

TOWN OF LISBON, MAINE

Annual Financial Report

**For the Year Ended
June 30, 2014**

TOWN OF LISBON, MAINE
Annual Financial Report
For the year ended June 30, 2014

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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, 2014, 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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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 described in the "Basis for Adverse Opinion on the Water Department Fund and Business-type Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the Water Department Fund or the Business-Type Activities as of June 30, 2014, or the changes in financial position or cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. The Town of Lisbon, Maine has issued 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 of the Town of Lisbon, Maine as of June 30, 2014, and the respective changes in financial position and the 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 require 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 of Lisbon'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 20, 2014 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 20, 2014
South Portland, Maine

TOWN OF LISBON, MAINE
Management's Discussion and Analysis
June 30, 2014

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, 2014.

Financial Highlights

- The assets of the Town of \$32,620,218 exceeded its liabilities at the close of the most recent fiscal year by \$18,688,223. Of this amount, \$2,780,497 may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town of Lisbon's total net position increased by \$514,046 due to increased 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 \$5,044,723, an increase of \$569,874 in comparison with the prior year.
- The Town Engineer's budget looks to be \$470,606 overspent; however, this is offset by intergovernmental revenues for the River Trail Project of \$873,843.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,645,833.
- The Town of Lisbon and the School Department incurred \$916,957 in additional debt in the most recent fiscal year; all the result of 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 eleven 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 Town maintains two fiduciary funds; an agency fund which accounts for student activity funds at the individual schools, and a private purpose trust fund, which accounts for scholarships.

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 21-36 of this report.

Supplementary 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 \$18,688,223 at the close of the most recent fiscal year.

Governmental Activities

	2014	2013	2012	2011
Assets:				
Current and other assets	\$ 7,408,345	7,029,172	7,202,834	7,456,573
Capital assets	25,211,873	25,639,266	26,887,445	28,010,392
Total assets	32,620,218	32,668,438	34,090,279	35,466,965
Liabilities:				
Long-term liabilities outstanding	11,894,972	12,271,101	13,387,117	14,421,780
Other liabilities	2,037,023	2,071,519	1,837,196	2,300,677
Total liabilities	13,931,995	14,342,620	15,224,313	16,722,457
Net position:				
Net investment in capital assets	14,261,144	14,447,902	15,045,369	14,570,777
Restricted	1,646,582	1,801,476	1,384,481	1,814,959
Unrestricted	2,780,497	2,076,440	2,436,116	2,358,773
Total net position	\$ 18,688,223	18,325,818	18,865,966	18,744,509

