

TOWN OF LISBON

Annual Financial Report

**For the Fiscal Year Ended
June 30, 2013**

**TOWN OF LISBON, MAINE
ANNUAL FINANCIAL REPORT
Year ended June 30, 2013**

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Independent Auditor's Report

Town Council
Town of Lisbon, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Lisbon, Maine as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Adverse Opinion on Water Department and Business-type Activities

Management has not included the Water Department Fund in the Town of Lisbon, Maine's, financial statements. Accounting principles generally accepted in the United States of America require the Water Department Fund to be presented as a major enterprise fund and financial information about the Water Department Fund to be part of the business-type activities, thus increasing that activity's assets, liabilities, revenues, and expenses, and changing its net position. The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the business-type activities and the omitted major fund has not been determined. The Water Department is accounted for separately, using a calendar year end, and has a separate audit report issued as of December 31st each year. It should be noted that the Town has issued certain bonds on behalf of the Water Department and this debt is reflected in the separate Water Department financial statements (see footnote on page 28).

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Water Department Fund and Business-type Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the Water Department Fund or the Business-Type Activities as of June 30, 2013, or the changes in financial position or cash flows thereof for the year then ended. The Town of Lisbon, Maine has issued separate department financial statements which are audited by other auditors.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, each major fund other than the Water Department Fund, and the aggregate remaining fund information for the Town of Lisbon, Maine as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the general fund 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 required that Management's Discussion and Analysis as listed in the table of contents 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.

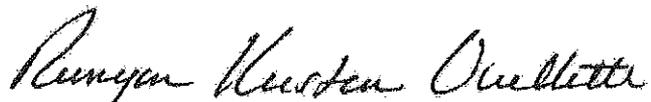
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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. Because of the significance of the matters disclosed on page 2 of this report, it is inappropriate to, and we do not, express an opinion on the combining and individual fund financial statements and schedules.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2013 on our consideration of the Town of Lisbon, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Lisbon, Maine's internal control over financial reporting and compliance.



October 17, 2013
South Portland, Maine

TOWN OF LISBON, MAINE
Management's Discussion and Analysis
June 30, 2013

As management of the Town of Lisbon, Maine, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Lisbon for the fiscal year ended June 30, 2013.

Financial Highlights

- The assets of the Town of \$32,668,438 exceeded its liabilities at the close of the most recent fiscal year by \$18,325,818. Of this amount, \$2,076,440 may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town of Lisbon's total net position decreased by \$446,020 due to reduced revenues for the period.
- As of the close of the current fiscal year, the Town of Lisbon's governmental funds reported combined ending fund balances of \$4,626,490, a decrease of \$410,845 in comparison with the prior year. This was primarily due to the use of bond proceeds.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,076,332.
- The Town of Lisbon and the School Department incurred \$209,273 in additional debt in the most recent fiscal year (including capital leases).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Lisbon's basic financial statements. The Town's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as a net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities of the Town include general government, public safety, public works, general assistance, solid waste disposal, highways, streets, education, and parks and recreation. The Town also operates a treatment plant.

The government-wide financial statements can be found on pages 13-14 of this report.

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

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

TOWN OF LISBON, MAINE
Management's Discussion and Analysis, Continued

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

The Town maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the loan program fund which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The only fiduciary funds the Town has are agency funds, which are student activity funds at the individual schools.

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 fund financial statements. The notes to the financial statements can be found on pages 20-35 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 39-52 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$18,325,818 at the close of the most recent fiscal year.

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assets:				
Current & other assets	\$ 7,029,172	7,202,834	7,456,574	7,873,864
Capital assets, net	25,639,266	26,887,445	28,010,392	28,419,021
Total assets	<u>32,668,438</u>	<u>34,090,279</u>	<u>35,466,966</u>	<u>36,292,885</u>
Liabilities:				
Long-term debt outstanding	12,271,101	13,387,117	14,421,780	14,841,838
Other liabilities	2,071,519	1,837,196	2,300,677	2,704,058
Total liabilities	<u>14,342,620</u>	<u>15,224,313</u>	<u>16,722,457</u>	<u>17,545,896</u>
Net position:				
Net investment in capital assets	14,447,902	15,045,369	14,570,777	15,245,076
Restricted	1,801,476	1,384,481	1,814,959	27,149
Unrestricted	2,076,440	2,436,116	2,358,773	3,474,764
Total net position	<u><u>\$18,325,818</u></u>	<u><u>18,865,966</u></u>	<u><u>18,744,509</u></u>	<u><u>18,746,989</u></u>

TOWN OF LISBON, MAINE
Management's Discussion and Analysis, Continued

By far, the largest portion of the Town's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The largest portion of capital assets is the Town's roadways, buildings and sewer lines. These assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the Town of Lisbon is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental funds.

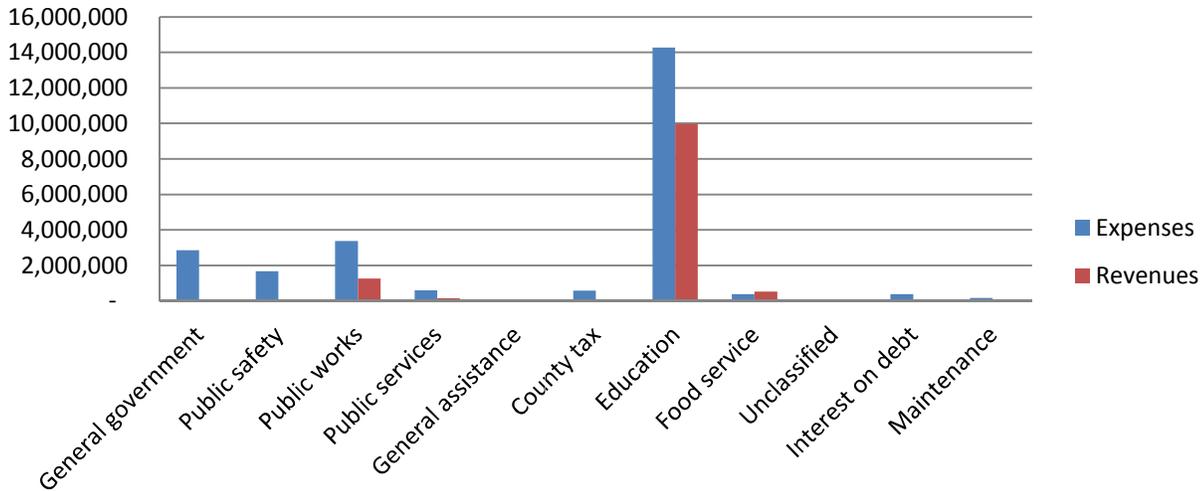
Change in Net Position

	Governmental Activities 2013	Governmental Activities 2012	Governmental Activities 2011	Governmental Activities 2010
Revenues:				
Program Revenues:				
Charges for services	\$ 1,844,910	1,978,058	2,082,659	2,236,987
Operating grants and contributions	9,032,557	9,923,448	10,114,134	9,635,525
General Revenues:				
Property taxes	10,020,365	9,554,722	9,307,776	9,080,016
Motor vehicle excise taxes	1,302,390	1,247,481	1,198,092	1,193,331
Other State aid	460,001	507,707	919,398	463,709
State revenue sharing	841,609	857,903	764,126	754,944
Unrestricted investment earnings	24,810	45,686	70,705	57,695
Loss on asset disposal	(5,330)	(40,682)	-	-
Miscellaneous	309,742	103,147	200,980	214,352
Total revenues	23,831,054	24,177,470	24,657,870	23,636,559
Expenses:				
General government	2,853,523	2,205,049	2,041,744	2,103,627
Public safety	1,657,240	1,601,074	1,528,705	1,585,473
Public works	3,378,629	3,352,192	3,548,635	4,036,900
Public services	599,427	668,539	643,878	867,813
General assistance	24,996	22,770	28,492	32,043
County tax	566,439	574,198	579,878	570,792
Education	14,252,677	14,709,577	15,625,912	14,874,533
Food service	376,096	377,308	327,868	327,403
Unclassified	37,402	240,424	40,553	172,993
Interest on debt	369,456	168,752	87,992	277,055
Capital maintenance expenses	161,189	185,217	206,693	37,332
Total expenditures	24,277,074	24,105,100	24,660,350	24,885,964
Change in net assets	(446,020)	72,370	(2,480)	(1,249,405)
Net assets, beginning of year, as restated	18,771,838	18,793,596	18,746,989	19,996,394
Net assets, end of year	18,325,818	18,865,966	18,744,509	18,746,989

