

Audited Financial Statements and
Other Supplementary Information

Town of Winthrop, Maine

June 30, 2017



Proven Expertise and Integrity

TOWN OF WINTHROP, MAINE

CONTENTS

JUNE 30, 2017

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT A - STATEMENT OF NET POSITION	12
STATEMENT B - STATEMENT OF ACTIVITIES	13 - 14

FUND FINANCIAL STATEMENTS

STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	15
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	16
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	17
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18
STATEMENT G - STATEMENT OF NET POSITION – FIDUCIARY FUNDS	19
NOTES TO FINANCIAL STATEMENTS	20 - 58

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	59
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS –	

BUDGET AND ACTUAL – GENERAL FUND	60
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	61
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS	62
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	63
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	64
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS – BUDGET AND ACTUAL – GENERAL FUND REVENUES	65
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND	66 - 67
SCHEDULE C - COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	68
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	69
SPECIAL REVENUE FUNDS DESCRIPTION	70
SCHEDULE E - COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS	71 - 73
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS	74 - 76
CAPITAL PROJECTS FUNDS DESCRIPTION	77
SCHEDULE G - COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS	79 - 81
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS	82 - 85
PERMANENT FUNDS DESCRIPTION	86

SCHEDULE I - COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS	87 - 91
---	---------

SCHEDULE J - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR PERMANENT FUNDS	92 - 96
---	---------

GENERAL CAPITAL ASSETS DESCRIPTION	97
------------------------------------	----

SCHEDULE K - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	98
---	----

SCHEDULE L - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	99
--	----

STATE COMPLIANCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	100
--	-----

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	101
---	-----

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	102 - 103
---	-----------

INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS	104
--	-----

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED TO THE MEDMS FINANCIAL SYSTEM	105
--	-----



Proven Expertise and Integrity
INDEPENDENT AUDITORS' REPORT

Town Council
Town of Winthrop
Winthrop, 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 Winthrop, Maine, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Winthrop, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinion

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 Winthrop, Maine as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension-related information on pages 4 through 11 and 60 through 63 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 Winthrop, Maine's basic financial statements. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues, Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 20-A MRSA §6051, Sub-chapter 1(K) of the Maine Revised Statutes as amended, and is also not a required part of the basic financial statements.

The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues, Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues, Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2018, on our consideration of the Town of Winthrop, 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 Winthrop, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
February 14, 2018

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

(UNAUDITED)

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

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The Town of Winthrop presents five columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, the school maintenance reserve fund, the CIP bond fund and the fire station fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position for governmental funds is \$12,479,507 compared to \$12,441,299 in the prior year, an increase of \$38,208.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – is a deficit of \$1,627,161 at the end of this year for governmental activities compared to a deficit of \$1,256,438 in the prior year, a decrease of \$370,723.

Table 1
Town of Winthrop, Maine
Net Position
June 30,

	Governmental Activities	
		2016
	2017	(Restated)
Assets:		
Current Assets	\$ 2,336,702	\$ 2,838,350
Capital Assets	20,133,037	20,366,558
Total Assets	<u>22,469,739</u>	<u>23,204,908</u>
Deferred Outflows of Resources	<u>1,546,712</u>	<u>1,059,629</u>
Liabilities:		
Current Liabilities	2,417,112	2,430,688
Long-term Debt Outstanding	<u>8,604,206</u>	<u>8,648,701</u>
Total Liabilities	<u>11,021,318</u>	<u>11,079,389</u>
Deferred Inflows of Resources	<u>515,626</u>	<u>743,849</u>
Net Position:		
Net Investment in Capital Assets	12,721,579	12,209,108
Restricted	1,385,089	1,488,629
Unrestricted (Deficit)	<u>(1,627,161)</u>	<u>(1,256,438)</u>
Total Net Position	<u>\$ 12,479,507</u>	<u>\$ 12,441,299</u>

Revenues and Expenses

Revenues increased by 6.51% while expenses increased by 5.52% for governmental activities. The increase in revenues was mainly due to operating grants and contributions and general tax revenues while the increase in expenses was primarily due to pension expense recognized for payments made by the State of Maine on-behalf of the Town and a rise in education costs, partially offset by a decline in unclassified expenditures.

Table 2
Town of Winthrop, Maine
Change in Net Position
For the Years Ended June 30,

	Governmental Activities	
		2016
	2017	(Restated)
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 1,351,498	\$ 1,404,903
Operating grants and contributions	7,173,726	6,159,238
Capital grants and contributions	56,340	56,600
<i>General Revenues:</i>		
Taxes	10,684,711	10,471,968
Grants and contributions not restricted to specific programs	788,974	791,159
Investment income	71,669	12,230
Miscellaneous	357,845	336,414
Total Revenues	<u>20,484,763</u>	<u>19,232,512</u>
Expenses		
General government	1,773,951	1,698,636
Public safety	2,565,727	2,602,789
Public works	674,241	683,811
Recreation and culture	380,351	366,697
Health and sanitation	541,530	610,913
Social services	14,087	21,824
Education	11,873,463	11,343,851
County tax	608,262	595,481
TIF	50,388	64,356
Overlay	-	12,000
Unclassified	168,437	375,985
State of Maine on-behalf payments	1,530,269	904,387
Capital outlay	213,695	34,820
Interest on long-term debt	52,154	60,558
Total expenses	<u>20,446,555</u>	<u>19,376,108</u>
Change in Net Position	38,208	(143,596)
Net Position - July 1, Restated	<u>12,441,299</u>	<u>12,584,895</u>
Net Position - June 30	<u><u>\$ 12,479,507</u></u>	<u><u>\$ 12,441,299</u></u>

Financial Analysis of the Town's Fund Statements

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

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

	2017	2016 (Restated)
Major Funds:		
General Fund:		
Nonspendable	\$ 58,783	\$ 68,027
Restricted	-	100,000
Assigned	100,000	223,448
Unassigned	(801,232)	(1,163,189)
School Maintenance Reserve:		
Committed	16,971	16,971
CIP Bond Fund:		
Restricted	159,455	487,202
Fire Station Fund:		
Restricted	315,953	-
Total Major Funds	<u>\$ (150,070)</u>	<u>\$ (267,541)</u>
Nonmajor Funds:		
Special Revenue Funds:		
Nonspendable - Inventory	\$ 4,900	\$ 4,882
Restricted	56,227	110,681
Committed	35,735	22,870
Unassigned	(172,964)	(201,004)
Capital Projects Funds:		
Committed	265,235	219,995
Unassigned	-	(14)
Permanent Funds:		
Nonspendable - Principal	203,492	203,492
Restricted	649,962	587,254
Total Nonmajor Funds	<u>\$ 1,042,587</u>	<u>\$ 948,156</u>

The general fund total fund balance decreased by \$374,908 from the prior fiscal year. The School Maintenance Reserve total fund balance remained flat, the CIP Bond

Fund total fund balance decreased by \$327,747 from the prior fiscal year and the Fire Station Fund total fund balance increased by \$315,953 from the prior fiscal year. The nonmajor fund balances increased by \$94,431 from the prior fiscal year.

Budgetary Highlights

There was no difference between the original and final budget for the general fund, except the utilization of restricted fund balance.

The general fund actual revenues were over budget by \$68,570. This was primarily due to most revenue categories being receipted more than budgeted amounts, partially offset by less than anticipated charges for services revenue and investment income received.

The general fund actual expenditures were under budget by \$350,926. All expenditure categories were under budget with the exception of unclassified, capital outlay, and transfers to other funds.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2017, the net book value of capital assets recorded by the Town decreased by \$233,521. This decrease was due to capital additions of \$810,765 less current year depreciation expense of \$1,044,286.

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

	2017	2016 (Restated)
Land	\$ 1,228,609	\$ 1,228,609
Construction in progress	-	3,155,865
Land improvements	30,776	31,527
Buildings and improvements	14,270,273	11,721,155
Furniture and fixtures	1,484	1,649
Machinery and equipment	391,714	361,558
Vehicles	1,640,223	1,107,239
Infrastructure	2,569,958	2,758,956
Total	<u>\$ 20,133,037</u>	<u>\$ 20,366,558</u>

Debt

At June 30, 2017, the Town had \$6.65 million in bonds outstanding versus \$7.60 million last year. Other obligations include capital leases payable, accrued compensated absences and net pension liability. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

The Town's unassigned fund balance has fallen below a level sufficient to sustain government operations for a period of approximately two months. However, the Town also maintains significant reserves for future operations, capital and program needs. The Town is working to rebuild this balance to a sufficient level.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's Finance Department at 17 Highland Avenue, Winthrop, Maine 04364.

TOWN OF WINTHROP, MAINE

STATEMENT OF NET POSITION

JUNE 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 718,276
Investments	799,787
Accounts receivable (net of allowance for uncollectibles):	
Taxes/liens	514,339
Other	240,617
Prepaid expenses	6,244
Inventory	22,791
Tax acquired property	34,648
Total current assets	<u>2,336,702</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	1,228,609
Buildings and vehicles net of accumulated depreciation	18,904,428
Total noncurrent assets	<u>20,133,037</u>
TOTAL ASSETS	<u>22,469,739</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,546,712
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,546,712</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 24,016,451</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 151,929
Accrued payroll and related benefits	700,519
Due to other governments	3,885
Other liabilities	186,676
Current portion of long-term obligations	1,374,103
Total current liabilities	<u>2,417,112</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	5,732,279
Capital leases payable	446,433
Accrued compensated absences	382,492
Net pension liability	2,043,002
Total noncurrent liabilities	<u>8,604,206</u>
TOTAL LIABILITIES	<u>11,021,318</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	21,705
Deferred inflows related to pensions	493,921
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>515,626</u>
NET POSITION	
Net investment in capital assets	12,721,579
Restricted	1,385,089
Unrestricted (deficit)	(1,627,161)
TOTAL NET POSITION	<u>12,479,507</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 24,016,451</u></u>

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

TOWN OF WINTHROP, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
<u>Governmental activities:</u>					
General government	\$ 1,773,951	\$ 48,063	\$ -	\$ -	\$ (1,725,888)
Public safety	2,565,727	834,533	-	-	(1,731,194)
Public works	674,241	-	-	56,340	(617,901)
Recreation and culture	380,351	10,673	-	-	(369,678)
Health and sanitation	541,530	242,965	-	-	(298,565)
Social services	14,087	-	-	-	(14,087)
Education	11,873,463	215,264	5,626,025	-	(6,032,174)
County tax	608,262	-	-	-	(608,262)
TIF	50,388	-	-	-	(50,388)
Unclassified	168,437	-	17,432	-	(151,005)
State of Maine on-behalf payments	1,530,269	-	1,530,269	-	-
Capital outlay	213,695	-	-	-	(213,695)
Interest on long-term debt	52,154	-	-	-	(52,154)
Total government	<u>\$ 20,446,555</u>	<u>\$ 1,351,498</u>	<u>\$ 7,173,726</u>	<u>\$ 56,340</u>	<u>(11,864,991)</u>