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

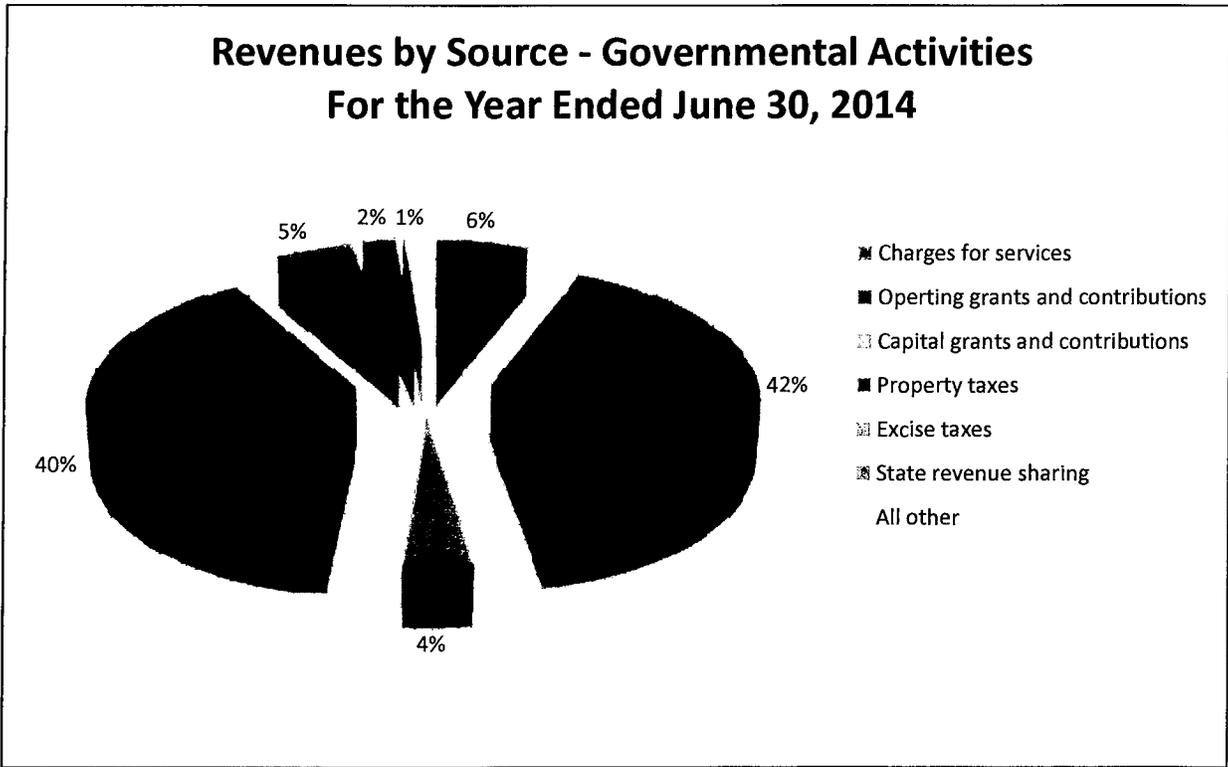
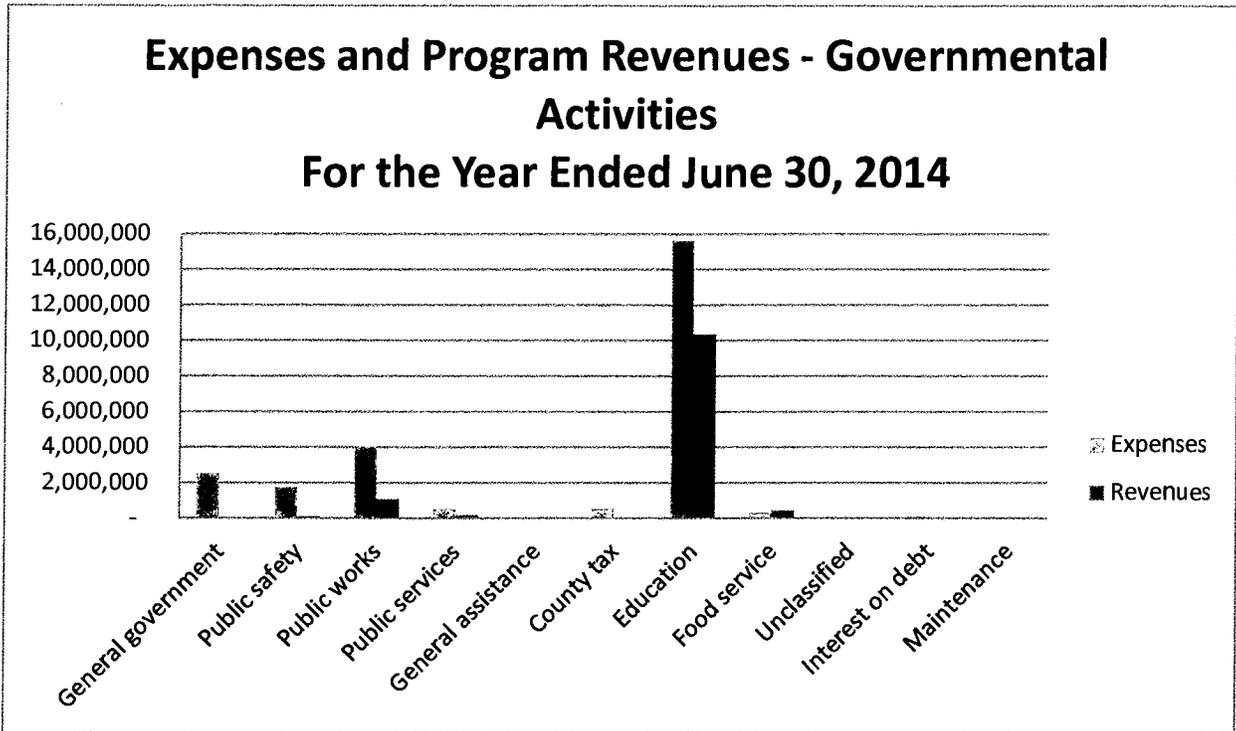
By far, the largest portion of the Town's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The largest portion of capital assets is the Town's roadways, buildings 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 2014	Governmental Activities 2013	Governmental Activities 2012	Governmental Activities 2011
Revenues:				
Program revenues:				
Charges for services	\$ 1,673,250	1,844,910	1,978,058	2,082,659
Operating grants and contributions	10,751,306	9,032,557	9,923,448	10,114,134
Capital grants and contributions	982,068	-	-	-
General revenues:				
Property taxes	10,442,981	10,020,365	9,554,722	9,307,776
Motor vehicle excise taxes	1,336,549	1,302,390	1,247,481	1,198,092
Other state aid	316,541	460,001	507,707	919,398
State revenue sharing	582,128	841,609	857,903	764,126
Unrestricted investment earnings	24,027	24,810	45,686	70,705
Miscellaneous	13,647	309,742	103,147	200,980
Loss on asset disposal	(20,388)	(5,330)	(40,682)	-
Total revenues	26,102,109	23,831,054	24,177,470	24,657,870
Expenses:				
General government	2,525,184	2,853,523	2,205,049	2,041,744
Public safety	1,763,577	1,657,240	1,601,074	1,528,705
Public works / treatment plant	4,046,460	3,378,629	3,352,192	3,548,635
Public services	535,434	599,427	668,539	643,878
General assistance	25,436	24,996	22,770	28,492
County tax	542,737	566,439	574,198	579,878
Education	15,647,312	14,252,677	14,709,577	15,625,912
Food service	387,690	376,096	377,308	327,868
Unclassified	44,679	37,402	240,424	40,553
Interest on debt	69,554	369,456	168,752	87,992
Capital maintenance expenses	-	161,189	185,217	206,693
Total expenditures	25,588,063	24,277,074	24,105,100	24,660,350
Change in net position	514,046	(446,020)	72,370	(2,480)
Net position, beginning as restated	18,174,177	18,771,838	18,793,596	18,746,989
Net position, ending	\$ 18,688,223	18,325,818	18,865,966	18,744,509