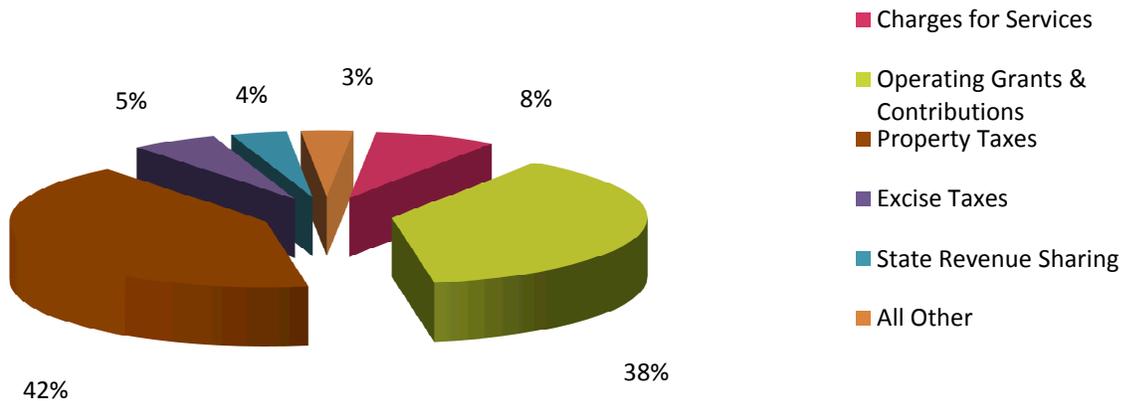
TOWN OF LISBON, MAINE
Management's Discussion and Analysis, Continued

Governmental activities. The following charts illustrate total expenses and revenues by program and revenues by source for all governmental activities:

Expenses and Program Revenues - Governmental Activities
For the Year Ended June 30, 2013



Revenues by Source - Governmental Activities
For the Year Ended June 30, 2013



TOWN OF LISBON, MAINE
Management's Discussion and Analysis, Continued

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,626,490. Approximately 23 percent of this total amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* in some capacity to indicate that it is not available for new spending because it has already been committed.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,076,332, while total fund balance reached \$2,664,832.

General Fund Budgetary Highlights

The fund balance of the Town's general fund decreased \$552,469 during the current fiscal year. However, if looking at the individual components, the Town's portion decreased by \$582,486 and the School Department's component increased by \$30,017. The decrease for the Town is primarily a result of use of bond funding on the ET Smith, MTM Roof & Fisher Road work. The School Department's increase is a result of a transfer of funding from the School Nutrition Fund to the School General Fund.

Capital Asset and Debt Administration

Capital assets. The Town's new investment in capital assets for its governmental activities as of June 30, 2013, amounted to \$278,558.

Long-term debt. At the end of the current fiscal year, the Town had total bonded debt outstanding of \$11,487,368. The entire amount of this debt is backed by the full faith and credit of the Town. This does not include Water Department Bonds which are reported in their separate audit report.

Additional information on the Town's long-term debt can be found in the notes to the basic financial statements on pages 30-32 of this report.

Economic Factors and Next Year's Budgets and Rates

- Excise tax revenue is continuing to grow slowly.
- State Revenue Sharing decreased from last year; and we will continue to see cutbacks.
- Expenses continue to be flat with past years based on historic analysis, despite rising costs.

TOWN OF LISBON, MAINE
Management's Discussion and Analysis, Continued

The Town's tax rate for the 2013-2014 fiscal year increased slightly to 23 mils. This increase was driven primarily by an increase in the School's budget by approximately \$252,862 and the loss of State Revenue Sharing to the Town in the amount of \$210,000. This increase ensures the sustainability of the Town and the level of service that is provided to the citizens. The diligence of the Department Heads, Town Manager, School Superintendent, School Board and the Town Council, despite being faced with extreme economic conditions that begged otherwise, allowed for such a minimal increase. The Town continually monitors the State budget situation and is aware that further reductions in State Revenue Sharing will be forced upon the municipalities. The Town of Lisbon maintains its diligence to hedge against further reductions and is actively working to minimize any impact on its citizens.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Director, Town of Lisbon, 300 Lisbon Road, Lisbon, Maine 04250.

BASIC FINANCIAL STATEMENTS

TOWN OF LISBON, MAINE
Statement of Net Position
June 30, 2013

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 5,318,305
Receivables:	
Accounts, net of allowance \$28,000	326,288
Intergovernmental	254,869
Taxes receivable	332,150
Tax liens	133,033
Notes, net of allowance of \$25,000	638,275
Inventory	26,252
Capital assets not being depreciated	1,048,575
Capital assets being depreciated, net	24,590,691
Total assets	32,668,438
LIABILITIES	
Accounts payable and other current liabilities	721,027
Accrued interest	90,000
Accrued payroll	1,163,230
Self-insurance claim liability	97,262
Noncurrent liabilities:	
Due within one year	1,118,623
Due in more than one year	11,152,478
Total liabilities	14,342,620
NET POSITION	
Net investment in capital assets	14,447,902
Restricted:	
Grants and loan programs	1,214,034
Education	432,759
Scholarships	127,539
Nonexpendable principal of permanent funds	27,144
Unrestricted	2,076,440
Total net position	\$ 18,325,818

See accompanying notes to financial statements.

TOWN OF LISBON, MAINE
Statement of Activities
For the year ended June 30, 2013

Functions/programs	Expenses	Program Revenues		Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Governmental activities
Governmental activities:				
General government	\$ 2,853,523	-	-	(2,853,523)
Public safety	1,657,240	61,134	-	(1,596,106)
Public works/treatment plant	3,378,629	1,095,957	-	(2,282,672)
Public services	599,427	151,519	-	(447,908)
General assistance	24,996	-	-	(24,996)
County tax	566,439	-	-	(566,439)
Education	14,252,677	25,669	9,032,557	(5,194,451)
Food service	376,096	510,631	-	134,535
Unclassified	37,402	-	-	(37,402)
Interest on debt	369,456	-	-	(369,456)
Capital maintenance expenses	161,189	-	-	(161,189)
Total governmental activities	24,277,074	1,844,910	9,032,557	(13,399,607)

General revenues:

Property taxes, levied for general purposes	10,020,365
Motor vehicle excise taxes	1,302,390
Other state aid	460,001
State revenue sharing	841,609
Unrestricted investment earnings	24,810
Loss on disposal of assets	(5,330)
Miscellaneous	309,742
Total general revenues	12,953,587

Change in net position (446,020)

Net position - beginning-restated 18,771,838

Net position - ending \$ 18,325,818

See accompanying notes to financial statements.

TOWN OF LISBON, MAINE
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Loan Program Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,415,036	729,903	173,366	5,318,305
Receivables:				
Accounts, net of allowance of \$28,000	60,994	-	265,294	326,288
Intergovernmental	245,219	-	9,650	254,869
Taxes receivable - prior years	68,101	-	-	68,101
Taxes receivable - current year	264,049	-	-	264,049
Tax liens	133,033	-	-	133,033
Notes, net of allowance of \$25,000, loan program	249,438	388,837	-	638,275
Interfund loans receivable	110,358	-	463,776	574,134
Inventory	-	-	26,252	26,252
Total assets	\$ 5,546,228	1,118,740	938,338	7,603,306
LIABILITIES				
Accounts payable	687,568	-	16,289	703,857
Accrued payroll	1,155,291	-	7,939	1,163,230
Interfund loans payable	502,942	65,229	5,963	574,134
Self-insurance claim liability	97,262	-	-	97,262
Taxes collected in advance	17,170	-	-	17,170
Total liabilities	2,460,233	65,229	30,191	2,555,653
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	421,163	-	-	421,163
Total deferred inflows of resources	421,163	-	-	421,163
FUND BALANCES				
Nonspendable	249,438	388,837	53,396	691,671
Restricted	432,759	664,674	261,810	1,359,243
Committed	-	-	593,460	593,460
Assigned	906,303	-	-	906,303
Unassigned	1,076,332	-	(519)	1,075,813
Total fund balances	2,664,832	1,053,511	908,147	4,626,490
Total liabilities, deferred inflows of resources and fund balances	\$ 5,546,228	1,118,740	938,338	

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.	25,639,266
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	421,163
Accrued interest not recorded in the funds.	(90,000)
Accrued compensated absences not recorded in the funds.	(575,412)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	(11,695,689)

Net position of governmental activities

18,325,818

See accompanying notes to financial statements.