STATEMENT B (CONTINUED)

TOWN OF WINTHROP, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(11,864,991)</u>
General revenues:	
Taxes	
Property taxes, levied for general purposes	9,557,001
Excise taxes	1,127,710
Grants and contributions not restricted to specific programs	788,974
Investment income	71,669
Other income	357,845
Total general revenues	<u>11,903,199</u>
Change in net position	38,208
NET POSITION - JULY 1, RESTATED	<u>12,441,299</u>
NET POSITION - JUNE 30	<u><u>\$ 12,479,507</u></u>

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

STATEMENT C

TOWN OF WINTHROP, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	School Maintenance Reserve	CIP Bond Fund	Fire Station Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 365,731	\$ -	\$ -	\$ 300,378	\$ 52,167	\$ 718,276
Investments	-	-	-	-	799,787	799,787
Accounts receivable (net of allowance for uncollectibles):						
Taxes/liens	514,339	-	-	-	-	514,339
Other	240,617	-	-	-	-	240,617
Prepaid items	6,244	-	-	-	-	6,244
Inventory	17,891	-	-	-	4,900	22,791
Tax acquired property	34,648	-	-	-	-	34,648
Due from other funds	173,063	16,971	159,455	15,575	367,000	732,064
TOTAL ASSETS	\$ 1,352,533	\$ 16,971	\$ 159,455	\$ 315,953	\$ 1,223,854	\$ 3,068,766
LIABILITIES						
Accounts payable	\$ 143,725	\$ -	\$ -	\$ -	\$ 8,204	\$ 151,929
Accrued payroll and related expenditures	700,519	-	-	-	-	700,519
Due to other funds	559,001	-	-	-	173,063	732,064
Tax anticipation note	220,000	-	-	-	-	220,000
Due to other governments	3,885	-	-	-	-	3,885
TOTAL LIABILITIES	1,627,130	-	-	-	181,267	1,808,397
DEFERRED INFLOWS OF RESOURCES						
Prepaid taxes	21,705	-	-	-	-	21,705
Deferred tax revenues	346,147	-	-	-	-	346,147
TOTAL DEFERRED INFLOWS OF RESOURCES	367,852	-	-	-	-	367,852
FUND BALANCES (DEFICITS)						
Nonspendable	58,783	-	-	-	208,392	267,175
Restricted	-	-	159,455	315,953	706,189	1,181,597
Committed	-	16,971	-	-	300,970	317,941
Assigned	100,000	-	-	-	-	100,000
Unassigned - School	(1,694,127)	-	-	-	-	(1,694,127)
Unassigned - Town	892,895	-	-	-	(172,964)	719,931
TOTAL FUND BALANCES (DEFICITS)	(642,449)	16,971	159,455	315,953	1,042,587	892,517
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 1,352,533	\$ 16,971	\$ 159,455	\$ 315,953	\$ 1,223,854	\$ 3,068,766

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

TOWN OF WINTHROP, MAINE

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

	Total Governmental Funds
Total Fund Balances	\$ 892,517
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	20,133,037
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	346,147
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	1,546,712
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(6,618,411)
Capital leases payable	(759,723)
Accrued compensated absences	(523,849)
Net pension liability	(2,043,002)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(493,921)
Net position of governmental activities	<u>\$ 12,479,507</u>

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

STATEMENT E

TOWN OF WINTHROP, MAINE

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

	General Fund	School Maintenance Reserve	CIP Bond Fund	Fire Station Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
General tax revenue	\$ 10,703,466	\$ -	\$ -	\$ -	\$ -	\$ 10,703,466
Intergovernmental revenue	5,285,685	-	-	300,000	903,086	6,488,771
Charges for services	1,192,160	-	-	-	159,338	1,351,498
Investment income, net of unrealized gains/(losses)	2,633	-	-	378	68,658	71,669
State of Maine on-behalf payments	701,942	-	-	-	-	701,942
Other revenue	334,704	-	-	-	23,141	357,845
TOTAL REVENUES	18,220,590	-	-	300,378	1,154,223	19,675,191
EXPENDITURES						
Current:						
General government	1,579,755	-	-	-	-	1,579,755
Public safety	2,325,586	-	-	-	14,284	2,339,870
Public works	435,765	-	-	-	-	435,765
Recreation and culture	361,771	-	-	-	-	361,771
Health and sanitation	515,227	-	-	-	-	515,227
Social services	14,087	-	-	-	-	14,087
Education	10,782,299	-	-	-	1,232,869	12,015,168
County tax	608,262	-	-	-	-	608,262
TIF	50,388	-	-	-	-	50,388
Overlay	-	-	-	-	-	-
Unclassified	130,337	-	-	2,044	36,043	168,424
State of Maine on-behalf payments	701,942	-	-	-	-	701,942
Debt service:						
Principal	366,396	-	-	-	-	366,396
Interest	52,154	-	-	-	-	52,154
Capital outlay	319,575	-	327,747	110,931	-	758,253
TOTAL EXPENDITURES	18,243,544	-	327,747	112,975	1,283,196	19,967,462
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(22,954)	-	(327,747)	187,403	(128,973)	(292,271)
OTHER FINANCING SOURCES (USES)						
Transfers in	37,455	-	-	128,550	252,896	418,901
Transfers (out)	(389,409)	-	-	-	(29,492)	(418,901)
TOTAL OTHER FINANCING SOURCES (USES)	(351,954)	-	-	128,550	223,404	-
NET CHANGE IN FUND BALANCES	(374,908)	-	(327,747)	315,953	94,431	(292,271)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	(267,541)	16,971	487,202	-	948,156	1,184,788
FUND BALANCES (DEFICITS) - JUNE 30	\$ (642,449)	\$ 16,971	\$ 159,455	\$ 315,953	\$ 1,042,587	\$ 892,517

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

TOWN OF WINTHROP, MAINE

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (292,271)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	3,966,630
Capital asset disposals	(3,155,865)
Depreciation expense	<u>(1,044,286)</u>
	<u>(233,521)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported:	
Taxes and liens receivable	<u>(18,755)</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>487,083</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(551,000)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>1,296,992</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>230,096</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(4,857)
Net pension liability	<u>(875,559)</u>
	<u>(880,416)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 38,208</u></u>

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

TOWN OF WINTHROP, MAINE

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

	<u>Agency Funds</u> <u>Student</u> <u>Activities</u>
ASSETS	
Cash and cash equivalents	<u>\$ 140,350</u>
TOTAL ASSETS	<u><u>\$ 140,350</u></u>
LIABILITIES	
Accounts payable	\$ -
Deposits held for others	<u> 140,350</u>
TOTAL LIABILITIES	<u><u>\$ 140,350</u></u>

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

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Winthrop was incorporated under the laws of the State of Maine. The Town operates under Town council-manager form of government and provides the following services: general government, public safety, public works, health and sanitation, education, recreation and culture and unclassified.

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

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

Implementation of New Accounting Standards

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

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

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

Statement No. 77, "*Tax Abatement Disclosures*". The objective of the Statement is to improve disclosure of information about the nature and magnitude of tax

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

abatements, making these transactions more transparent to financial statement users. As such, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. Management has determined the impact of this Statement is not material to the financial statements.

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

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

Statement No. 82, "*Pension Issues*". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all activities of the Town 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 reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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

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

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

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

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The School Maintenance Reserve Fund is used to account for financial resources to be used for the maintenance of school capital facilities or equipment.
- c. The CIP Bond Fund is used to account for bond proceeds to be used for the acquisition or construction of major capital facilities or equipment.
- d. The Fire Station Fund is used to account for financial resources to be used for the construction of expanding the fire station.

Nonmajor Funds

- e. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- f. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Fiduciary Funds:

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

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

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

Basis of Accounting

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

1. Accrual

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

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

Budget

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

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

Revenues per budgetary basis	\$17,556,103
Add: On-behalf payments	<u>701,942</u>
Total GAAP basis	<u>\$18,258,045</u>
Expenditures per budgetary basis	\$17,931,011
Add: On-behalf basis	<u>701,942</u>
Total GAAP basis	<u>\$18,632,953</u>

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 Town Council.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be a cash equivalent. 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.
- Prime bankers acceptances
- Prime commercial papers
- Repurchase agreements whose underlying collateral consist of the foregoing
- Money market mutual funds whose portfolios consist of the foregoing

It is the policy of the Town of Winthrop, Maine to invest public funds in a manner in which will provide safety of principal with a market rate of return while meeting the daily cash flow demands of the town, and conforming to all state and local statutes governing the investment of public funds.

Inventories and Prepaid Items

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

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

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables include amounts due from ambulance services and governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$240,617 for the year ended June 30, 2017. The allowance for uncollectible accounts is estimated to be \$65,000 as of June 30, 2017.

Interfund Receivables and Payables

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

Transactions Between Funds

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

Capital Assets

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

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

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Estimated useful lives are as follows:

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

Long-term Obligations

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

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

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

Compensated Absences

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2017, the Town's liability for compensated absences is \$523,849.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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.

Fund Balance

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

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

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

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 Council vote has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town 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 deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

is 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 25, 2016 on the assessed value listed as of April 1, 2016, for all real and personal property located in the Town. Taxes were due on October 1, 2016 and April 1, 2017. Interest on unpaid taxes commenced on October 2, 2016 and April 2, 2017, at 7% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$154 for the year ended June 30, 2017.

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

Program Revenues

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

Encumbrance Accounting

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

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

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

At June 30, 2017, the Town's cash balance of \$858,626 was comprised of bank deposits amounting to \$1,473,983. All of these bank deposits were insured by federal depository insurance and consequently were not exposed to custodial credit risk. \$52,167 of cash equivalents was covered by the Securities Investor Protection Corporation (SIPC).

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 118,299
Savings accounts	48,457
Money market accounts	604,463
Sweep accounts	702,764
Cash and cash equivalents	52,167
	<u>\$ 1,526,150</u>

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. However, in accordance with its investment policy, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. As such, the Town's investments in equity securities and closed-end mutual funds of \$593,685 are not exposed to custodial credit risk because those securities are either registered in the Town's name or are fully covered by the Securities Investor Protection Corporation (SIPC). \$206,102 of investments in open-end mutual funds are not exposed to custodial credit risk because their underlying securities do not exist in physical or book-entry form.