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



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 \$5,044,723. Approximately 32 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 \$1,645,833, while total fund balance reached \$3,050,027.

General Fund Budgetary Highlights

The fund balance of the Town's General Fund increased \$385,195 during the current fiscal year. However, if looking at the individual components, the Town's portion increased by \$400,502 and the School Department's component decreased by \$15,307. The increase for the Town is primarily a result of bond and insurance proceeds not yet spent. The School Department's decrease is a result of increased expenditures over subsidies received.

Capital Asset and Debt Administration

Capital assets. The Town's new investment in capital assets for its governmental activities as of June 30, 2014, amounted to \$1,046,574.

Long-term debt. At the end of the current fiscal year, the Town had total bonded debt outstanding of \$10,474,399. 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 31-32 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 may continue to see cutbacks.
- Expenses continue to be kept flat with past years based on historic analysis, despite the rising costs to provide essential services.

The Town's tax rate for the 2014-2015 fiscal year increased slightly to 24.40 mils and this increase was driven primarily by a decrease in State Revenue Sharing to the Town in the amount of \$210,000, the discontinued use of surplus of \$250,000. 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 of Lisbon maintains its diligence to hedge against further revenue reductions or increased capital needs 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, 2014

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,714,440
Receivables:	
Accounts, net of allowance \$45,833	820,014
Intergovernmental	747,388
Taxes receivable	372,672
Tax liens	135,790
Notes, net of allowance \$25,000	591,289
Inventory	21,752
Prepaid expenses	5,000
Capital assets not being depreciated	1,112,575
Capital assets being depreciated, net	24,099,298
Total assets	32,620,218
LIABILITIES	
Accounts payable	639,949
Accrued interest	83,000
Unearned revenue	26,798
Accrued payroll	1,220,621
Self-insurance claim liability	66,655
Noncurrent liabilities:	
Due within one year	1,220,778
Due in more than one year	10,674,194
Total liabilities	13,931,995
NET POSITION	
Net investment in capital assets	14,261,144
Restricted:	
Grants and loan programs	1,203,305
Education	417,452
Permanent funds	25,120
Nonexpendable principal of permanent funds	705
Unrestricted	2,780,497
Total net position	\$ 18,688,223

See accompanying notes to basic financial statements.