TOWN OF LISBON, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2013

	General Fund	Loan Program Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 11,075,809	-	276,712	11,352,521
Licenses and permits	29,026	-	-	29,026
Intergovernmental	10,645,679	-	729,795	11,375,474
Charges for services	86,803	-	1,493,384	1,580,187
Other	299,386	43,441	127,250	470,077
Total revenues	22,136,703	43,441	2,627,141	24,807,285
Expenditures:				
Current:				
General government	2,446,452	-	282,071	2,728,523
Public safety	1,526,867	-	-	1,526,867
Public works	1,880,762	-	881,203	2,761,965
Public services	502,846	-	96,581	599,427
General assistance	24,996	-	-	24,996
County tax	566,439	-	-	566,439
Education	13,905,695	-	765,116	14,670,811
Food service	-	-	376,096	376,096
Unclassified	9,597	22,567	-	32,164
Capital outlay	602,995	-	-	602,995
Debt service	1,537,120	-	-	1,537,120
Total expenditures	23,003,769	22,567	2,401,067	25,427,403
Excess (deficiency) of revenues over (under) expenditures	(867,066)	20,874	226,074	(620,118)
Other financing sources (uses):				
Proceeds from capital leases	209,273	-	-	209,273
Transfers from (to) other funds	105,324	-	(105,324)	-
Total other financing sources (uses)	314,597	-	(105,324)	209,273
Net change in fund balances	(552,469)	20,874	120,750	(410,845)
Fund balances, beginning of year-restated	3,217,301	1,032,637	787,397	5,037,335
Fund balances, end of year	\$ 2,664,832	1,053,511	908,147	4,626,490

See accompanying notes to financial statements.

TOWN OF LISBON, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2013

Net change in fund balances - total governmental funds (from Statement 4)	\$	(410,845)
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$1,521,407) and the loss on disposal (\$5,330) in the current year exceeded capital outlays of (\$278,558).		(1,248,179)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds - change in unavailable revenue - property taxes.		92,988
Capital lease proceeds (\$209,273) provide current financial resources to governmental funds, but increases long-term liabilities in the statement of net position. Repayments (\$163,248) are expenditures in the governmental funds, but reduce long-term liabilities in the statement of net position.		(46,025)
Change in accrued compensated absences reported as expenses in the statement of activities when earned, but are not reported as expenditures in the governmental funds.		(1,623)
Change in accrued interest which is reported as an expense in the statement of activities when incurred, but is reported as an expenditure in the governmental funds when paid.		4,000
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayments.		1,163,664

Change in net position of governmental activities (see Statement 2)	\$	(446,020)
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See accompanying notes to financial statements.

TOWN OF LISBON, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the year ended June 30, 2013

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 10,942,660	11,030,121	11,075,809	45,688
Licenses and permits	24,700	24,700	29,026	4,326
Intergovernmental	9,566,151	9,566,151	9,576,460	10,309
Charges for services	61,812	61,812	86,803	24,991
Investment income	5,000	5,000	23,078	18,078
Other	257,550	257,550	276,308	18,758
Total revenues	20,857,873	20,945,334	21,067,484	122,150
Expenditures:				
Current:				
General government	2,270,460	2,470,866	2,446,452	24,414
Public safety	1,597,681	1,748,879	1,526,867	222,012
Public works	1,840,586	2,159,015	1,880,762	278,253
Public services	534,683	543,663	502,846	40,817
General assistance	30,000	33,318	24,996	8,322
County tax	566,440	566,440	566,439	1
Education	14,127,331	14,127,331	13,862,283	265,048
Unclassified	10,000	10,000	9,597	403
Capital outlay	-	393,957	393,722	235
Debt service - Town	511,400	511,400	511,313	87
Total expenditures	21,488,581	22,564,869	21,725,277	839,592
Excess (deficiency) of revenues over (under) expenditures	(630,708)	(1,619,535)	(657,793)	961,742
Other financing sources (uses):				
Use of undesignated fund balance	494,855	494,855	-	(494,855)
Use of designated fund balance	-	988,827	-	(988,827)
Transfer from (to) other funds	135,853	135,853	105,324	(30,529)
Total other financing sources (uses)	630,708	1,619,535	105,324	(1,514,211)
Net change in fund balance	-	-	(552,469)	(552,469)
Fund balance, beginning of year			3,217,301	
Fund balance, end of year	\$		2,664,832	

See accompanying notes to financial statements.

TOWN OF LISBON, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

		Agency Fund Student Activity Funds
ASSETS		
Cash	\$	92,958
Total assets		92,958
LIABILITIES		
Amounts held for other groups		92,958
Total liabilities		\$ 92,958

See accompanying notes to financial statements.

TOWN OF LISBON, MAINE
Notes to Basic Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Lisbon, Maine was incorporated in 1799 and is administered by the Town Manager and a seven member Town Council.

The accounting policies of the Town of Lisbon, Maine conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. The following is a summary of the more significant of such policies:

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth in accounting principles generally accepted in the United States of America which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens.

It is the Town's judgment, based on all pertinent facts derived from the analysis of these criteria, that there are no other entities that would be considered potential component units within the Town of Lisbon, Maine that should be included as part of these basic financial statements.

Lisbon Water Department

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Town currently reports no business-type activities.

TOWN OF LISBON, MAINE
Notes to Basic Financial Statements, Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time. "On-behalf" payments are recognized as revenue and expenditures upon payment or earlier if the susceptible to accrual criteria are met.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Loan Program Fund* accounts for the Intermediary Loan Program (IRP) and other federal, state and local loan programs.

TOWN OF LISBON, MAINE
Notes to Basic Financial Statements, Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, continued

Additionally, the Town reports the following fund type:

Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. The Town's fiduciary funds include the following fund type:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds of the Town are accounted for using the cash basis of accounting. The funds are used to account for assets that the Town holds for others in an agency capacity and currently represent student activity funds, which is a fund of the School Department.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's treatment plant fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits

The Town's cash and cash equivalents are considered to be cash on hand and demand deposits as well as investments with short-term maturities.

2. Receivables and Payables

All outstanding balances between funds are reported as "interfund loans receivable and payable."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources.

3. Inventory

Inventories are valued at cost using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Inventory consists of school nutrition program food and supplies.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment are depreciated using the straight-line method over the assets' estimated useful lives ranging from 5 to 50 years.

TOWN OF LISBON, MAINE
Notes to Basic Financial Statements, Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Liabilities, and Net Position or Equity, Continued

5. *Compensated Absences*

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is accrued when incurred in the government-wide financial statements. Vacation pay that is due and payable is reported as an expenditure and fund liability of the governmental fund that will pay it. A liability is also recognized for that portion of accumulated sick leave benefits that is due and payable due to termination of employment. All earned vacation and sick leave payable on termination is recorded as a liability and related expense in the government-wide financial statements for governmental activities.

6. *Long-term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

7. *Deferred Inflow of Resources*

In addition to liabilities, the statement of financial position will sometimes 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 government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

8. *Fund Balance*

Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources which constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

TOWN OF LISBON, MAINE
Notes to Basic Financial Statements, Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Liabilities, and Net Position or Equity, Continued

Generally, all unexpended budgetary accounts lapse at the close of the fiscal year. The Town's fund balance policy establishes a fund balance target for unassigned fund balance of 12.5% of the Town's General Fund Budget (Town and School).

The Town Council has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. The Town Council also assigns fund balances by approving carryover requests after the close of the fiscal year.

When both restricted and unrestricted resources are available for use, it is the Town's general practice to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the Town's intent to use committed or assigned resources first, and then unassigned resources, as they are needed.