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

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Equity securities:				
Common stock - domestic	\$ 170,140	\$ 170,140	\$ -	\$ -
Common stock - foreign	3,854	3,854	-	-
Mutual funds:				
Equities - domestic	169,720	169,720	-	-
Equities - foreign	149,797	149,797	-	-
Fixed income	306,276	306,276	-	-
	<u>\$ 799,787</u>	<u>\$ 799,787</u>	<u>\$ -</u>	<u>\$ -</u>

Fair Value Hierarchy

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

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	June 30, 2017 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
Investments by fair value level				
Equity securities				
Common stock	\$ 173,994	\$ 173,994	\$ -	\$ -
Mutual funds and exchange-traded funds	625,793	625,793	-	-
Total equity securities	<u>799,787</u>	<u>799,787</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>799,787</u>	<u>\$ 799,787</u>	<u>\$ -</u>	<u>\$ -</u>
Cash equivalents measured at the net asset value (NAV)				
Money market mutual funds	52,167			
Total cash equivalents measured at the NAV	<u>52,167</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 851,954</u>			

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

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

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

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2017 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
General fund	\$ 173,063	\$ 559,001
CIP bond fund	159,455	-
School maintenance reserve	16,971	-
Nonmajor special revenue funds	99,813	172,611
Nonmajor capital projects funds	265,235	-
Nonmajor permanent funds	1,952	452
	<u>\$ 732,064</u>	<u>\$ 732,064</u>

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS

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

	Balance, 7/1/16 (Restated)	Additions	Disposals	Balance, 6/30/17
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 1,228,609	\$ -	\$ -	\$ 1,228,609
Construction in progress	3,155,865	-	(3,155,865)	-
	<u>4,384,474</u>	<u>-</u>	<u>(3,155,865)</u>	<u>1,228,609</u>
Depreciated assets:				
Land improvements	37,532	-	-	37,532
Buildings and improvements	22,544,840	3,155,865	-	25,700,705
Furniture and fixtures	41,220	-	-	41,220
Machinery and equipment	2,932,180	115,625	-	3,047,805
Vehicles	3,825,579	695,140	-	4,520,719
Infrastructure	6,165,528	-	-	6,165,528
	<u>35,546,879</u>	<u>3,966,630</u>	<u>-</u>	<u>39,513,509</u>
Less accumulated depreciation:				
Land improvements	(6,005)	(751)	-	(6,756)
Buildings and improvements	(10,823,685)	(606,747)	-	(11,430,432)
Furniture and fixtures	(39,571)	(165)	-	(39,736)
Machinery and equipment	(2,570,622)	(85,469)	-	(2,656,091)
Vehicles	(2,718,340)	(162,156)	-	(2,880,496)
Infrastructure	(3,406,572)	(188,998)	-	(3,595,570)
	<u>(19,564,795)</u>	<u>(1,044,286)</u>	<u>-</u>	<u>(20,609,081)</u>
Net depreciated assets	<u>15,982,084</u>	<u>2,922,344</u>	<u>-</u>	<u>18,904,428</u>
Net capital assets	<u>\$ 20,366,558</u>	<u>\$ 2,922,344</u>	<u>\$ -</u>	<u>\$ 20,133,037</u>
Current year depreciation:				
General government				\$ 30,959
Public safety				225,857
Recreation and culture				18,580
Cemetery				13
Education				504,098
Health and sanitation				26,303
Public works				238,476
Total depreciation expense				<u>\$ 1,044,286</u>

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - SHORT-TERM DEBT

On January 22, 2016, the Town issued a tax anticipation note to provide liquidity for governmental operations financed by property taxes. The note, a line of credit, allowed principal draws up to \$1,200,000 at .94% interest with a maturity date of March 31, 2017. An additional tax anticipation note was issued January 3, 2017 to provide additional cash flow flexibility with draws up to \$850,000 at 1.19% interest with a maturity date of July 31, 2017.

Short-term debt activity for the year ended June 30, 2017, was as follows:

	Balance, 7/1/16	Additions	Reductions	Balance, 6/30/17
Tax anticipation note	\$ -	\$ 1,970,000	\$ (1,750,000)	\$ 220,000
Totals	<u>\$ -</u>	<u>\$ 1,970,000</u>	<u>\$ (1,750,000)</u>	<u>\$ 220,000</u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2017:

	Balance, 7/1/16 (Restated)	Additions	Deletions	Balance, 6/30/17	Due Within One Year
<u>Governmental Activities</u>					
Bonds payable	\$ 7,604,515	\$ -	\$ (952,780)	\$ 6,651,735	\$ 919,456
Capital leases payable	552,935	551,000	(344,212)	759,723	313,290
Accrued compensated absences	518,992	4,857	-	523,849	141,357
Net pension liability	1,167,443	1,289,535	(413,976)	2,043,002	-
Total Governmental Activities	<u>\$ 9,843,885</u>	<u>\$ 1,845,392</u>	<u>\$ (1,710,968)</u>	<u>\$ 9,978,309</u>	<u>\$ 1,374,103</u>

TOWN OF WINTHROP, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds payable:

Bonds Payable:	<u>Town</u>	<u>School</u>
\$11,455,774, 2002C General Obligation Bond due in annual installments and semiannual interest installments through November 2022. Interest is charged at a rate from 3.05% to 5.25% per annum. Annual principal Installments are \$572,789.	\$ -	\$ 3,436,734
\$775,000, 2004A General Obligation Bond due in annual installments and semiannual interest installments through November 2019. Interest is charged at a rate from 2.216% to 7.468% per annum. Annual principal Installments are \$51,667.	155,001	-
\$1,200,000, 2009 General Obligation Bond due in annual installments and semiannual interest installments through October 2024. Interest is charged at a rate from 2.50% to 3.75% per annum. Annual principal Installments are \$80,000.	640,000	-
\$1,350,000, 2011 General Obligation Bond due in annual installments and semiannual interest installments through October 2028. Interest is charged at a rate of 4.950% per annum. Annual principal Installments of \$68,828 are deposited into a sinking fund held by the Maine Municipal Bond Bank.		1,350,000
\$1,500,000, 2014 General Obligation Bond due in annual installments and semiannual interest installments through November 2021. Interest is charged at a rate from 2.00% per annum. Annual principal Installments are from \$210,000 to \$215,000.	<u>1,070,000</u>	<u>-</u>
Total Bonds Payable	<u>\$ 1,865,001</u>	<u>\$ 4,786,734</u>

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 - LONG TERM DEBT (CONTINUED)

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

	Governmental Activities		
	Principal	Interest	Total Debt Service
2018	\$ 919,456	\$ 239,903	\$ 1,159,359
2019	919,456	199,999	1,119,455
2020	919,456	162,129	1,081,585
2021	867,789	121,772	989,561
2022	862,789	196,398	1,059,187
2023-2027	812,789	180,313	993,102
2028-2032	1,350,000	-	1,350,000
	<u>\$ 6,651,735</u>	<u>\$ 1,100,514</u>	<u>\$ 7,752,249</u>

In 2011, the Town issued a Series 2011G Public Improvement Qualified School Construction Bond totaling \$1,350,000. Annual principal payments on the bond are required to be deposited into a sinking fund held by the Maine Municipal Bond Bank. The deposits and the interest earned on those deposits will be used to make the principal payment in November 2028. The Town is also required to pay its proportionate share of any investment losses incurred on the investment of sinking fund deposits resulting in insufficient funds to pay the bank bonds when due. As of June 30, 2017, the most recent financial information available, the balance in the sinking fund for the Town of Winthrop totaled \$377,825.

This bond is also 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.

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 6.8% and is subject to change at any time. The total financial impact to the Town is unknown.

TOWN OF WINTHROP, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding capital leases payable:

Capital Leases Payable:	<u>Town</u>	<u>School</u>
The Town leases an ambulance under a non-cancelable lease agreement. The term of the lease is for 4 years expiring in September of 2017. Annual payments are \$44,156. Interest is charged at a rate of 2.53% per annum.	\$ 43,066	\$ -
The Department leases copiers under a non-cancelable lease agreement. The term of the lease is for 6 years expiring in August of 2018. Annual principal and interest payments are \$17,454.	-	21,278
The Town leases copiers under a non-cancelable lease agreement. The term of the lease is for 5 years expiring in July of 2017. Annual payments are \$4,097. Interest is charged at a rate of 2.47% per annum.	3,987	-
The Town leases a defibrillator under a non-cancelable lease agreement. The term of the lease is for 5 years expiring in November of 2017. Annual principal payments are \$16,652. Interest is charged at a rate of 3.27% per annum.	16,178	-
The Town leases a plow truck under a non-cancelable lease agreement. The term of the lease is for 5 years expiring in July of 2020. Annual payments are \$23,266. Interest is charged at a rate of 2.94% per annum.	86,606	-
The Town leases a police ford explorer under a non-cancelable lease agreement. The term of the lease is for 2 years expiring in September of 2017. Annual payments are \$8,038. Interest is charged at a rate of 2.23% per annum.	7,863	-
The Department Leases a bus under a non-cancelable lease agreement. The term of the lease is for 4 years expiring in October of 2018. Annual payments are \$20,864.77.		40,052
The Department Leases a bus under a non-cancelable lease agreement. The term of the lease is for 4 years expiring in October of 2018. Annual payments are \$20,702.98.		39,741

TOWN OF WINTHROP, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 - LONG TERM DEBT (CONTINUED)

Capital Leases Payable:	<u>Town</u>	<u>School</u>
The Department leases copiers under a non-cancelable lease agreement. The term of the lease is for 6 years expiring in July of 2021. Quarterly principal and interest payments are \$5,379.	-	85,012
The Town Leases a Case Skid steer and a 2016 Chevy Type III under a non-cancelable lease agreement. The term of the lease is for 5 years expiring in August of 2020. Annual principal and interest payments are \$52,707.	197,994	-
The Town Leases a 2015 Case Wheel Loader & a 2016 Chevy Silverado under a non-cancelable lease agreement. The term of the lease is for 4 years expiring in August of 2019. Annual principal and interest payments are \$60,265.	172,353	-
The Town Leases a Ford Explorer and Dump Body under a non-cancelable lease agreement. The term of the lease is for 3 years expiring in August of 2018. Annual principal and interest payments are \$23,579.	<u>45,593</u>	<u>-</u>
Total Capital Leases Payable	<u>\$ 573,640</u>	<u>\$ 186,083</u>

Future minimum payments, by year and in the aggregate, under these leases are as follows:

2018	\$ 313,290
2019	227,266
2020	157,755
2021	97,489
2022	<u>5,379</u>
Total minimum lease payments	801,179
Less: Amount representing interest	<u>(41,456)</u>
Present value of future minimum lease payments	<u>\$ 759,723</u>

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

TOWN OF WINTHROP, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 - OPERATING LEASES

A summary of the outstanding operating lease payable is as follows:

The Department leases a truck under a non-cancelable lease agreement. The term of the lease is for 60 months ending in February of 2019. Monthly payments are \$335.