TOWN OF LISBON, MAINE
Statement of Activities
For the year ended June 30, 2014

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities
Governmental activities:					
General government	\$ 2,525,184	63,025	-	-	(2,462,159)
Public safety	1,763,577	107,010	-	-	(1,656,567)
Public works/treatment plant	4,046,460	1,086,350	-	982,068	(1,978,042)
Public services	535,434	204,231	-	-	(331,203)
General assistance	25,436	-	12,133	-	(13,303)
County tax	542,737	-	-	-	(542,737)
Education	15,647,312	15,814	10,376,312	-	(5,255,186)
Food service	387,690	178,250	362,861	-	153,421
Unclassified	44,679	18,570	-	-	(26,109)
Interest on debt	69,554	-	-	-	(69,554)
Total governmental activities	25,588,063	1,673,250	10,751,306	982,068	(12,181,439)
General revenues:					
Property taxes, levied for general purposes					10,442,981
Motor vehicle excise taxes					1,336,549
Other state aid					316,541
State revenue sharing					582,128
Unrestricted investment earnings					24,027
Miscellaneous					13,647
Loss on disposal of assets					(20,388)
Total general revenues and loss on disposal					12,695,485
Change in net position					514,046
Net position - beginning restated					18,174,177
Net position - ending					\$ 18,688,223

See accompanying notes to basic financial statements.

TOWN OF LISBON, MAINE
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Loan Program Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,891,474	786,683	36,283	4,714,440
Receivables:				
Accounts, net of allowance of \$45,833	595,561	-	224,453	820,014
Intergovernmental	728,429	-	18,959	747,388
Taxes receivable - prior years	71,593	-	-	71,593
Taxes receivable - current year	301,079	-	-	301,079
Tax liens	135,790	-	-	135,790
Notes, net of allowance of \$25,000, loan program	240,662	350,627	-	591,289
Prepaid items	5,000	-	-	5,000
Interfund loans receivable	-	-	680,918	680,918
Inventory	-	-	21,752	21,752
Total assets	\$ 5,969,588	1,137,310	982,365	8,089,263
LIABILITIES				
Accounts payable	580,932	-	32,473	613,405
Accrued payroll	1,215,093	-	5,528	1,220,621
Unearned revenue	26,798	-	-	26,798
Interfund loans payable	593,940	86,978	-	680,918
Self-insurance claim liability	66,655	-	-	66,655
Taxes collected in advance	26,544	-	-	26,544
Total liabilities	2,509,962	86,978	38,001	2,634,941
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	409,599	-	-	409,599
Total deferred inflows of resources	409,599	-	-	409,599
FUND BALANCES				
Nonspendable	245,662	350,627	22,457	618,746
Restricted	417,452	699,705	156,341	1,273,498
Committed	-	-	782,269	782,269
Assigned	741,080	-	-	741,080
Unassigned	1,645,833	-	(16,703)	1,629,130
Total fund balances	3,050,027	1,050,332	944,364	5,044,723
Total liabilities, deferred inflows of resources and fund balances	\$ 5,969,588	1,137,310	982,365	

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.	25,211,873
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	409,599
Accrued interest not recorded in the funds.	(83,000)
Accrued compensated absences not recorded in the funds.	(552,963)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	(11,342,009)

Net position of governmental activities	18,688,223
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See accompanying notes to basic financial statements.