9. Use of Estimates

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

10. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. The Town's net investment in capital assets was calculated as follows at June 30, 2013:

	Governmental <u>Activities</u>
Capital assets, net of depreciation	\$ 25,639,266
Bonds, notes and capital leases payable	(11,695,689)
Add back: non-capital debt (IRP)	275,946
Add back: unspent bond proceeds	228,379
<u>Net investment in capital assets</u>	<u>\$ 14,447,902</u>

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are adopted for the General Fund and the treatment plant fund only, and are adopted on a basis consistent with generally accepted accounting principles except for certain on-behalf payments which are not budgeted. Each spring, all departments of the Town, including the education department, submit requests for appropriation to the Town Manager so that a budget may be prepared. The budgets include information on the past year, current year estimates and requested appropriations for the next fiscal year. In March, the proposed budget is presented to the Town Council for review. The Town Council holds public hearings before a final budget is adopted.

TOWN OF LISBON, MAINE
Notes to Basic Financial Statements, Continued

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

The appropriated budget is prepared by fund, function and department. The Town Manager may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Town Council. The level of control (level at which expenditures may not exceed budget) is the Department. Generally all unexpended budgetary accounts lapse at the close of the fiscal year. Budget transfers are approved by the Council after year end for any overspent line items.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2013, deposits and investments have been reported as “cash and cash equivalents” as follows:

Reported in governmental funds	\$ 5,318,305
Reported in fiduciary funds	92,958
<u>Total deposits and investments</u>	<u>\$ 5,411,263</u>

Deposits: Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2013, the Town reported deposits of \$5,411,263 with a bank balance of \$5,399,149. Of the Town’s bank balances, none of the balances were exposed to custodial credit risk as these amounts were covered by the F.D.I.C. or by additional insurance purchased on behalf of the Town by the respective banking institutions.

Included in the above, at June 30, 2013, the Town had a cash management account totaling \$467,033. This account is swept daily into overnight U.S. Treasury notes under repurchase agreements.

Interest Rate Risk: The Town does not currently have a policy which limits the maturities of investments to certain time periods. However, it is the Town’s general practice to deposit governmental funds in short term deposits (less than one year) such as repurchase agreements (sweep accounts). Excess governmental funds on hand daily are swept by the banking institution into overnight repurchase agreements.

Credit Risk: Maine statutes authorize the Town to invest in obligations of the U.S. treasury and U.S. agencies, repurchase agreements. As of June 30, 2013, the Town has no equity investments.

Custodial Credit Risk-Town’s Investments: For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town’s \$467,033 investment in U.S. Treasury Notes (repurchase agreements), 100% was collateralized by a stand by letter of credit totaling \$1,500,000.

TOWN OF LISBON, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

B. Receivables

Receivables as of year end for the Town's individual major and nonmajor funds are as follows:

	<u>General</u>	<u>Loan program</u>	<u>Other governmental funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 332,150	-	-	332,150
Liens	133,033	-	-	133,033
Accounts	60,994	-	265,294	326,288
Intergovernmental	245,219	-	9,650	254,869
Notes	249,438	388,837	-	638,275
<u>Net total receivables</u>	<u>\$ 1,020,834</u>	<u>388,837</u>	<u>274,944</u>	<u>1,684,615</u>

Government funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>
Deferred inflows of resources:	
<u>Unavailable revenue – property taxes</u>	<u>\$ 421,163</u>

C. Property Tax

Property taxes for the current year were committed on August 22, 2012 on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. The last revaluation was completed for the list of April 1, 1990. The assessed value, upon which the levy for the year ended June 30, 2013 was based, was \$452,348,477. The assessed value was 83% of the estimated market value.

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 \$110,812 for the year ended June 30, 2013.

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 the tax liens and associated costs remained unpaid.

TOWN OF LISBON, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

C. Property Tax, continued

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.

The following summarizes the 2013 and 2012 levies:

	<u>2013</u>	<u>2012</u>
Assessed value	\$ 452,348,477	450,884,001
Tax rate (per \$1,000)	22.26	21.00
Commitment	10,069,277	9,468,564
Supplemental taxes assessed	106	13,352
Total levy	10,069,383	9,481,916
Less: abatements	9,597	16,382
Less: write-offs	-	179,608
Less: collections	9,795,737	9,077,955
Receivable at end of year	264,049	207,971
Add: Prior taxes and liens receivable	201,134	162,461
<u>Total taxes/liens receivable</u>	<u>\$ 465,183</u>	<u>370,432</u>

Due date(s)	½ September 15, 2012 ½ March 15, 2013	½ September 15, 2011 ½ March 15, 2012
Interest rate on delinquent taxes	7%	7%
Collection rate	97%	96%

Tax Increment Financing District - A portion of the total assessed value represents value within a Tax Increment Financing District. The taxes on 50% of the incremental value within this District is captured and paid over to a local business. The amount captured and paid during 2012-2013 amounted to \$276,712 and has been reflected in a special revenue fund (economic development). A new business was added to the Town's Tax Increment Financing District for fiscal year ending June 30, 2013, (Kelly Park) but as of June 30, 2013 value had yet to be captured.

TOWN OF LISBON, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS , CONTINUED

D. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance June 30, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2013</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,048,575	-	-	1,048,575
Total capital assets, not being depreciated	1,048,575	-	-	1,048,575
Capital assets, being depreciated:				
Buildings	26,027,158	-	-	26,027,158
Equipment and vehicles	6,778,382	278,558	(98,052)	6,958,888
Infrastructure	21,734,035	-	-	21,734,035
Total capital assets being depreciated	54,539,575	278,558	(98,052)	54,720,081
Less accumulated depreciation for:				
Buildings	(12,581,885)	(656,848)	-	(13,238,733)
Equipment and vehicles	(3,875,753)	(419,941)	92,722	(4,202,972)
Infrastructure	(12,243,067)	(444,618)	-	(12,687,685)
Total accumulated depreciation	(28,700,705)	(1,521,407)	92,722	(30,129,390)
Total capital assets being depreciated, net	25,838,870	(1,242,849)	(5,330)	24,590,691
Governmental activities capital assets, net	\$ 26,887,445	(1,242,849)	(5,330)	25,639,266

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 128,997
Education	651,043
Public safety	127,401
Public works, including depreciation of general infrastructure assets	613,966
Total depreciation expense – governmental activities	\$1,521,407

TOWN OF LISBON, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

E. Interfund Receivables, Payables and Transfers

Because the Town pools all cash in the general fund, certain individual interfund loans receivable and payable balances are created. At June 30, 2013, these balances were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>
<u>General Fund</u>	<u>\$ 110,358</u>	<u>502,942</u>
<u>Loan Program Fund</u>	<u>-</u>	<u>65,229</u>
Nonmajor Governmental Funds:		
DARE Program	-	2,963
Economic Development	443	-
School Nutrition	54,281	-
School Capital	39,831	-
School Federal and Other Programs	20,668	3,000
Treatment Plant	344,329	-
Recreational Land Use	4,224	-
<u>Total Nonmajor Governmental Funds</u>	<u>463,776</u>	<u>5,963</u>
 <u>Totals</u>	 <u>\$ 574,134</u>	 <u>574,134</u>

Individual fund transfers for the year ended June 30, 2013 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
<u>General Fund</u>	<u>\$ 145,000</u>	<u>39,676</u>
Nonmajor Governmental Funds:		
School Nutrition Program	-	145,000
School Capital Funds	39,676	-
<u>Total nonmajor funds</u>	<u>39,676</u>	<u>145,000</u>
 <u>Totals</u>	 <u>\$ 184,676</u>	 <u>184,676</u>

TOWN OF LISBON, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

F. Long-term Debt

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2013 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation debt	\$ 12,651,032	-	(1,163,664)	11,487,368	1,012,969
Capital leases	162,296	209,273	(163,248)	208,321	105,654
Compensated absences	573,789	1,623	-	575,412	-
Total governmental activity					
<u>long-term liabilities</u>	<u>\$ 13,387,117</u>	<u>210,896</u>	<u>(1,326,912)</u>	<u>12,271,101</u>	<u>1,118,623</u>