Future minimum lease payments at June 30, 2017, are as follows:

2018	\$	4,021
2019		2,680
2020		-
2021		-
2022		-
Total minimum lease payments	\$	<u>6,701</u>

NOTE 8 - NONSPENDABLE FUND BALANCES

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

General fund:		
Prepaid items	\$	6,244
Inventory		17,891
Tax acquired property		34,648
Nonmajor special revenue funds (See Schedule E)		4,900
Nonmajor permanent funds (See Schedule I)		<u>203,492</u>
	\$	<u>267,175</u>

NOTE 9 - RESTRICTED FUND BALANCES

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

CIP bond fund	\$	159,455
Nonmajor special revenue funds (See Schedule E)		56,227
Nonmajor permanent funds (See Schedule I)		<u>649,962</u>
	\$	<u>1,181,597</u>

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10 - COMMITTED FUND BALANCES

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

School Maintenance Reserve	\$ 16,971
Nonmajor special revenue funds (See Schedule E)	35,735
Nonmajor capital project funds (See Schedule G)	<u>265,235</u>
	<u><u>\$ 317,941</u></u>

NOTE 11 - ASSIGNED FUND BALANCE

At June 30, 2017, the Town had the following assigned fund balance:

General fund:	
Library loan repayment	<u>\$ 100,000</u>
	<u><u>\$ 100,000</u></u>

NOTE 12 - DEFICIT FUND BALANCES

At June 30, 2017, the Town had the following deficit fund balances:

Nonmajor funds:	
School grants	<u>\$ 124,193</u>
Total	<u><u>\$ 124,193</u></u>

At June 30, 2017, the Town's School Department had a deficit general fund balance of \$1,694,127, leaving the Town's general fund balance available for appropriation at \$981,759. The deficit in the School grant deficit is adult education, which is a cooperative effort with other schools and is being addressed in 2018.

NOTE 13 - EXPENDITURES OVER APPROPRIATIONS

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

Unclassified	\$ 281
Capital outlay	34,558
Transfers to other funds	<u>92,409</u>
Total	<u><u>\$ 127,248</u></u>

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - 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 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.

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

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's plan members are required to contribute 8.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.5% 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, 2017 was \$187,280.

During the fiscal year ended June 30, 2016, the Town received a distribution from MainePERS of an individual un-pooled pension asset totaling \$424,033. This pension asset resulted from the closure of the Town's individual single employer plan when the Town opted to join the PLD Consolidated Plan. 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, 2017 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 Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 \$5,733,226 for the year ended June 30, 2017. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 10.02% of the Town's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). Contributions paid by the State were approximately \$554,689 for the year ended June 30, 2017. Title 5 of the Maine Revised Statutes Annotated also requires the Town to contribute at an actuarially determined normal cost rate of 3.36%, which totaled \$192,632 for 2017. In addition, the Town is required to contribute toward the UAL of the plan and pay a small percentage of payroll

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

towards the administrative costs for federally funded teachers, which amounts to 10.57% of compensation and totaled \$20,866 the year ended June 30, 2017.

Pension Liabilities

PLD Consolidated Plan

At June 30, 2017, the Town reported a liability of \$1,885,416 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2016, the Town's proportion was 0.354848%, which was an increase of 0.026907% from its proportion measured as of June 30, 2015.

SET Plan

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

Town's proportionate share of the net pension liability	\$ 157,586
State's proportionate share of the net pension liability associated with the Town	<u>8,412,797</u>
Total	<u>\$ 8,570,383</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating school units and the State actuarially determined. At June 30, 2016, the Town's proportion was 0.008919%, which was a decrease of 0.000055% from its proportion measured as of June 30, 2015.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2017, the Town recognized total pension expense of \$193,335 for the PLD plan and net pension revenue of \$34,955 and revenue of \$828,327 for support provided by the State of Maine for the SET plan. At June 30, 2017, 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	\$ 22,855	\$ 121,267	\$ 3,048	\$ 297
Changes of assumptions	202,121	-	-	4,047
Net difference between projected and actual earnings on pension plan investments	696,723	289,967	50,320	20,619
Changes in proportion and differences between contributions and proportionate share of contributions	127,901	1,745	44,052	55,979
Contributions subsequent to the measurement date	187,280	-	212,412	-
Total	<u>\$ 1,236,880</u>	<u>\$ 412,979</u>	<u>\$ 309,832</u>	<u>\$ 80,942</u>

\$187,280 for the PLD plan and \$212,412 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan	SET Plan
Year ended June 30:		
2017	\$ 150,223	\$ (8,612)
2018	122,192	3,115
2019	255,543	14,173
2020	108,665	7,802
2021	-	-
Thereafter	-	-

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - 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, 2016 and 2015, 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 a closed basis over a period of twenty 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.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2016 and June 30, 2015 are as follows:

Investment Rate of Return - For both the PLD and State Employee and Teacher Plans, 6.875% per annum for the year ended June 30, 2016 and 7.125% per annum for the year ended June 30, 2015, compounded annually.

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 2.75%-9% per year and 2.75%-14.5% for SET for the year ended June 30, 2016, and 3.5%-9.5% per year and 3.5%-13.5% respectively for the year ended June 30, 2015.

Mortality Rates - For active member and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used for FY2016. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used. RP2000 Combined Mortality projected forward to 2015 using Scale AA; for active members and non-disabled retirees, ages are set back 2 years; for disabled recipients the Revenue Ruling 96-7 Disabled Mortality Table for Males & Females is used.

Cost of Living Benefit Increases – For participating local districts and state employees and teachers, 2.2% per annum for the year ended June 30, 2016 and 2.55% per annum for the year ended June 30, 2015.

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

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Discount Rate

The discount rate used to measure the collective total pension liability was 6.875% and 7.125% for each of the Plans in 2016 and 2015 respectively. 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, 2016 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.875% for each of the Plans.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 3,129,452	\$ 1,885,416	\$ 714,202
<u>SET Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 252,336	\$ 157,586	\$ 78,613

Changes in Net Pension Liability

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2016 with the following exceptions.

Differences between Expected and Actual Experience

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

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2016 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (800) 451-9800.

NOTE 15 - DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the International City Management Association Retirement Corporation (ICMA-RC). The plan, available to all employees, permits the employee to defer a portion of salary until future years. There is no employer match by the Town. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

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

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 15 - DEFERRED COMPENSATION PLAN (CONTINUED)

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

The Town also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403. The plan, available to all School Department employees as part of a collective bargaining agreement, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

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

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

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS

The Town, in accordance with its current life insurance company agreement, provides life insurance benefits to eligible retirees and their spouses. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts towards the cost of receiving benefits under the Town's life insurance benefits program.

Funding policy – The Town currently funds claims and administrative costs for postemployment benefits through its life insurance company or through current year expenditures.

The current census of Town benefit participants as of June 30, 2017 was 6 participants. Total expenditures for the year ended June 30, 2017 were \$765.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 17 - BUDGETARY VS. GAAP BASIS OF ACCOUNTING

Revenues and expenditures as reported in the Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual - General Fund (Schedule 1) are reported on the basis budgeted by the Town. Statement E is presented on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The following is a reconciliation of the GAAP and budgetary fund balances for the Town's General Fund.

Fund balance June 30, 2017 - budgetary basis	\$ (38,909)
Accrued Summer Salaries	<u>(603,540)</u>
Fund balance June 30, 2017 - GAAP basis	<u><u>\$ (642,449)</u></u>

NOTE 18 - TAX INCREMENT FINANCING DISTRICT

The Town of Winthrop has one established tax increment financing district (TIF) in accordance with M.R.S.A. Title 30-A, §5221-§5235 for a variety of economic development purposes, including business retention and expansion and public infrastructure improvement. The TIF district was formed locally, as the Town defined the district and chose how much of the new taxes would go to what public and private projects over what period of time, subject to the approval of the Town Council and ultimately by the Commissioner of the Maine Department of Economic and Community Development.

Any portion of the new property taxes generated by a specific project or projects within the defined geographic district can be "captured" and utilized to pay for the Town's new public infrastructure investment or direct economic development expense or returned to the developer in the form of a credit enhancement agreement for defined periods of up to 30 years. The Town of Winthrop accounts for all the activity of the TIF district including captured taxes and expenditures for approved purposes in separate TIF fund. The Town has chosen to disclose information about its tax abatement (credit enhancement) agreement individually and negotiates property tax abatement agreements on an individual basis. The following is a brief description of and total amount of taxes abated for the tax increment financing district:

TIF District	TIF Cap	Taxes Abated
<i>Economic Development TIFs:</i>		
	Years 1-10 - 100%;	
	Years 11-15 - 75%;	
Commerce Center TIF	Years 16-20 - 50%	\$ 48,980

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 18 - TAX INCREMENT FINANCING DISTRICT (CONTINUED)

The Town has not made any commitments as part of the agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities.

NOTE 19 - JOINT VENTURE

The Town of Winthrop is a member of the Joint Venture of the Equity Charter Municipalities of Municipal Review Committee, Inc. (Joint Venture). The Joint Venture is an organization that resulted from a contractual arrangement between certain member municipalities, Penobscot Energy Recovery Company (PERC) and Bangor Hydro Electric Company. It was formed to pool resources of the Equity Charter Municipalities for the long-term goal of handling the disposal of their present and projected volumes of non-hazardous municipal solid waste. As of December 31, 2016, the most current period available, the Town of Winthrop's share of the Joint Venture's net position was approximately \$555,506. Complete financial statements may be obtained from the Municipal Review Committee, 40 Harlow Street, Bangor, Maine 04401.

NOTE 20 - 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 21 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL

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 participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations, and actuarially sound reserves, the pool has the power to

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 21 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL (CONTINUED)

make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2017.

The Town is a member of the Maine Municipal Association – Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a “claims made” form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

The Town is also a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for worker’s compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker’s compensation coverage. The Town’s agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies’ reinsurance contracts, coverage for claims in excess of \$1,000,000.