TOWN OF LISBON, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2014

	General Fund	Loan Program Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 11,561,134	-	259,445	11,820,579
Licenses and permits	27,614	-	-	27,614
Intergovernmental	11,495,489	-	1,094,603	12,590,092
Charges for services	122,824	-	1,160,616	1,283,440
Other	294,658	18,570	99,108	412,336
Total revenues	23,501,719	18,570	2,613,772	26,134,061
Expenditures:				
Current:				
General government	2,144,053	-	259,445	2,403,498
Public safety	1,614,135	-	-	1,614,135
Public works	2,528,610	-	872,063	3,400,673
Public services	524,365	-	11,069	535,434
General assistance	25,436	-	-	25,436
County tax	542,737	-	-	542,737
Education	14,677,113	-	770,558	15,447,671
Food service	-	-	387,690	387,690
Unclassified	22,729	21,749	-	44,478
Capital outlay	715,491	-	16,710	732,201
Debt service	1,347,191	-	-	1,347,191
Total expenditures	24,141,860	21,749	2,317,535	26,481,144
Excess (deficiency) of revenues over (under) expenditures	(640,141)	(3,179)	296,237	(347,083)
Other financing sources (uses):				
Proceeds from capital leases	916,957	-	-	916,957
Transfers from (to) other funds	108,379	-	(108,379)	-
Total other financing sources (uses)	1,025,336	-	(108,379)	916,957
Net change in fund balances	385,195	(3,179)	187,858	569,874
Fund balances, beginning of year restated	2,664,832	1,053,511	756,506	4,474,849
Fund balances, end of year	\$ 3,050,027	1,050,332	944,364	5,044,723

See accompanying notes to basic 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, 2014

Net change in fund balances - total governmental funds (from Statement 4)	\$	569,874
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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 (\$1,453,579) and the loss on disposal (\$20,388) in the current year exceeded capital outlays (\$1,046,574).		(427,393)
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.		(11,564)
Capital lease proceeds (\$916,957) provide current financial resources to governmental funds, but increases long-term liabilities in the statement of net position. Repayments (\$257,668) are expenditures in the governmental funds, but reduce long-term liabilities in the statement of net position.		(659,289)
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.		22,449
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.		7,000
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.		1,012,969

Change in net position of governmental activities (see Statement 2)	\$	514,046
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See accompanying notes to basic 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, 2014

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 11,349,974	11,389,116	11,561,134	172,018
Licenses and permits	23,500	23,500	27,614	4,114
Intergovernmental	9,404,624	9,404,624	10,432,718	1,028,094
Charges for services	127,120	127,120	122,824	(4,296)
Investment income	5,000	5,000	23,920	18,920
Other	257,550	257,550	270,738	13,188
Total revenues	21,167,768	21,206,910	22,438,948	1,232,038
Expenditures:				
Current:				
General government	2,342,901	2,379,364	2,144,053	235,311
Public safety	1,647,825	1,898,301	1,614,135	284,166
Public works	1,862,454	2,103,379	2,528,610	(425,231)
Public services	548,683	570,983	524,365	46,618
General assistance	28,300	31,100	25,436	5,664
County tax	542,800	542,800	542,737	63
Education	14,466,497	14,466,497	14,363,966	102,531
Unclassified	10,000	10,000	22,729	(12,729)
Debt service - Town	346,000	346,000	347,039	(1,039)
Total expenditures	21,795,460	22,348,424	22,113,070	235,354
Excess (deficiency) of revenues over (under) expenditures	(627,692)	(1,141,514)	325,878	1,467,392
Other financing sources (uses):				
Use of unassigned fund balance	368,211	368,211	-	(368,211)
Use of assigned fund balance	-	513,822	-	(513,822)
Transfer from other funds	259,481	259,481	239,481	(20,000)
Transfer to other funds	-	-	(131,102)	(131,102)
Total other financing sources (uses)	627,692	1,141,514	108,379	(1,033,135)
Net change in fund balance (budgetary basis)	-	-	434,257	434,257
Reconciliation to GAAP basis:				
Accrual for sick payout			(34,019)	
Accrued MEPEERS wages			(15,043)	
Net change in fund balance (GAAP basis)			385,195	
Fund balance, beginning of year			2,664,832	
Fund balance, end of year	\$		3,050,027	

See accompanying notes to basic financial statements.

TOWN OF LISBON, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

		Private Purpose Trust Funds	Agency Fund Student Activity Funds
ASSETS			
Cash	\$	156,936	94,878
Total assets		156,936	94,878
LIABILITIES			
Amounts held for other groups		-	94,878
Total liabilities		-	94,878
NET POSITION			
Held in trust	\$	156,936	-

See accompanying notes to basic financial statements.

TOWN OF LISBON, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2014

		Private Purpose Trust Fund
Additions:		
Investment income	\$	815
Donations and other		22,110
Total additions		22,925
Deductions		
Scholarships		17,630
Total deductions		17,630
Change in net position		5,295
Net position, beginning of year		151,641
Net position, end of year	\$	156,936

See accompanying notes to basic 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 has one business-type activity which is not reported in the financial statements.

