000</u>	<u>\$ 80,100,000</u>

TABLE 10

TOWN OF LISBON, MAINE  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income (000's)	Per Capita Income <sup>(1)</sup>	Median Age <sup>(1)</sup>	Years of Formal Schooling <sup>(1)</sup>	School Enrollment <sup>(2)</sup>	Unemployment Rate <sup>(3)</sup>
2006	9181	\$ 2,049,016	\$ 22,318	36	12.2	1443	4.8
2007	9135	2,038,749	22,318	36	12.2	1418	4.2
2008	9093	2,029,376	22,318	36	12.2	1338	5
2009	9051	2,020,002	22,318	36	12.2	1276	8.1
2010	9003	2,009,290	22,318	38	12.2	1336	8.6
2011	8939	1,995,006	22,318	40	12.2	1354	7.2
2012	8943	2,058,053	23,013	41	12.2	1325	7.1
2013	8898	1,991,372	22,380	41	12.2	1262	5.9
2014	8833	2,005,798	22,708	41	12.2	1283	4.9
2015	8811	2,017,983	22,903	41	12.2	1243	3.4

1. U.S. Census Bureau, 2010 population data; Maine Department of Policy and Management; Bureau of Labor Statistics; and Bureau of Economic Analysis

2. Lisbon School Department

3. Maine Department of Labor; Bureau of Labor Statistics; and Bureau of Economic Analysis