The Town is also a member of the Maine Municipal Association – Unemployment Compensation Group Fund (“MMA UC Fund”). The MMA UC Fund was created to assist in meeting members’ obligations under the Employment Security Act in an efficient and cost effective manner. The Fund is composed of individual municipalities and other public and related non-profit entities that are individually self-insured but administered as a group. Within the Fund, each member has a separate account. As such, the Town makes quarterly payments into their account, based on rates developed by MMA’s consulting actuary. Claims, if any, are paid out of the Town’s own account. The Maine Department of Labor classifies MMA’s UC Fund members as Direct Reimbursement Employers. In other words, the Fund reimburses the Maine DOL on the Town’s behalf only when the Town has unemployment claims from present or former employees.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 21 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL (CONTINUED)

Occasionally, the Town may have layoffs or resignations or even a part-time employee losing a primary job, that lead to larger claims payments than anticipated. When claims exceed the balance of the Town's account, the UC Fund continues to pay the Town's claims with no regard for the negative balance. Repayment of a negative balance is spread out over a period of years to avoid a financial hardship to the Town.

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

NOTE 22 - RESTATEMENTS

The beginning fund balance of the general fund and the net position of the governmental activities have been restated as of July 1, 2016. These balances were restated to correct accrued payroll and other related payroll liabilities in the school department as well as a reduction in governmental receivables that were deemed to be uncollectible. The general fund and governmental activities were restated by \$362,085.

The beginning net position of governmental activities was restated as of July 1, 2016 to correct the capital asset balance by (\$58,810).

NOTE 23 - SUBSEQUENT EVENTS

On July 5, 2017, the Town issued a tax revenue anticipation note through Androscoggin Bank in anticipation of revenues to meet its operating obligations during the fiscal year. The note allows principal draws up to \$2,500,000 at 1.57% interest with a maturity date of July 31, 2018.

On July 14, 2017, the Town issued a general obligation bond through Androscoggin Bank to provide a deficit reduction loan to increase the undesignated fund balance. The general obligation bond allows principal draws up to \$1,500,000 at 4.69% interest with a maturity date of July 14, 2022.

Required Supplementary Information

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

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

TOWN OF WINTHROP, MAINE

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

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1, Restated	\$ 335,999	\$ 335,999	\$ 335,999	\$ -
Resources (Inflows):				
General tax revenues	10,675,262	10,675,262	10,703,466	28,204
Intergovernmental revenues	5,231,197	5,231,197	5,285,685	54,488
Charges for services	1,357,399	1,357,399	1,192,160	(165,239)
Investment income	3,500	3,500	2,633	(867)
Other revenue	220,175	220,175	334,704	114,529
Transfers from other funds	-	-	37,455	37,455
Amounts Available for Appropriation	<u>17,823,532</u>	<u>17,823,532</u>	<u>17,892,102</u>	<u>68,570</u>
Charges to Appropriation (Outflows):				
General government	1,618,032	1,618,032	1,579,755	38,277
Public safety	2,385,794	2,385,794	2,325,586	60,208
Public works	473,558	473,558	435,765	37,793
Recreation and culture	378,713	378,713	361,771	16,942
Health and sanitation	538,674	538,674	515,227	23,447
Social services	41,596	41,596	14,087	27,509
Education	11,224,871	11,054,871	10,782,299	272,572
County tax	608,262	608,262	608,262	-
TIF	50,388	50,388	50,388	-
Overlay	154	154	-	154
Unclassified	130,056	130,056	130,337	(281)
Debt service:				
Principal	366,396	366,396	366,396	-
Interest	53,426	53,426	52,154	1,272
Capital outlay	412,017	285,017	319,575	(34,558)
Transfers to other funds	-	297,000	389,409	(92,409)
Total Charges to Appropriations	<u>18,281,937</u>	<u>18,281,937</u>	<u>17,931,011</u>	<u>350,926</u>
Budgetary Fund Balance, June 30	<u>\$ (458,405)</u>	<u>\$ (458,405)</u>	<u>\$ (38,909)</u>	<u>\$ 419,496</u>
Utilization of restricted fund balance	<u>\$ 765,436</u>	<u>\$ 765,436</u>	<u>\$ -</u>	<u>\$ (765,436)</u>

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

TOWN OF WINTHROP, MAINE

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

	2017	2016	2015
<u>PLD Plan:</u>			
Proportion of the net pension liability	0.35%	0.33%	0.29%
Proportionate share of the net pension liability	\$ 1,885,416	\$ 1,046,288	\$ 449,387
Covered-employee payroll	\$ 1,867,628	\$ 1,680,235	\$ 1,542,683
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	100.95%	62.27%	29.13%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	88.30%	94.10%
<u>SET Plan:</u>			
Town's proportion of the net pension liability	0.01%	0.01%	0.01%
Town's proportionate share of the net pension liability	\$ 157,586	\$ 121,160	\$ 121,699
State's proportionate share of the net pension liability associated with the Town	8,412,797	5,321,822	4,312,029
Total	<u>\$ 8,570,383</u>	<u>\$ 5,442,982</u>	<u>\$ 4,433,728</u>
Town's covered-employee payroll	\$ 5,364,890	\$ 5,106,910	\$ 4,614,614
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	2.94%	2.37%	2.64%
Plan fiduciary net position as a percentage of the total pension liability	76.21%	81.20%	83.91%

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

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

TOWN OF WINTHROP, MAINE

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>			
Contractually required contribution	\$ 187,280	\$ 166,219	\$ 82,062
Contributions in relation to the contractually required contribution	<u>(187,280)</u>	<u>(166,219)</u>	<u>(82,062)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,980,662	\$ 1,867,628	\$ 1,680,235
Contributions as a percentage of covered- employee payroll	9.46%	8.90%	4.88%
 <u>SET Plan:</u>			
Contractually required contribution	\$ 213,497	\$ 188,740	\$ 136,683
Contributions in relation to the contractually required contribution	<u>(213,497)</u>	<u>(188,740)</u>	<u>(136,683)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 5,733,226	\$ 5,364,890	\$ 5,106,910
Contributions as a percentage of covered- employee payroll	3.72%	3.52%	2.68%

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

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

TOWN OF WINTHROP, MAINE

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

Changes of Assumptions

There was a change in the investment rate of return assumption this year from 7.125% to 6.875%. Annual salary increases, including inflation, changed from 3.50% - 9.50% to 2.75% - 9.00%, for the PLD Consolidated Plan and from 3.50% - 13.50% to 2.75% - 14.50%, for the SET Plan. There was also a change in the cost of living benefit increase from 2.55% to 2.20%. Finally, the mortality rates for active members, nondisabled retirees and recipients of disability benefits, were determined using the RP2014 Total Dataset Healthy Annuitant Mortality Table and the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, compared to the RP2000 Tables projected forward and the Revenue Ruling 96-7 Disabled Mortality Table used in the prior year.

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

Other Supplementary Information

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

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

TOWN OF WINTHROP, MAINE

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 9,574,762	\$ 9,574,762	\$ 9,575,756	\$ 994
Vehicle excise taxes	1,085,000	1,085,000	1,111,438	26,438
Boat excise taxes	15,500	15,500	16,272	772
Intergovernmental revenues:				
Education subsidy	4,525,517	4,525,517	4,408,702	(116,815)
State revenue sharing	264,600	264,600	265,758	1,158
Homestead exemption	186,855	186,855	165,533	(21,322)
Other education intergovernmental	125,000	125,000	331,669	206,669
Local road assistance program	58,000	58,000	56,340	(1,660)
BETE reimbursement	36,702	36,702	36,752	50
Tree growth reimbursement	6,500	6,500	6,322	(178)
Veterans reimbursement	6,400	6,400	6,266	(134)
General assistance	18,123	18,123	5,055	(13,068)
Other intergovernmental	3,500	3,500	3,288	(212)
Charges for services:				
Ambulance fees	905,820	905,820	755,593	(150,227)
Police department	75,414	75,414	68,732	(6,682)
Solid waste	262,050	262,050	242,965	(19,085)
Education charges for services	38,000	38,000	55,926	17,926
Agent fees	23,000	23,000	23,409	409
Code enforcement	16,100	16,100	17,694	1,594
Vitals	3,800	3,800	3,905	105
Fire department	360	360	1,192	832
Dog fees	8,000	8,000	9,016	1,016
Recreation	22,055	22,055	10,673	(11,382)
Other charges for services	2,800	2,800	3,055	255
Investment income:				
Investment income	3,500	3,500	2,633	(867)
Other income:				
Cable franchise fees	77,000	77,000	80,072	3,072
Interest on taxes	58,000	58,000	41,230	(16,770)
Cemetery maintenance	10,150	10,150	12,559	2,409
Dock rental	1,300	1,300	1,020	(280)
Lien fees	14,500	14,500	8,184	(6,316)
Library foundation support	15,000	15,000	6,000	(9,000)
Library donation	-	-	50,000	50,000
Sale of equipment	1,000	1,000	11,100	10,100
Other town income	26,225	26,225	12,650	(13,575)
Other education revenue	17,000	17,000	111,889	94,889
Transfers from other funds	-	-	37,455	37,455
TOTAL REVENUES	<u>\$ 17,487,533</u>	<u>\$ 17,487,533</u>	<u>\$ 17,556,103</u>	<u>\$ 68,570</u>

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

TOWN OF WINTHROP, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Town council/boards	\$ 22,629	\$ -	\$ 22,629	\$ 19,185	\$ 3,444
Clerk/treasurer/tax collector	128,066	-	128,066	128,715	(649)
Finance	97,234	-	97,234	92,499	4,735
Executive administration	81,110	-	81,110	80,928	182
Insurance	86,125	-	86,125	81,485	4,640
Contracted services	10,026	-	10,026	10,028	(2)
Central services	1,060,880	-	1,060,880	1,034,661	26,219
Computer services	21,688	-	21,688	20,547	1,141
Assessing and 911	48,404	-	48,404	49,481	(1,077)
Code enforcement	56,770	-	56,770	57,126	(356)
Donations	5,100	-	5,100	5,100	-
	<u>1,618,032</u>	<u>-</u>	<u>1,618,032</u>	<u>1,579,755</u>	<u>38,277</u>
Public safety					
Police department	676,289	-	676,289	661,796	14,493
Fire department	153,048	-	153,048	127,724	25,324
Communications center	232,147	-	232,147	233,549	(1,402)
Ambulance service	1,047,653	-	1,047,653	1,024,592	23,061
Street lights	41,000	-	41,000	40,821	179
Hydrant rental	230,120	-	230,120	231,787	(1,667)
Uniforms / repairs	5,537	-	5,537	5,317	220
	<u>2,385,794</u>	<u>-</u>	<u>2,385,794</u>	<u>2,325,586</u>	<u>60,208</u>
Public works					
Highways	473,558	-	473,558	435,765	37,793
	<u>473,558</u>	<u>-</u>	<u>473,558</u>	<u>435,765</u>	<u>37,793</u>
Health and sanitation					
Solid waste	538,674	-	538,674	515,227	23,447
	<u>538,674</u>	<u>-</u>	<u>538,674</u>	<u>515,227</u>	<u>23,447</u>
Social services					
General assistance	25,890	-	25,890	8,487	17,403
General assistance administration	15,706	-	15,706	5,600	10,106
	<u>41,596</u>	<u>-</u>	<u>41,596</u>	<u>14,087</u>	<u>27,509</u>