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 are 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.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, 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.

Private-purpose Trust Funds are used to account for resources legally held in trust for school department scholarships.

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, Deferred Inflows of Resources, 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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 Inflows 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.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- *Unassigned* – resources which have not been assigned to other funds and that have 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.

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, 2014:

	<u>Governmental Activities</u>
Capital assets, net of depreciation	\$ 25,211,873
Bonds, notes and capital leases payable	(11,342,009)
Add back: non-capital debt (IRP)	257,480
Add back: unspent bond proceeds	133,800
<u>Net investment in capital assets</u>	<u>\$ 14,261,144</u>

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are adopted for the General Fund (including the School Department) 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 school 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. The school budget needs to be approved by referendum vote by members of the Town.

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.

For the year ended June 30, 2014, expenditures exceeded appropriations in the following General Fund departments as shown on Statement 6:

Public works	\$ 425,231
Unclassified	12,729
Debt service – Town	1,039

The public works department was overspent for the year ended June 30, 2014; this was offset by unbudgeted revenue collected related to the Androscoggin River Trail, which amounted to \$873,843.

The following fund had a deficit fund balance at June 30, 2014:

School Bond Capital Project Fund	\$ 16,703
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This deficit is expected to be funded by future revenues or a transfer from the General Fund.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits

At June 30, 2014, deposits have been reported as "cash and cash equivalents" as follows:

Reported in governmental funds	\$ 4,714,440
Reported in private-purpose trust funds	156,936
Reported in agency funds	94,878
<u>Total deposits</u>	<u>\$ 4,966,254</u>

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

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

A. Deposits, continued

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, 2014, the Town reported deposits of \$4,966,254 with a bank balance of \$5,385,355. 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.

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, 2014, the Town has no equity investments.

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	\$ 372,672	-	-	372,672
Liens	135,790	-	-	135,790
Accounts	595,561	-	270,286	865,847
Intergovernmental	728,429	-	18,959	747,388
Notes	240,662	375,627	-	616,289
Allowance for uncollectible	-	(25,000)	(45,833)	(70,833)
<u>Net total receivables</u>	<u>\$ 2,073,114</u>	<u>350,627</u>	<u>243,412</u>	<u>2,667,153</u>

C. Property Tax

Property taxes for the current year were committed on September 3, 2013 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, 2014 was based, was \$453,144,697. The assessed value was 85% 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 \$121,171 for the year ended June 30, 2014.

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

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 unavailable revenues.

The following summarizes the 2014 and 2013 levies:

	<u>2014</u>	<u>2013</u>
Assessed value	\$ 453,144,697	452,348,477
Tax rate (per \$1,000)	23.00	22.26
Commitment	10,422,328	10,069,277
Supplemental taxes assessed	1,867	106
Total levy	10,424,195	10,069,383
Less: abatements	22,729	9,597
Less: collections	10,100,387	9,795,737
Receivable at end of year	301,079	264,049
Add: Prior taxes and liens receivable	207,383	201,134
<u>Total taxes/liens receivable</u>	<u>\$ 508,462</u>	<u>465,183</u>
Due date(s)	½ October 6, 2013 ½ March 17, 2014	½ September 15, 2012 ½ March 15, 2013
Interest rate on delinquent taxes	7%	7%
Collection rate	97%	97%

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 2013-2014 amounted to \$259,445 and has been reflected in a special revenue fund (economic development).

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>\$ 409,599</u>

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, 2014 was as follows:

	Balance June 30, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2014</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,048,575	-	-	1,048,575
<u>Construction in Progress</u>	<u>-</u>	<u>64,000</u>	<u>-</u>	<u>64,000</u>
Total capital assets, not being depreciated	1,048,575	64,000	-	1,112,575
Capital assets, being depreciated:				
Buildings	26,027,158	149,025	-	26,176,183
Equipment and vehicles	6,958,888	833,549	(93,007)	7,699,430
<u>Infrastructure</u>	<u>21,734,035</u>	<u>-</u>	<u>-</u>	<u>21,734,035</u>
Total capital assets being depreciated	54,720,081	982,574	(93,007)	55,609,648
Less accumulated depreciation for:				
Buildings	(13,238,733)	(622,077)	-	(13,860,810)
Equipment and vehicles	(4,202,972)	(386,884)	72,619	(4,517,237)
<u>Infrastructure</u>	<u>(12,687,685)</u>	<u>(444,618)</u>	<u>-</u>	<u>(13,132,303)</u>
Total accumulated depreciation	(30,129,390)	(1,453,579)	72,619	(31,510,350)
Total capital assets being depreciated, net	24,590,691	(471,005)	(20,388)	24,099,298
Governmental activities capital assets, net	\$ 25,639,266	(407,005)	(20,388)	25,211,873