Bonds and Notes Payable

General Obligation Bonds. The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government activities. These bonds are expected to be repaid from the general fund. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds are issued as serial bonds, generally with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

	<u>Date of Issue</u>	<u>Original amount issued</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance</u>
Bonds and notes payable:					
Governmental activities:					
1998 Intermediary relending loan	July 2000	\$ -	July 2026	1.00%	275,946
2004 Town Bond	May 2004	12,899,710	Nov. 2024	4.41%	7,739,830
2005 Town Bond	May 2005	368,000	Nov. 2020	1.50-3.70%	226,492
2005 Sewer Bond	Aug. 2004	350,000	Apr. 2024	1.93%	192,500
2005 Sewer Bond	Oct. 2005	500,000	Oct. 2025	1.43%	325,000
2006 Town Bond	Oct. 2006	540,000	Nov. 2021	1.8-6.25%	324,000
2009 Town Bond	May 2009	1,310,855	Nov. 2019	2.08-5.58%	917,600
2010 Town Bond	May 2010	1,070,000	Nov. 2030	2.06-5.56%	963,000
2011 School QSCB Bond	July 2010	350,000	July 2020	5.28%	280,000
2011 Town Bond	Oct. 2011	270,000	Nov. 2021	0.50-5.50%	243,000
Total bonds and notes payable					<u>\$ 11,487,368</u>

The Town also issued three bonds during 2005, 2006 and 2010 in the amounts of \$3,000,000, \$393,000 and \$970,000, respectively, on behalf of the Lisbon Water Department. These bonds are carried on the Water Department's financial statements as a liability of that Department. The Water Department issues separate financial statements which are not included in the financial statements of the Town. These bonds mature in 2024, 2025 and 2030, and carry interest rates of 2.05%, 3.0-5.0% and 2.06-5.56%. Balances at June 30, 2013 are \$1,893,910, \$255,450, and \$873,000, respectively.

TOWN OF LISBON, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

F. Long-term Debt, continued

The annual debt service requirements to amortize bonds and notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,012,969	430,352	1,443,321
2015	1,014,151	385,912	1,400,063
2016	1,015,410	339,325	1,354,735
2017	1,016,715	301,746	1,318,461
2018	1,018,047	262,290	1,280,337
2019-2023	4,516,848	776,851	5,293,699
2024-2028	1,732,728	109,967	1,842,695
2029-2031	160,500	7,695	168,195
Totals	\$ 11,487,368	2,614,138	14,101,506

Statutory Debt Limit - In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. Additionally, no municipality shall incur debt in the aggregate in excess of 15% of its State assessed valuation. At June 30, 2013, the Town's outstanding debt did not exceed these limits.

State Reimbursement for Debt Service Expenditures - The State of Maine currently reimburses the Town for a portion of the financing costs of school buildings and school bus purchases. Continuation of such reimbursements is dependent upon continued appropriations by the state legislature.

Overlapping Debt - The Town's proportionate share of Androscoggin County's debt (determined by the percentage of the Town's State valuation to the county's state valuation) is not reported in the Town's financial statements. Debt service is included in the annual county assessment to the Town. At June 30, 2013, Androscoggin County had no outstanding debt.

Arbitrage Rebate - Pursuant to the Internal Revenue Code, municipalities issuing tax-exempt bonds or entering into note or lease obligations are required to perform an arbitrage rebate calculation upon the fifth anniversary of the obligation and to remit such rebate to the federal government, subject to certain exceptions. Since August 15, 1986, the effective date of these rules, the Town has not issued any debt that has not qualified under one of the specific exceptions to the arbitrage rebate calculation.

TOWN OF LISBON, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

G. Capital Leases

The Town of Lisbon and Lisbon School Department have both entered into lease agreements as lessees for financing the acquisition of various equipment and vehicles. Those leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of their inception in the government-wide financial statements. The following is the capitalized value of equipment leased under the capital leases as of June 30, 2013:

Cruisers (Town)	\$ 60,344
Other School equipment	169,718
Other Town equipment	223,065

The following is a schedule of future minimum lease payments under the capital leases and the present value of the minimum lease payment at June 30, 2013:

Fiscal year	<u>School</u>	<u>Town</u>	<u>Total</u>
<u>June 30,</u>			
2014	\$ 47,677	63,558	111,234
2015	27,381	38,141	65,522
2016	-	31,070	31,070
2017	-	10,076	10,076
Total minimum lease payments	75,058	142,845	217,902
Less: amount representing interest	(2,780)	(6,802)	(9,581)
Present value of future minimum			
lease payments	\$ 72,278	136,043	208,321

TOWN OF LISBON, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

H. Fund Balances

The General Fund unassigned fund balance total of \$1,076,332 represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. As of June 30, 2013, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Noncurrent receivables	\$ 249,438	-	-	-
Education	-	432,759	-	-
Carryforward balances	-	-	-	250,000
Subsequent year budget – Town				656,303
Special Revenue Funds:				
Loan Program Fund (major)	388,837	664,674	-	-
Treatment Plant	-	-	586,357	-
Recreation Land Use	-	-	7,103	-
Economic Development				
School Nutrition	26,252	63,719	-	-
School Federal and Other Programs	-	17,668	-	-
DARE	-	13,053	-	-
Capital Project Funds	-	39,831	-	-
Permanent Funds:				
Principal	27,144	-	-	-
Unexpended Income	-	127,539	-	-
Totals	\$ 691,671	1,359,243	593,460	906,303

I. Prior Period Adjustment

The sewer fund balance and governmental activities fund balances were restated to reflect the adjustment of a receivable which should have taken place in the prior fiscal year. This additional receivable, of \$94,128 first booked in 2011, should have been reversed at the beginning of 2012, but was carried on the 2012 books.

IV. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently, the Town is self-insured. The Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2013.

TOWN OF LISBON, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

Beginning in 2012, the Town established a self-insured health plan for eligible employees. The Town reports all risks associated with this plan in the General Fund and in the Statement of Net Position. A claims liability is reported for known claims in the General Fund and in the Statement of Net Position. All are considered due and payable. The Town purchases excess stop loss insurance for claims that exceed \$50,000 per person, or \$489,785 in the aggregate (annually). The following summarizes the claim activity for the year:

Unpaid claims at July 1, 2012	\$ 28,065
Incurred claims	714,825
Claims paid	<u>(645,628)</u>
Unpaid claims at June 30, 2013	<u>\$ 97,262</u>

B. Maine Public Employees Retirement System (Maine PERS)

Town Consolidated Plan

Description of the Plan – The Town contributes to Maine Public Employees Retirement System Consolidated Plan, a cost sharing multiple-employer public employee retirement system established by the Maine Public Employees legislature. 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 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 by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 6.5% of their annual covered salary and the Town of Lisbon is required to contribute an actuarially determined rate. The current rates range from 6.5% to 7.9% of annual covered for Town employees' payroll. The contribution rates of plan members and the Town of Lisbon are established and may be amended by the Maine State Legislature. The Town's contributions to the Maine Public Employees Retirement System Consolidated Plan for the years ended June 30, 2013, June 30, 2012 and June 30, 2011, were equal to \$107,296, \$78,707 and \$61,988 respectively which were equal to the required contributions for each year. The rate was calculated net of the IUUAL credit which is being amortized over an eight year period and amounted to approximately \$32,863 at June 30, 2012, the latest date available.

Maine PERS Teacher's Group

Description of Plan - All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. 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 Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

TOWN OF LISBON, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

Funding Policy - Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to \$1,069,219 (15.86%) for the fiscal year 2013. This amount has been reported as an intergovernmental revenue and education expenditure in the statement of activities (Statement 2) and in statement 4 (GAAP basis). There is no contribution required by the School except for federally funded teachers, for which the School contributed 16.33% of their compensation. This cost is charged to the applicable grant.

Beginning July 1, 2013, as a result of the State Biennial budget, the School Department will be responsible for approximately half the normal cost of the teacher's plan. This approximates 2.65% of compensation.