TOWN OF WINTHROP, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Recreation and culture					
Library	295,653	-	295,653	286,653	9,000
Recreation programs	80,850	-	80,850	71,249	9,601
Norcross point park	2,210	-	2,210	3,869	(1,659)
	<u>378,713</u>	<u>-</u>	<u>378,713</u>	<u>361,771</u>	<u>16,942</u>
Education	<u>11,224,871</u>	<u>(170,000)</u>	<u>11,054,871</u>	<u>10,782,299</u>	<u>272,572</u>
County tax	<u>608,262</u>	<u>-</u>	<u>608,262</u>	<u>608,262</u>	<u>-</u>
Capital outlay	<u>412,017</u>	<u>(127,000)</u>	<u>285,017</u>	<u>319,575</u>	<u>(34,558)</u>
Debt service					
Principal	366,396	-	366,396	366,396	-
Interest	53,426	-	53,426	52,154	1,272
	<u>419,822</u>	<u>-</u>	<u>419,822</u>	<u>418,550</u>	<u>1,272</u>
TIF	<u>50,388</u>	<u>-</u>	<u>50,388</u>	<u>50,388</u>	<u>-</u>
Overlay	<u>154</u>	<u>-</u>	<u>154</u>	<u>-</u>	<u>154</u>
Unclassified					
Cemetery	41,875	-	41,875	41,230	645
Cobbosse watershed district	84,361	-	84,361	84,361	-
Landfill building	3,820	-	3,820	4,746	(926)
	<u>130,056</u>	<u>-</u>	<u>130,056</u>	<u>130,337</u>	<u>(281)</u>
Transfers to other funds					
Special revenue funds	-	170,000	170,000	170,000	-
Capital projects funds	-	127,000	127,000	219,409	(92,409)
	<u>-</u>	<u>297,000</u>	<u>297,000</u>	<u>389,409</u>	<u>(92,409)</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 18,281,937</u>	<u>\$ -</u>	<u>\$ 18,281,937</u>	<u>\$ 17,931,011</u>	<u>\$ 350,926</u>

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

SCHEDULE C

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 52,167	\$ 52,167
Investments	-	-	799,787	799,787
Inventory	4,900	-	-	4,900
Due from other funds	99,813	265,235	1,952	367,000
TOTAL ASSETS	<u>\$ 104,713</u>	<u>\$ 265,235</u>	<u>\$ 853,906</u>	<u>\$ 1,223,854</u>
LIABILITIES				
Accounts payable	\$ 8,204	\$ -	\$ -	\$ 8,204
Due to other funds	172,611	-	452	173,063
TOTAL LIABILITIES	<u>180,815</u>	<u>-</u>	<u>452</u>	<u>181,267</u>
FUND BALANCES (DEFICITS)				
Nonspendable	4,900	-	203,492	208,392
Restricted	56,227	-	649,962	706,189
Committed	35,735	265,235	-	300,970
Assigned	-	-	-	-
Unassigned	(172,964)	-	-	(172,964)
TOTAL FUND BALANCES (DEFICITS)	<u>(76,102)</u>	<u>265,235</u>	<u>853,454</u>	<u>1,042,587</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 104,713</u>	<u>\$ 265,235</u>	<u>\$ 853,906</u>	<u>\$ 1,223,854</u>

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

TOWN OF WINTHROP, MAINE

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 903,086	\$ -	\$ -	\$ 903,086
Interest income	-	-	68,658	68,658
Charges for services	159,338	-	-	159,338
Other income	22,841	300	-	23,141
TOTAL REVENUES	<u>1,085,265</u>	<u>300</u>	<u>68,658</u>	<u>1,154,223</u>
EXPENDITURES				
Public safety	14,284	-	-	14,284
Education	1,226,919	-	5,950	1,232,869
Program expenses	5,380	30,663	-	36,043
TOTAL EXPENDITURES	<u>1,246,583</u>	<u>30,663</u>	<u>5,950</u>	<u>1,283,196</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(161,318)</u>	<u>(30,363)</u>	<u>62,708</u>	<u>(128,973)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	175,055	77,841	-	252,896
Transfers (out)	<u>(27,268)</u>	<u>(2,224)</u>	<u>-</u>	<u>(29,492)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>147,787</u>	<u>75,617</u>	<u>-</u>	<u>223,404</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(13,531)	45,254	62,708	94,431
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>(62,571)</u>	<u>219,981</u>	<u>790,746</u>	<u>948,156</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u><u>\$ (76,102)</u></u>	<u><u>\$ 265,235</u></u>	<u><u>\$ 853,454</u></u>	<u><u>\$ 1,042,587</u></u>

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

Special Revenue Funds

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

SCHEDULE E

TOWN OF WINTHROP, MAINE

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

	Winthrop Unites	Police Drug Forfeiture	Byrne PD Radio Equipment	2015 Byrne Grant	Drug Forfeiture Grant	Homeland Security Grant	Fire Dept Grant
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-
Due from other funds	6,206	20,220	-	-	-	-	-
TOTAL ASSETS	<u>\$ 6,206</u>	<u>\$ 20,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	20,220	-	-	-	-	-
Committed	6,206	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>6,206</u>	<u>20,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 6,206</u>	<u>\$ 20,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE E (CONTINUED)

TOWN OF WINTHROP, MAINE

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

	Solar Panel Grant	Summer Concert	Winthrop Community Coalition	FEMA Reimbursement PW Roads	Library Roof Repair	Trail Committee Project	Snowmobile Grant
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-
Due from other funds	1,156	2,014	4,400	-	-	2,468	7,080
TOTAL ASSETS	<u>\$ 1,156</u>	<u>\$ 2,014</u>	<u>\$ 4,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,468</u>	<u>\$ 7,080</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	1,156	-	-	-	-	-	7,080
Committed	-	2,014	4,400	-	-	2,468	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>1,156</u>	<u>2,014</u>	<u>4,400</u>	<u>-</u>	<u>-</u>	<u>2,468</u>	<u>7,080</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,156</u>	<u>\$ 2,014</u>	<u>\$ 4,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,468</u>	<u>\$ 7,080</u>

TOWN OF WINTHROP, MAINE

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

	School Lunch Fund	School Grants	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Inventory	4,900	-	4,900
Due from other funds	1,319	54,950	99,813
TOTAL ASSETS	<u>\$ 6,219</u>	<u>\$ 54,950</u>	<u>\$ 104,713</u>
LIABILITIES			
Accounts payable	\$ 1,672	\$ 6,532	\$ 8,204
Due to other funds	-	172,611	172,611
TOTAL LIABILITIES	<u>1,672</u>	<u>179,143</u>	<u>180,815</u>
FUND BALANCES (DEFICITS)			
Nonspendable	4,900	-	4,900
Restricted	-	27,771	56,227
Committed	-	20,647	35,735
Assigned	-	-	-
Unassigned	(353)	(172,611)	(172,964)
TOTAL FUND BALANCES (DEFICITS)	<u>4,547</u>	<u>(124,193)</u>	<u>(76,102)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 6,219</u>	<u>\$ 54,950</u>	<u>\$ 104,713</u>

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

TOWN OF WINTHROP, MAINE

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

	Winthrop Unites	Police Drug Forfeiture	MMA Safety Enhancement	2015 Byrne Grant	Drug Forfeiture Grant	Homeland Security Grant	Fire Dept Grant
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 1,221	\$ -	\$ 8,977	\$ -
Charges for services	-	-	-	-	-	-	-
Other revenues	-	18,324	1,917	-	-	-	-
TOTAL REVENUES	-	18,324	1,917	1,221	-	8,977	-
EXPENDITURES							
Public safety	-	-	-	-	-	8,977	-
Education	-	-	-	-	-	-	-
Program expenses	665	-	1,917	-	-	-	-
TOTAL EXPENDITURES	665	-	1,917	-	-	8,977	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(665)	18,324	-	1,221	-	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	375	-	-
Transfers (out)	-	(375)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(375)	-	-	375	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(665)	17,949	-	1,221	375	-	-
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	6,871	2,271	-	(1,221)	(375)	-	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ 6,206	\$ 20,220	\$ -	\$ -	\$ -	\$ -	\$ -

TOWN OF WINTHROP, MAINE

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

	Solar Panel Grant	Summer Concert	Winthrop Community Coalition	MEMA Active Shooter	MEMA Grant Generator	Trail Committee Project	Snowmobile Grant
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 1,200	\$ 4,107	\$ -	\$ 1,927
Charges for services	-	-	-	-	-	-	-
Other revenues	-	2,600	-	-	-	-	-
TOTAL REVENUES	-	2,600	-	1,200	4,107	-	1,927
EXPENDITURES							
Public safety	-	-	-	1,200	4,107	-	-
Education	-	-	-	-	-	-	-
Program expenses	-	2,714	-	-	-	-	84
TOTAL EXPENDITURES	-	2,714	-	1,200	4,107	-	84
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(114)	-	-	-	-	1,843
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(114)	-	-	-	-	1,843
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	1,156	2,128	4,400	-	-	2,468	5,237
FUND BALANCES (DEFICITS) - JUNE 30	\$ 1,156	\$ 2,014	\$ 4,400	\$ -	\$ -	\$ 2,468	\$ 7,080

TOWN OF WINTHROP, MAINE

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

	School Lunch Fund	School Grants	Total
REVENUES			
Intergovernmental revenue	\$ 273,550	\$ 612,104	\$ 903,086
Charges for services	120,270	39,068	159,338
Other revenues	-	-	22,841
TOTAL REVENUES	<u>393,820</u>	<u>651,172</u>	<u>1,085,265</u>
EXPENDITURES			
Public safety	-	-	14,284
Education	510,751	716,168	1,226,919
Program expenses	-	-	5,380
TOTAL EXPENDITURES	<u>510,751</u>	<u>716,168</u>	<u>1,246,583</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(116,931)</u>	<u>(64,996)</u>	<u>(161,318)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	145,000	29,680	175,055
Transfers (out)	-	(26,893)	(27,268)
TOTAL OTHER FINANCING SOURCES (USES)	<u>145,000</u>	<u>2,787</u>	<u>147,787</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	28,069	(62,209)	(13,531)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>(23,522)</u>	<u>(61,984)</u>	<u>(62,571)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 4,547</u>	<u>\$ (124,193)</u>	<u>\$ (76,102)</u>