GENERAL FUND

TOWN OF LISBON, MAINE
General Fund
Comparative Balance Sheet
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 4,415,036	4,658,637
Receivables:		
Accounts	60,994	79,911
Intergovernmental	245,219	134,706
Taxes receivable - prior years	68,101	44,622
Taxes receivable - current year	264,049	207,971
Tax liens	133,033	117,839
Notes	249,438	258,044
Interfund loans receivable	110,358	72,596
Prepaid items	-	21,225
Total assets	5,546,228	5,595,551
LIABILITIES		
Accounts payable	687,568	540,125
Accrued payroll	1,155,291	1,133,415
Interfund loans payable	502,942	332,654
Self-insurance claim liability	97,262	28,065
Taxes collected in advance	17,170	15,816
Total liabilities	2,460,233	2,050,075
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	421,163	328,175
Total deferred inflows of resources	421,163	328,175
FUND BALANCE		
Nonspendable:		
Long-term notes receivable	249,438	279,269
Restricted:		
Education	432,759	402,742
Assigned:		
For next year's Town budget	250,000	250,000
For carried forward appropriations	656,303	985,444
Unassigned	1,076,332	1,299,846
Total fund balance	2,664,832	3,217,301
Total liabilities, deferred inflows of resources and fund balance	\$ 5,546,228	5,595,551

TOWN OF LISBON, MAINE
General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Year ended June 30, 2013

	Town			School			2013 Combined		
	Final Budget	Actual	Variance positive (negative)	Final Budget	Actual	Variance positive (negative)	Budget	Actual	Variance positive (negative)
Revenues:									
Taxes:									
Property taxes	\$ 4,309,048	4,237,564	(71,484)	5,460,073	5,460,073	-	9,769,121	9,697,637	(71,484)
Excise taxes	1,205,000	1,302,390	97,390	-	-	-	1,205,000	1,302,390	97,390
Registration fees	23,000	29,766	6,766	-	-	-	23,000	29,766	6,766
Interest and costs on taxes	33,000	46,016	13,016	-	-	-	33,000	46,016	13,016
Total taxes	5,570,048	5,615,736	45,688	5,460,073	5,460,073	-	11,030,121	11,075,809	45,688
Licenses and permits:									
Business permits and fees	5,700	5,144	(556)	-	-	-	5,700	5,144	(556)
All other construction fees	4,000	4,349	349	-	-	-	4,000	4,349	349
Town clerk	15,000	19,533	4,533	-	-	-	15,000	19,533	4,533
Total licenses and permits	24,700	29,026	4,326	-	-	-	24,700	29,026	4,326
Intergovernmental:									
Education subsidies	-	-	-	8,270,938	8,274,850	3,912	8,270,938	8,274,850	3,912
State revenue sharing	820,000	841,609	21,609	-	-	-	820,000	841,609	21,609
General assistance	20,000	-	(20,000)	-	-	-	20,000	-	(20,000)
Tree growth reimbursement	8,000	12,674	4,674	-	-	-	8,000	12,674	4,674
BETE reimbursement	117,578	117,632	54	-	-	-	117,578	117,632	54
Homestead reimbursement	207,635	207,543	(92)	-	-	-	207,635	207,543	(92)
Miscellaneous state aid	8,000	1,511	(6,489)	-	-	-	8,000	1,511	(6,489)
Urban rural incentive program	106,000	111,749	5,749	-	-	-	106,000	111,749	5,749
Veteran reimbursement	8,000	8,892	892	-	-	-	8,000	8,892	892
Total intergovernmental	1,295,213	1,301,610	6,397	8,270,938	8,274,850	3,912	9,566,151	9,576,460	10,309
Charges for services:									
Police - report fees, court fees	6,000	25,601	19,601	-	-	-	6,000	25,601	19,601
Animal control	40,200	35,533	(4,667)	-	-	-	40,200	35,533	(4,667)
School	-	-	-	15,612	25,669	10,057	15,612	25,669	10,057
Total charges for services	46,200	61,134	14,934	15,612	25,669	10,057	61,812	86,803	24,991
Investment income	5,000	6,497	1,497	-	16,581	16,581	5,000	23,078	18,078
Other revenues:									
MTM center	6,000	7,580	1,580	-	-	-	6,000	7,580	1,580
Recycling	125,000	113,204	(11,796)	-	-	-	125,000	113,204	(11,796)
Library	2,000	1,773	(227)	-	-	-	2,000	1,773	(227)
Recreation department	106,750	106,841	91	-	-	-	106,750	106,841	91
Parks department	10,000	11,585	1,585	-	-	-	10,000	11,585	1,585
Other revenues	7,800	25,522	17,722	-	9,803	9,803	7,800	35,325	27,525
Total other revenues	257,550	266,505	8,955	-	9,803	9,803	257,550	276,308	18,758
Total revenues	7,198,711	7,280,508	81,797	13,746,623	13,786,976	40,353	20,945,334	21,067,484	122,150

TOWN OF LISBON, MAINE
General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis, Continued
For the year ended June 30, 2013

	Town			School			2013 Combined		
	Final Budget	Actual	Variance positive (negative)	Final Budget	Actual	Variance positive (negative)	Budget	Actual	Variance positive (negative)
Expenditures:									
Current:									
General government:									
Elected officials	\$ 26,080	22,708	3,372	-	-	-	26,080	22,708	3,372
Town Manager	149,888	148,560	1,328	-	-	-	149,888	148,560	1,328
Insurance	851,453	869,111	(17,658)	-	-	-	851,453	869,111	(17,658)
Legal	57,548	57,548	-	-	-	-	57,548	57,548	-
Finance	117,408	117,408	-	-	-	-	117,408	117,408	-
Tax Collector	129,529	129,529	-	-	-	-	129,529	129,529	-
Code enforcement	74,409	74,409	-	-	-	-	74,409	74,409	-
Town clerk	116,640	109,630	7,010	-	-	-	116,640	109,630	7,010
Assessing	163,167	136,583	26,584	-	-	-	163,167	136,583	26,584
Town buildings	353,160	353,160	-	-	-	-	353,160	353,160	-
Technology	110,995	110,995	-	-	-	-	110,995	110,995	-
Planning Board	5,500	4,553	947	-	-	-	5,500	4,553	947
Board of Appeals	1,625	816	809	-	-	-	1,625	816	809
Maine PERS	107,296	107,296	-	-	-	-	107,296	107,296	-
Social Security	206,168	204,146	2,022	-	-	-	206,168	204,146	2,022
Total general government	2,470,866	2,446,452	24,414	-	-	-	2,470,866	2,446,452	24,414
Public safety:									
Police	994,142	955,531	38,611	-	-	-	994,142	955,531	38,611
Animal Control Officer	75,030	68,146	6,884	-	-	-	75,030	68,146	6,884
Fire	445,498	268,981	176,517	-	-	-	445,498	268,981	176,517
Communication	234,209	234,209	-	-	-	-	234,209	234,209	-
Total public safety	1,748,879	1,526,867	222,012	-	-	-	1,748,879	1,526,867	222,012
Public works:									
Public works	831,802	818,613	13,189	-	-	-	831,802	818,613	13,189
Snow removal	164,566	164,566	-	-	-	-	164,566	164,566	-
Hydrant rental	292,000	290,857	1,143	-	-	-	292,000	290,857	1,143
Street and traffic lights	100,187	100,187	-	-	-	-	100,187	100,187	-
Engineer	305,590	74,913	230,677	-	-	-	305,590	74,913	230,677
Solid waste	464,870	431,626	33,244	-	-	-	464,870	431,626	33,244
Total public works	2,159,015	1,880,762	278,253	-	-	-	2,159,015	1,880,762	278,253
Public services:									
Health officer	10,439	10,059	380	-	-	-	10,439	10,059	380
Community services - senior citizens	33,734	24,251	9,483	-	-	-	33,734	24,251	9,483
Lisbon Falls Library	171,518	154,511	17,007	-	-	-	171,518	154,511	17,007
Miscellaneous Public Service	12,732	12,732	-	-	-	-	12,732	12,732	-
Conservation commission	575	311	264	-	-	-	575	311	264
Contingency and grant matches	742	632	110	-	-	-	742	632	110
Recreation Department	226,171	216,828	9,343	-	-	-	226,171	216,828	9,343
Parks Department	87,752	83,522	4,230	-	-	-	87,752	83,522	4,230
Total public services	543,663	502,846	40,817	-	-	-	543,663	502,846	40,817

TOWN OF LISBON, MAINE
General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis, Continued
For the year ended June 30, 2013

	Town			School			2013 Combined		
	Final Budget	Actual	Variance positive (negative)	Final Budget	Actual	Variance positive (negative)	Budget	Actual	Variance positive (negative)
Expenditures, continued:									
Current, continued:									
General assistance	\$ 33,318	24,996	8,322	-	-	-	33,318	24,996	8,322
Intergovernmental - county tax	566,440	566,439	1	-	-	-	566,440	566,439	1
Education:									
Regular elementary	-	-	-	5,480,522	5,384,419	96,103	5,480,522	5,384,419	96,103
Special education	-	-	-	2,222,031	2,127,710	94,321	2,222,031	2,127,710	94,321
Other instruction	-	-	-	358,382	358,336	46	358,382	358,336	46
Student and support staff	-	-	-	1,192,034	1,164,277	27,757	1,192,034	1,164,277	27,757
System administration	-	-	-	451,765	451,731	34	451,765	451,731	34
School administration	-	-	-	710,046	709,951	95	710,046	709,951	95
Transportation	-	-	-	704,160	697,272	6,888	704,160	697,272	6,888
Facilities maintenance	-	-	-	1,477,768	1,447,593	30,175	1,477,768	1,447,593	30,175
Career and technical	-	-	-	13,461	13,460	1	13,461	13,460	1
Adult education	-	-	-	152,788	149,262	3,526	152,788	149,262	3,526
All other expenditures	-	-	-	338,567	327,923	10,644	338,567	327,923	10,644
Debt service	-	-	-	1,025,807	1,025,807	-	1,025,807	1,025,807	-
Total education	-	-	-	14,127,331	13,857,741	269,590	14,127,331	13,857,741	269,590
Unclassified:									
Tax abatements	10,000	9,597	403	-	-	-	10,000	9,597	403
Total unclassified	10,000	9,597	403	-	-	-	10,000	9,597	403
Debt service:									
Town	511,400	511,313	87	-	-	-	511,400	511,313	87
Total debt service	511,400	511,313	87	-	-	-	511,400	511,313	87
Capital outlays:									
Bonded items	393,957	393,722	235	-	-	-	393,957	393,722	235
Total capital outlays	393,957	393,722	235	-	-	-	393,957	393,722	235
Total expenditures	8,437,538	7,862,994	574,544	14,127,331	13,857,741	269,590	22,564,869	21,720,735	844,134
Excess (deficiency) of revenues over (under) expenditures	(1,238,827)	(582,486)	656,341	(380,708)	(70,765)	309,943	(1,619,535)	(653,251)	966,284

TOWN OF LISBON, MAINE
General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis, Continued
For the year ended June 30, 2013

	Town			School			2013 Combined		
	Final Budget	Actual	Variance positive (negative)	Final Budget	Actual	Variance positive (negative)	Budget	Actual	Variance positive (negative)
Other financing sources (uses):									
Prior year budget expenditures	\$ -	-	-	-	(4,542)	(4,542)	-	(4,542)	(4,542)
Transfer in - special revenue funds	-	-	-	165,000	145,000	(20,000)	165,000	145,000	(20,000)
Transfer out - capital reserve fund	-	-	-	(29,147)	(39,676)	(10,529)	(29,147)	(39,676)	(10,529)
Carryforward balances:									
All other	988,827	-	(988,827)	-	-	-	988,827	-	(988,827)
Budgeted use of surplus	250,000	-	(250,000)	244,855	-	(244,855)	494,855	-	(494,855)
Total other financing sources (uses)	1,238,827	-	(1,238,827)	380,708	100,782	(279,926)	1,619,535	100,782	(1,518,753)
Net change in fund balance	-	(582,486)	(582,486)	-	30,017	30,017	-	(552,469)	(552,469)
Fund balances, beginning of year		2,814,559			402,742			3,217,301	
Fund balances, end of year	\$	2,232,073			432,759			2,664,832	

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenue streams that are legally restricted or committed for particular purposes.

Sewer -	To account for monies received from sewer user fees and sewer connection fees, pursuant to the Town Sewer Ordinance
Recreation Land Use -	To account for funds used for recreation land purposes
DARE Program -	To account for revenues and expenditures for student programs
Economic Development -	To account for revenue capture and paid out of tax increment financing
School Nutrition Program -	To account for monies generated via the school lunch programs
School Federal and Other Programs -	To account for monies received from federal, state and local sources

CAPITAL PROJECT FUNDS

Capital project funds are used to account for resources to be used for capital items

School Capital Fund -	To account for acquisition of capital assets or construction of major capital projects
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PERMANENT FUNDS

The permanent fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs. The following activities have been reported in the permanent fund:

Potter Patten Cemetery	Penny McGraw
Maine Research Company Charity Fund	Leon E. Bard Sr. Memorial Music Scholarship Award
Kevin Curtis Memorial Scholarship	Lisbon High School Memorial Library Fund
Arther Barron	Marion T. Morse Secretarial Award
Blanche M. Jalbert Fund	Maude Frow Fund
Bruce McEwen Rotary Scholarship	Michael F. Strout Memorial Scholarship Fund
Class of 1941 Scholarship Fund	Richard S. Ladner Scholarship Fund
Dunton Memorial Fund	Sugg Middle School Trust Fund
Earl Higgins Memorial	Summer Camp
Edna D. Purington Memorial Scholarship Award	Thompson Memorial Fund
Farmer	Walter Huston Memorial Scholarship
Frank Wimmer Trust	

TOWN OF LISBON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds	Capital Project Fund	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 18,683	-	154,683	173,366
Accounts receivable, net of \$28,000 allowance	265,294	-	-	265,294
Inventory	26,252	-	-	26,252
Due from other governments	9,650	-	-	9,650
Interfund loans receivable	423,945	39,831	-	463,776
Total assets	\$ 743,824	39,831	154,683	938,338
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund loans payable	5,963	-	-	5,963
Accrued payroll	7,939	-	-	7,939
Accounts payable	16,289	-	-	16,289
Total liabilities	30,191	-	-	30,191
Fund balances:				
Nonspendable:				
Inventory	26,252	-	-	26,252
Principal	-	-	27,144	27,144
Restricted:				
School lunch	63,719	-	-	63,719
Grants	30,721	-	-	30,721
Capital projects	-	39,831	-	39,831
Scholarships	-	-	127,539	127,539
Committed:				
Sewer	586,357	-	-	586,357
Other	7,103	-	-	7,103
Unassigned	(519)	-	-	(519)
Total fund balances	713,633	39,831	154,683	908,147
Total liabilities and fund balances	\$ 743,824	39,831	154,683	938,338

TOWN OF LISBON, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2013

	Special Revenue Funds	Capital Project Fund	Permanent Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 276,712	-	-	276,712
Intergovernmental revenue	729,795	-	-	729,795
User fees	982,753	-	-	982,753
Charges for services	510,631	-	-	510,631
Investment income and other	1,732	-	35,807	37,539
Other	89,711	-	-	89,711
Total revenues	2,591,334	-	35,807	2,627,141
Expenditures:				
Current:				
General government	282,071	-	-	282,071
Public works	881,203	-	-	881,203
Public services	54,526	-	42,055	96,581
Education	765,116	-	-	765,116
Food service	376,096	-	-	376,096
Total expenditures	2,359,012	-	42,055	2,401,067
Excess (deficiency) of revenues over (under) expenditures	232,322	-	(6,248)	226,074
Other financing sources (uses):				
Transfer from other funds	(145,000)	39,676	-	(105,324)
Total other financing sources (uses)	(145,000)	39,676	-	(105,324)
Net change in fund balances	87,322	39,676	(6,248)	120,750
Fund balances, beginning of year-restated	626,311	155	160,931	787,397
Fund balances, end of year	\$ 713,633	39,831	154,683	908,147