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

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

	Landfill Closing	Community Mural Project	Fire Truck Reserve	Sweeper Reserve	Development Fund (TIF)
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	4,254	450	10,465	116,751	67
TOTAL ASSETS	<u>\$ 4,254</u>	<u>\$ 450</u>	<u>\$ 10,465</u>	<u>\$ 116,751</u>	<u>\$ 67</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	4,254	450	10,465	116,751	67
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>4,254</u>	<u>450</u>	<u>10,465</u>	<u>116,751</u>	<u>67</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 4,254</u>	<u>\$ 450</u>	<u>\$ 10,465</u>	<u>\$ 116,751</u>	<u>\$ 67</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

	<u>Transfer Stat Loading Area</u>	<u>Downtown Development</u>	<u>Fire Station Fund</u>	<u>Skate Park</u>	<u>Sand / Salt Shed Reserve</u>	<u>Mt. Pisgah Trail Reserve</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	1,794	8,281	-	4,393	1,663	1,992
TOTAL ASSETS	<u>\$ 1,794</u>	<u>\$ 8,281</u>	<u>\$ -</u>	<u>\$ 4,393</u>	<u>\$ 1,663</u>	<u>\$ 1,992</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	1,794	8,281	-	4,393	1,663	1,992
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>1,794</u>	<u>8,281</u>	<u>-</u>	<u>4,393</u>	<u>1,663</u>	<u>1,992</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,794</u>	<u>\$ 8,281</u>	<u>\$ -</u>	<u>\$ 4,393</u>	<u>\$ 1,663</u>	<u>\$ 1,992</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

	Grounds Renovation	PD Station Painting	PD Cruiser Tablets	Commerce Center TIF District	Maranacook Dam Repairs
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	1,500	-	-	16,327	44,402
TOTAL ASSETS	\$ 1,500	\$ -	\$ -	\$ 16,327	\$ 44,402
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	1,500	-	-	16,327	44,402
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	1,500	-	-	16,327	44,402
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 1,500	\$ -	\$ -	\$ 16,327	\$ 44,402

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

	ST/ PD/ FD Radio Dig Upgrade	Video Cams	Tasers	Tennis Court Reserve	School Capital Reserve	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	40,000	-	-	3,000	9,896	265,235
TOTAL ASSETS	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 9,896</u>	<u>\$ 265,235</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	40,000	-	-	3,000	9,896	265,235
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>9,896</u>	<u>265,235</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 9,896</u>	<u>\$ 265,235</u>

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

TOWN OF WINTHROP, MAINE

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

	Landfill Closing	Community Mural Project	Fire Truck Reserve	Sweeper Reserve	Development Fund (TIF)
REVENUES					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-
EXPENDITURES					
Program expenses	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	4,254	450	10,465	116,751	67
FUND BALANCES (DEFICITS) - JUNE 30	\$ 4,254	\$ 450	\$ 10,465	\$ 116,751	\$ 67

TOWN OF WINTHROP, MAINE

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

	Transfer Stat Loading Area	Downtown Development	Fire Station Fund	Skate Park	Sand / Salt Shed Reserve	Mt. Pisgah Trail Reserve
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	300	-	-
TOTAL REVENUES	-	-	-	300	-	-
EXPENDITURES						
Program expenses	1,462	-	-	-	-	-
TOTAL EXPENDITURES	1,462	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,462)	-	-	300	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	(1,550)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(1,550)	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(1,462)	-	(1,550)	300	-	-
FUND BALANCES (DEFICITS) - JULY 1	3,256	8,281	1,550	4,093	1,663	1,992
FUND BALANCES (DEFICITS) - JUNE 30	\$ 1,794	\$ 8,281	\$ -	\$ 4,393	\$ 1,663	\$ 1,992

TOWN OF WINTHROP, MAINE

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

	Grounds Renovation	PD Station Painting	PD Cruiser Tablets	Commerce Center TIF District	Maranacook Dam Repairs
REVENUES					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-
EXPENDITURES					
Program expenses	-	-	-	-	16,923
TOTAL EXPENDITURES	-	-	-	-	16,923
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	(16,923)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	14	16,327	40,000
Transfers (out)	-	(302)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(302)	14	16,327	40,000
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(302)	14	16,327	23,077
FUND BALANCES (DEFICITS) - JULY 1	1,500	302	(14)	-	21,325
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,327</u>	<u>\$ 44,402</u>

TOWN OF WINTHROP, MAINE

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

	ST/ PD/ FD Radio Dig Upgrade	Video Cams	Tasers	Tennis Court Reserve	School Capital Reserve	Total
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	300
TOTAL REVENUES	-	-	-	-	-	300
EXPENDITURES						
Program expenses	-	3,000	9,278	-	-	30,663
TOTAL EXPENDITURES	-	3,000	9,278	-	-	30,663
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(3,000)	(9,278)	-	-	(30,363)
OTHER FINANCING SOURCES (USES)						
Transfers in	20,000	-	-	1,500	-	77,841
Transfers (out)	-	-	(372)	-	-	(2,224)
TOTAL OTHER FINANCING SOURCES (USES)	20,000	-	(372)	1,500	-	75,617
NET CHANGE IN FUND BALANCES (DEFICITS)	20,000	(3,000)	(9,650)	1,500	-	45,254
FUND BALANCES (DEFICITS) - JULY 1	20,000	3,000	9,650	1,500	9,896	219,981
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 9,896</u>	<u>\$ 265,235</u>

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

Permanent Funds

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

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2017

	Alice Whiting	Avis Cadwell	Bud Clough	Charlie Rollins	Del Bisonette	George F. Wilson
ASSETS						
Cash and cash equivalents	\$ 130	\$ 1,603	\$ 436	\$ 43	\$ 581	\$ 299
Investments	1,985	24,575	6,689	663	8,902	4,580
Due from other funds	-	-	-	-	100	-
TOTAL ASSETS	<u>\$ 2,115</u>	<u>\$ 26,178</u>	<u>\$ 7,125</u>	<u>\$ 706</u>	<u>\$ 9,583</u>	<u>\$ 4,879</u>
LIABILITIES						
Due to other funds	\$ 150	\$ -	\$ -	\$ 2	\$ -	\$ -
TOTAL LIABILITIES	<u>150</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable - principal	1,000	15,000	3,783	250	5,000	2,473
Restricted	965	11,178	3,342	454	4,583	2,406
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,965</u>	<u>26,178</u>	<u>7,125</u>	<u>704</u>	<u>9,583</u>	<u>4,879</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,115</u>	<u>\$ 26,178</u>	<u>\$ 7,125</u>	<u>\$ 706</u>	<u>\$ 9,583</u>	<u>\$ 4,879</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2017

	Harry & Flora May Davis	Helena Bisonette Seamans	Herbert E. Wadsworth	Nellie Tuttle Valedictorian	P. Daniel Coyne	Pam Webb
ASSETS						
Cash and cash equivalents	\$ 582	\$ 537	\$ 5,100	\$ 102	\$ 417	\$ 415
Investments	8,928	8,228	78,193	1,571	6,387	6,365
Due from other funds	-	-	-	-	150	250
TOTAL ASSETS	<u>\$ 9,510</u>	<u>\$ 8,765</u>	<u>\$ 83,293</u>	<u>\$ 1,673</u>	<u>\$ 6,954</u>	<u>\$ 7,030</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ 200	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable - principal	5,000	5,000	35,626	1,000	3,313	3,301
Restricted	4,510	3,765	47,667	473	3,641	3,729
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>9,510</u>	<u>8,765</u>	<u>83,293</u>	<u>1,473</u>	<u>6,954</u>	<u>7,030</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,510</u>	<u>\$ 8,765</u>	<u>\$ 83,293</u>	<u>\$ 1,673</u>	<u>\$ 6,954</u>	<u>\$ 7,030</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2017

	Rockwood Memorial Library	Ron Cross	Stanley A. Kazney	Thomas Calagni	Walter A. Taylor	Helen A. Griffin
ASSETS						
Cash and cash equivalents	\$ 106	\$ 905	\$ 11,787	\$ 228	\$ 337	\$ 558
Investments	1,623	13,875	180,737	3,487	5,167	8,554
Due from other funds	-	350	500	-	-	-
TOTAL ASSETS	<u>\$ 1,729</u>	<u>\$ 15,130</u>	<u>\$ 193,024</u>	<u>\$ 3,715</u>	<u>\$ 5,504</u>	<u>\$ 9,112</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable - principal	500	5,373	100,000	3,557	3,171	985
Restricted	1,229	9,757	93,024	158	2,333	8,127
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,729</u>	<u>15,130</u>	<u>193,024</u>	<u>3,715</u>	<u>5,504</u>	<u>9,112</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,729</u>	<u>\$ 15,130</u>	<u>\$ 193,024</u>	<u>\$ 3,715</u>	<u>\$ 5,504</u>	<u>\$ 9,112</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2017

	Marshall Hills	Frank Parker	Subtotal Education Scholarships	Town Scholarship N. Tuttle Needy
ASSETS				
Cash and cash equivalents	\$ 176	\$ 417	\$ 24,759	\$ 202
Investments	2,699	6,390	379,598	3,098
Due from other funds	-	500	1,850	100
TOTAL ASSETS	<u>\$ 2,875</u>	<u>\$ 7,307</u>	<u>\$ 406,207</u>	<u>\$ 3,400</u>
LIABILITIES				
Due to other funds	\$ 100	\$ -	\$ 452	\$ -
TOTAL LIABILITIES	<u>100</u>	<u>-</u>	<u>452</u>	<u>-</u>
FUND BALANCES				
Nonspendable - principal	2,000	6,160	202,492	1,000
Restricted	775	1,147	203,263	2,400
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>2,775</u>	<u>7,307</u>	<u>405,755</u>	<u>3,400</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,875</u>	<u>\$ 7,307</u>	<u>\$ 406,207</u>	<u>\$ 3,400</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2017

	Cemetery Trust	H. Johnson Fund	I Bonney Fund	Total
ASSETS				
Cash and cash equivalents	\$ 26,809	\$ 165	\$ 232	\$ 52,167
Investments	411,011	2,527	3,553	799,787
Due from other funds	2	-	-	1,952
TOTAL ASSETS	<u>\$ 437,822</u>	<u>\$ 2,692</u>	<u>\$ 3,785</u>	<u>\$ 853,906</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ 452
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>452</u>
FUND BALANCES				
Nonspendable - principal	-	-	-	203,492
Restricted	437,822	2,692	3,785	649,962
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>437,822</u>	<u>2,692</u>	<u>3,785</u>	<u>853,454</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 437,822</u>	<u>\$ 2,692</u>	<u>\$ 3,785</u>	<u>\$ 853,906</u>