TOWN OF LISBON, MAINE
Combining Balance Sheet
Other Nonmajor Funds
June 30, 2013

	Special Revenue Funds						Capital Project Funds	Totals
	Sewer	Recreation Land Use	DARE Program	Economic Development	School Nutrition Program	School Federal and Other programs	School Capital Funds	
ASSETS								
Cash and cash equivalents	\$ -	2,879	16,016	-	(212)	-	-	18,683
Accounts receivable, net of \$28,000 allowance in Treatment Plant	265,294	-	-	-	-	-	-	265,294
Inventory	-	-	-	-	26,252	-	-	26,252
Due from other governments	-	-	-	-	9,650	-	-	9,650
Interfund loans receivable	344,329	4,224	-	443	54,281	20,668	39,831	463,776
Total assets	\$ 609,623	7,103	16,016	443	89,971	20,668	39,831	783,655
LIABILITIES AND FUND BALANCES								
Liabilities:								
Interfund loans payable	-	-	2,963	-	-	3,000	-	5,963
Accrued payroll	6,977	-	-	962	-	-	-	7,939
Accounts payable and accrued expenses	16,289	-	-	-	-	-	-	16,289
Total liabilities	23,266	-	2,963	962	-	3,000	-	30,191
Fund balances:								
Nonspendable:								
Inventory	-	-	-	-	26,252	-	-	26,252
Restricted:								
School lunch	-	-	-	-	63,719	-	-	63,719
Grants	-	-	13,053	-	-	17,668	-	30,721
Capital projects	-	-	-	-	-	-	39,831	39,831
Committed:								
Sewer	586,357	-	-	-	-	-	-	586,357
Other	-	7,103	-	-	-	-	-	7,103
Unassigned	-	-	-	(519)	-	-	-	(519)
Total fund balances	586,357	7,103	13,053	(519)	89,971	17,668	39,831	753,464
Total liabilities and fund balances	\$ 609,623	7,103	16,016	443	89,971	20,668	39,831	783,655

TOWN OF LISBON, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Nonmajor Funds
For the year ended June 30, 2013

	Special Revenue Funds						Capital Project Funds	Totals
	Sewer	Recreation Land Use	DARE Program	Economic Development	School Nutrition Program	School Federal and Other programs	School Capital Funds	
Revenues:								
Property tax revenue	\$ -	-	-	276,712	-	-	-	276,712
Intergovernmental revenue	-	-	-	-	-	729,795	-	729,795
User fees	982,753	-	-	-	-	-	-	982,753
Charges for services	-	-	-	-	510,631	-	-	510,631
Investment income	-	1,730	1	1	-	-	-	1,732
Other	-	-	60,502	1,297	-	27,912	-	89,711
Total revenues	982,753	1,730	60,503	278,010	510,631	757,707	-	2,591,334
Expenditures:								
Current:								
General government	-	-	-	282,071	-	-	-	282,071
Public works	881,203	-	-	-	-	-	-	881,203
Public services and payments	-	-	54,526	-	-	-	-	54,526
Education	-	-	-	-	-	765,116	-	765,116
Food service	-	-	-	-	376,096	-	-	376,096
Total expenditures	881,203	-	54,526	282,071	376,096	765,116	-	2,359,012
Excess (deficiency) of revenues over (under) expenditures	101,550	1,730	5,977	(4,061)	134,535	(7,409)	-	232,322
Other financing sources (uses):								
Transfer to (from) other funds	-	-	-	-	(145,000)	-	39,676	(105,324)
Total other financing sources (uses)	-	-	-	-	(145,000)	-	39,676	(105,324)
Net change in fund balances	101,550	1,730	5,977	(4,061)	(10,465)	(7,409)	39,676	126,998
Fund balances, beginning of year-restated	484,807	5,373	7,076	3,542	100,436	25,077	155	626,466
Fund balances, end of year	\$ 586,357	7,103	13,053	(519)	89,971	17,668	39,831	753,464

**TOWN OF LISBON, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2013**

	Cash	Total assets	Due to general	Total liabilities	Principal	Unexpended income	Total fund balances
Permanent funds:							
Town:							
Potter Patten Cemetery	\$ 369	369	-	-	75	294	369
Maine Research Company Charity Fund	2,673	2,673	-	-	630	2,043	2,673
School:							
Kevin Curtis Memorial Scholarship	415	415	-	-	-	415	415
Arther Barron	621	621	-	-	-	621	621
Blanche M. Jalbert Fund	5,500	5,500	-	-	1,795	3,705	5,500
Bruce McEwen Rotary Scholarship	13,432	13,432	-	-	-	13,432	13,432
Class of 1941 Scholarship Fund	22,386	22,386	-	-	-	22,386	22,386
Dunton Memorial	3,785	3,785	-	-	700	3,085	3,785
Earl Higgins Memorial	4,315	4,315	-	-	3,281	1,034	4,315
Edna D. Purington Memorial Scholarship Award	606	606	-	-	1,135	(529)	606
Farmer	8,978	8,978	-	-	-	8,978	8,978
Frank Wimmer Trust	12,786	12,786	-	-	-	12,786	12,786
Peggy McGraw	3,476	3,476	-	-	1,500	1,976	3,476
Leon E. Bard, Sr. Memorial Music Scholarship Award	2,842	2,842	-	-	1,572	1,270	2,842
Lisbon High School Memorial Library Fund	8,617	8,617	-	-	876	7,741	8,617
Marion T. Morse Secretarial Award	1,549	1,549	-	-	1,000	549	1,549
Maude Frow Fund	4,352	4,352	-	-	1,000	3,352	4,352
Michael F. Strout Memorial Scholarship Fund	5,060	5,060	-	-	3,200	1,860	5,060
Richard S. Ladner Scholarship Fund	6,310	6,310	-	-	4,909	1,401	6,310
Sugg Middle School Trust Fund	7,360	7,360	-	-	3,840	3,520	7,360
Summer Camp	71	71	-	-	-	71	71
Thompson Memorial Fund	3,299	3,299	-	-	1,631	1,668	3,299
Walter Huston Memorial Scholarship	35,881	35,881	-	-	-	35,881	35,881
Total permanent funds	\$ 154,683	154,683	-	-	27,144	127,539	154,683

TOWN OF LISBON, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the year ended June 30, 2013

	Fund balances, beginning of year		Interest earned	Contributions and other receipts	Disbursements	Fund balances, end of year	
	Principal	Unexpended income				Principal	Unexpended income
Permanent funds:							
Town:							
Potter Patten Cemetery	\$ 75	294	-	60	60	75	294
Maine Research Company Charity Fund	630	2,042	1	-	-	630	2,043
School:							
Kevin Curtis Memorial Scholarship	-	414	1	-	-	-	415
Arther Barron	-	620	1	-	-	-	621
Blanche M. Jalbert Fund	1,795	3,882	23	-	200	1,795	3,705
Bruce McEwen Rotary Scholarship	-	15,118	65	24,476	26,227	-	13,432
Class of 1941 Scholarship Fund	-	22,276	310	-	200	-	22,386
Dunton Memorial	700	3,263	22	-	200	700	3,085
Earl Higgins Memorial	3,281	1,180	4	-	150	3,281	1,034
Edna D. Purington Memorial Scholarship Award	1,135	71	-	-	600	1,135	(529)
Farmer	-	8,157	19	2,802	2,000	-	8,978
Frank Wimmer Trust	-	13,685	13	1,088	2,000	-	12,786
Peggy McGraw	1,500	2,458	18	6,228	6,728	1,500	1,976
Leon E. Bard, Sr. Memorial Music Scholarship Award	1,572	1,328	42	-	100	1,572	1,270
Lisbon High School Memorial Library Fund	876	7,745	196	-	200	876	7,741
Marion T. Morse Secretarial Award	1,000	648	1	100	200	1,000	549
Maude Frow Fund	1,000	3,523	19	-	190	1,000	3,352
Michael F. Strout Memorial Scholarship Fund	3,200	1,719	75	66	-	3,200	1,860
Richard S. Ladner Scholarship Fund	4,909	1,630	21	-	250	4,909	1,401
Sugg Middle School Trust Fund	3,840	5,253	17	-	1,750	3,840	3,520
Summer Camp	-	71	-	-	-	-	71
Thompson Memorial Fund	1,631	1,651	17	-	-	1,631	1,668
Walter Huston Memorial Scholarship	-	36,759	122	-	1,000	-	35,881
Total permanent funds	\$ 27,144	133,787	987	34,820	42,055	27,144	127,539