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

TOWN OF WINTHROP, MAINE

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

	Alice Whiting	Avis Cadwell	Bud Clough	Charlie Rollins	Del Bisonette	George F. Wilson
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ 159	\$ 2,241	\$ 601	\$ 54	\$ 796	\$ 419
TOTAL REVENUES	<u>159</u>	<u>2,241</u>	<u>601</u>	<u>54</u>	<u>796</u>	<u>419</u>
EXPENDITURES						
Scholarships	150	1,000	150	-	250	250
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>150</u>	<u>1,000</u>	<u>150</u>	<u>-</u>	<u>250</u>	<u>250</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>9</u>	<u>1,241</u>	<u>451</u>	<u>54</u>	<u>546</u>	<u>169</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	9	1,241	451	54	546	169
FUND BALANCES - JULY 1	<u>1,956</u>	<u>24,937</u>	<u>6,674</u>	<u>650</u>	<u>9,037</u>	<u>4,710</u>
FUND BALANCES - JUNE 30	<u>\$ 1,965</u>	<u>\$ 26,178</u>	<u>\$ 7,125</u>	<u>\$ 704</u>	<u>\$ 9,583</u>	<u>\$ 4,879</u>

TOWN OF WINTHROP, MAINE

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

	Harry & Flora May Davis	Helena Bisonette Seamans	Herbert E. Wadsworth	Nellie Tuttle Valedictorian	P. Daniel Coyne	Pam Webb
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ 809	\$ 752	\$ 6,734	\$ 136	\$ 551	\$ 551
TOTAL REVENUES	<u>809</u>	<u>752</u>	<u>6,734</u>	<u>136</u>	<u>551</u>	<u>551</u>
EXPENDITURES						
Scholarships	500	500	-	100	-	-
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>500</u>	<u>500</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>309</u>	<u>252</u>	<u>6,734</u>	<u>36</u>	<u>551</u>	<u>551</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	309	252	6,734	36	551	551
FUND BALANCES - JULY 1	<u>9,201</u>	<u>8,513</u>	<u>76,559</u>	<u>1,437</u>	<u>6,403</u>	<u>6,479</u>
FUND BALANCES - JUNE 30	<u>\$ 9,510</u>	<u>\$ 8,765</u>	<u>\$ 83,293</u>	<u>\$ 1,473</u>	<u>\$ 6,954</u>	<u>\$ 7,030</u>

TOWN OF WINTHROP, MAINE

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

	Rockwood Memorial Library	Ron Cross	Stanley A. Kazney	Thomas Calagni	Walter A. Taylor	Helen A. Griffin
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ 78	\$ 1,222	\$ 15,813	\$ 402	\$ 717	\$ 751
TOTAL REVENUES	<u>78</u>	<u>1,222</u>	<u>15,813</u>	<u>402</u>	<u>717</u>	<u>751</u>
EXPENDITURES						
Scholarships	-	250	800	500	1,000	-
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>250</u>	<u>800</u>	<u>500</u>	<u>1,000</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>78</u>	<u>972</u>	<u>15,013</u>	<u>(98)</u>	<u>(283)</u>	<u>751</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	78	972	15,013	(98)	(283)	751
FUND BALANCES - JULY 1	<u>1,651</u>	<u>14,158</u>	<u>178,011</u>	<u>3,813</u>	<u>5,787</u>	<u>8,361</u>
FUND BALANCES - JUNE 30	<u>\$ 1,729</u>	<u>\$ 15,130</u>	<u>\$ 193,024</u>	<u>\$ 3,715</u>	<u>\$ 5,504</u>	<u>\$ 9,112</u>

TOWN OF WINTHROP, MAINE

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

	Marshall Hills	Frank Parker	Subtotal Education Scholarships	Town Scholarship N. Tuttle Needy
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 234	\$ 678	\$ 33,698	\$ 196
TOTAL REVENUES	<u>234</u>	<u>678</u>	<u>33,698</u>	<u>196</u>
EXPENDITURES				
Scholarships	-	500	5,950	-
Other	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>500</u>	<u>5,950</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>234</u>	<u>178</u>	<u>27,748</u>	<u>196</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	234	178	27,748	196
FUND BALANCES - JULY 1	<u>2,541</u>	<u>7,129</u>	<u>378,007</u>	<u>3,204</u>
FUND BALANCES - JUNE 30	<u>\$ 2,775</u>	<u>\$ 7,307</u>	<u>\$ 405,755</u>	<u>\$ 3,400</u>

TOWN OF WINTHROP, MAINE

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

	Cemetery Trust	H. Johnson Fund	I Bonney Fund	Total
REVENUES				
Interest income	\$ 34,437	\$ 121	\$ 206	\$ 68,658
TOTAL REVENUES	<u>34,437</u>	<u>121</u>	<u>206</u>	<u>68,658</u>
EXPENDITURES				
Scholarships	-	-	-	5,950
Other	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,950</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>34,437</u>	<u>121</u>	<u>206</u>	<u>62,708</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	34,437	121	206	62,708
FUND BALANCES - JULY 1	<u>403,385</u>	<u>2,571</u>	<u>3,579</u>	<u>790,746</u>
FUND BALANCES - JUNE 30	<u>\$ 437,822</u>	<u>\$ 2,692</u>	<u>\$ 3,785</u>	<u>\$ 853,454</u>

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

General Capital Assets

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

TOWN OF WINTHROP, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2017

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General government	\$ 80,700	\$ 1,096,368	\$ 203,850	\$ -	\$ 1,380,918
Public safety	170,102	1,717,249	3,341,291	-	5,228,642
Recreation and culture	43,900	3,322,025	13,050	76,041	3,455,016
Cemetery	500	500	152,457	-	153,457
Education	841,207	18,316,012	1,697,640	-	20,854,859
Health and sanitation	88,800	1,010,919	653,295	-	1,753,014
Public works	3,400	275,164	1,548,161	6,089,487	7,916,212
Total General Capital Assets	1,228,609	25,738,237	7,609,744	6,165,528	40,742,118
Less: Accumulated Depreciation	-	(11,437,188)	(5,576,323)	(3,595,570)	(20,609,081)
Net General Capital Assets	<u>\$ 1,228,609</u>	<u>\$ 14,301,049</u>	<u>\$ 2,033,421</u>	<u>\$ 2,569,958</u>	<u>\$ 20,133,037</u>

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

TOWN OF WINTHROP, MAINE

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

	General Capital Assets 7/1/2016 (Restated)	Additions	Deletions	General Capital Assets 6/30/2017
General government	\$ 1,306,949	\$ 73,969	\$ -	\$ 1,380,918
Public safety	4,903,255	325,387	-	5,228,642
Recreation and culture	3,455,016	-	-	3,455,016
Cemetery	135,801	17,656	-	153,457
Education	20,854,859	-	-	20,854,859
Health and sanitation	1,706,914	46,100	-	1,753,014
Public works	7,568,559	347,653	-	7,916,212
Total General Capital Assets	39,931,353	810,765	-	40,742,118
Less: Accumulated Depreciation	(19,564,795)	(1,044,286)	-	(20,609,081)
Net General Capital Assets	<u>\$ 20,366,558</u>	<u>\$ (233,521)</u>	<u>\$ -</u>	<u>\$ 20,133,037</u>

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

TOWN OF WINTHROP, MAINE

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

Federal Grantor Pass Through Grantor Program and Cluster Title	Federal CFDA Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture Passed through State of Maine - Department of Education and Cultural Services:				
Child Nutrition Cluster:				
School Breakfast Program	10.555	013-06A-7127-05	\$ -	\$ -
School Lunch Program	10.555	013-06A-7128-95	-	160,885
Subtotal Child Nutrition Cluster			-	160,885
Total U.S. Department of Agriculture			-	160,885
U.S. Department of Transportation Passed through State of Maine-Department of Public Safety				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	N/A	-	1,221
Subtotal Highway Safety Cluster			-	1,221
Total U.S. Department of Transportation			-	1,221
U.S. Department of Education Passed through State of Maine - Department of Education and Cultural Services:				
Title IA - Educationally Deprived	84.010	013-05A-6334-13	-	180,479
Special Education Cluster (IDEA):				
Local Entitlement	84.027	013-05A-6317-12	-	291,276
Subtotal Special Education Cluster (IDEA)			-	291,276
Adult Ed and Family Literacy	84.002	013-05A-6296-64	-	5,415
Title VI - Rural Low Income	84.358	013-06A-3305-03	-	16,572
Title IIA-Teaching Quality	84.367	013-05A-3042-11	-	42,246
Total U.S. Department of Education			-	535,988
U.S. Department of Homeland Security Passed through State of Maine - Department of Defense, Veterans and Emergency Management				
Homeland Security Grant Program	97.067	N/A	-	14,286
Total U.S. Department of Homeland Security			-	14,286
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 712,380

TOWN OF WINTHROP, MAINE

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

1. Basis of Presentation

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

2. Summary of Significant Accounting Policies

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

3. Food Donation Program

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



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON 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
Town of Winthrop
Winthrop, Maine

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Winthrop, Maine as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Winthrop, Maine's basic financial statements, and have issued our report thereon dated February 14, 2018.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
February 14, 2018



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

Town Council
Town of Winthrop
Winthrop, Maine

We have audited the financial statements of the Town of Winthrop, Maine for the year ended June 30, 2017 and have issued our report thereon dated February 14, 2018. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

The results of our procedures indicate that with respect to the items tested, the Town of Winthrop, 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 Winthrop, Maine was in noncompliance with, or in violation of, those provisions.

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

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

RHR Smith & Company

Buxton, Maine
February 14, 2018

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

WINTHROP SCHOOL DEPARTMENT

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

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Fund (3000)	Total
June 30, 2017 Balance per MEDMS Financial System	\$ (1,694,127)	\$ (119,646)	\$ 26,867	\$ (1,786,906)
Revenue Adjustments:	-	-	-	-
Expenditure Adjustments:	-	-	-	-
Other adjustments:				
Fund 1500 - Adult Education	-		-	-
Fund 2300 - Title IA	-		-	-
Fund 2260 - Adult Ed ITV (beginning balance)	-		-	-
Fund 2470 - Local Entitlement	-		-	-
Fund 2900 - ITV (beginning balance)	-		-	-
Fund 4000 - Maintenance Reserve	-	-		-
Audit Adjustments Not Posted:				
Revenues - State and Local Funds		-	-	-
Revenues - Local School Lunch Funds		-	-	-
Beginning Balance Adjustments		-	-	-
Audited GAAP Basis Fund Balance (Deficit) June 30, 2017	<u>\$ (1,694,127)</u>	<u>\$ (119,646)</u>	<u>\$ 26,867</u>	<u>\$ (1,786,906)</u>