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

Governmental activities:	
General government	\$ 122,114
Education	551,720
Public safety	140,463
<u>Public works, including depreciation of general infrastructure assets</u>	<u>639,282</u>
Total depreciation expense – governmental activities	\$1,453,579

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, 2014, these balances were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>
<u>General Fund</u>	\$ -	593,940
<u>Loan Program Fund</u>	-	86,978
Nonmajor Governmental Funds:		
DARE Program	24,069	-
Economic Development	3,349	-
School Nutrition	57,893	-
School Capital	76,452	-
School Federal and Other Programs	20,803	-
Treatment Plant	492,069	-
Recreational Land Use	6,283	-
<u>Total Nonmajor Governmental Funds</u>	<u>680,918</u>	<u>-</u>
<u>Totals</u>	<u>\$ 680,918</u>	<u>680,918</u>

Individual fund transfers for the year ended June 30, 2014 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
<u>General Fund</u>	<u>\$ 239,481</u>	<u>131,102</u>
Nonmajor Governmental Funds:		
School Nutrition Program	-	145,000
School Capital Funds	131,102	94,481
<u>Total nonmajor funds</u>	<u>131,102</u>	<u>239,481</u>
<u>Totals</u>	<u>\$ 370,583</u>	<u>370,583</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, 2014 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	\$ 11,487,368	-	1,012,969	10,474,399	1,014,151
Capital leases	208,321	916,957	257,668	867,610	206,627
Compensated absences	575,412	-	22,449	552,963	-
Total governmental activity					
<u>long-term liabilities</u>	<u>\$ 12,271,101</u>	<u>916,957</u>	<u>1,293,086</u>	<u>11,894,972</u>	<u>1,220,778</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	\$ 500,000	July 2026	1.00%	257,480
2004 Town Bond	May 2004	12,899,710	Nov. 2024	4.41%	7,094,845
2005 Town Bond	May 2005	368,000	Nov. 2020	1.50-3.70%	202,059
2005 Sewer Bond	Aug. 2004	350,000	Apr. 2024	1.93%	175,000
2006 Sewer Bond	Oct. 2005	500,000	Oct. 2025	1.43%	300,000
2006 Town Bond	Oct. 2006	540,000	Nov. 2021	1.8-6.25%	288,000
2009 Town Bond	May 2009	1,310,855	Nov. 2019	2.08-5.58%	786,515
2010 Town Bond	May 2010	1,070,000	Nov. 2030	2.06-5.56%	909,500
2011 School QSCB Bond	July 2010	350,000	July 2020	5.28%	245,000
2011 Town Bond	Oct. 2011	270,000	Nov. 2021	0.50-5.50%	216,000
<u>Total bonds and notes payable</u>					<u>\$ 10,474,399</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, respectively and carry interest rates of 2.05%, 3.0-5.0% and 2.06-5.56%, respectively. Balances at December 31, 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>
2015	\$ 1,014,151	360,126	1,374,277
2016	1,015,410	333,231	1,348,641
2017	1,016,715	295,666	1,312,381
2018	1,018,047	254,080	1,272,127
2019	1,019,443	216,745	1,236,188
2020-2024	4,258,788	581,834	4,840,622
2025-2029	1,024,845	49,609	1,074,454
2030-2031	107,000	3,420	110,420
Totals	\$ 10,474,399	2,094,711	12,569,110

Statutory Debt Limit - In accordance with 30-A MRS, Section 5701, 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, 2014, 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, 2014, 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 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, 2014:

Cruisers (Town)	\$ 120,844
Other School equipment	309,535
Other Town equipment	732,690

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, 2014:

Fiscal year	<u>School</u>	<u>Town</u>	<u>Total</u>
<u>June 30,</u>			
2015	\$ 80,812	155,935	236,747
2016	53,431	138,788	192,219
2017	24,963	108,414	133,377
2018	24,963	90,603	115,566
2019	-	71,803	71,803
<u>2020-2023</u>	<u>-</u>	<u>234,868</u>	<u>234,868</u>
Total minimum lease payments	184,169	800,411	984,580
<u>Less: amount representing interest</u>	<u>(9,543)</u>	<u>(107,427)</u>	<u>(116,970)</u>
Present value of future minimum			
<u>lease payments</u>	<u>\$ 174,626</u>	<u>692,984</u>	<u>867,610</u>

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 \$1,645,833 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, 2014, other fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Noncurrent receivables	\$ 240,662	-	-	-
Prepaid items	5,000	-	-	-
Education	-	417,452	-	-
Carryforward balances	-	-	-	741,080
Special Revenue Funds:				
Loan Program Fund (major)	350,627	699,705	-	-
Treatment Plant	-	-	696,660	-
Recreation Land Use	-	-	9,164	-
Economic Development	-	3,349	-	-
School Nutrition	21,752	76,640	-	-
School Federal and Other Programs	-	20,803	-	-
DARE	-	30,429	-	-
Capital Project Funds	-	-	76,445	-
Permanent Funds:				
Principal	705	-	-	-
Unexpended Income	-	25,120	-	-
Totals	\$ 618,746	1,273,498	782,269	741,080

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, 2014.

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, 2013	\$ 97,262
Incurred claims	454,651
Claims paid	<u>(485,258)</u>
Unpaid claims at June 30, 2014	<u>\$ 66,655</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 7.8% to 8.3% of the annual covered costs 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, 2014, June 30, 2013 and June 30, 2012, were equal to \$121,958, \$107,296 and \$78,707, 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 \$27,393 at June 30, 2013, 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 to contribute the unfunded actuarial liability portion of the employer contribution rate (13.03%) and the health and benefits component (2.33%) for a total of 15.36%. This amounted to \$1,062,771 for the fiscal year 2014. This amount has been reported as an intergovernmental revenue and education expense/expenditure in the GAAP basis financial statements (Statement 2 and 4). The School Department is required to contribute the normal cost of the employer contribution, which amounts to 2.65% of their compensation. The School Department is required to contribute the entire amount of the employer contribution for federally funded teachers, for which the School Department contributed 18.48%. This cost is charged to the applicable grant.

IV. RESTATEMENT OF FUND BALANCE / NET POSITION

During the year, the Town of Lisbon, Maine restated fund balance/net position to correct the presentation of private-purpose trusts, which were being reported as permanent funds. The restatement was as follows:

Governmental activities:

Net position, as previously stated	\$18,325,818
<u>Removal of private-purpose trusts</u>	<u>(151,641)</u>

<u>Net position, as restated</u>	<u>\$ 18,174,177</u>
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Permanent funds:

Fund balance as previously stated	\$ 154,683
<u>Removal of private-purpose trusts</u>	<u>(151,641)</u>

<u>Fund balance, as restated</u>	<u>\$ 3,042</u>
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GENERAL FUND

TOWN OF LISBON, MAINE
General Fund
Comparative Balance Sheet
June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 3,891,474	4,415,036
Receivables:		
Accounts	595,561	60,994
Intergovernmental	728,429	245,219
Taxes receivable - prior years	71,593	68,101
Taxes receivable - current year	301,079	264,049
Tax liens	135,790	133,033
Notes	240,662	249,438
Interfund loans receivable	-	110,358
Prepaid items	5,000	-
Total assets	5,969,588	5,546,228
LIABILITIES		
Accounts payable	580,932	687,568
Accrued payroll	1,215,093	1,155,291
Unearned revenue	26,798	20,004
Interfund loans payable	593,940	502,942
Self-insurance claim liability	66,655	97,262
Taxes collected in advance	26,544	17,170
Total liabilities	2,509,962	2,480,237
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	409,599	401,159
Total deferred inflows of resources	409,599	401,159
FUND BALANCE		
Nonspendable:		
Long-term notes receivable	240,662	249,438
Prepaid items	5,000	-
Restricted:		
Education	417,452	432,759
Assigned:		
For next year's Town budget	-	250,000
For carried forward appropriations	741,080	656,303
Unassigned	1,645,833	1,076,332
Total fund balance	3,050,027	2,664,832
Total liabilities, deferred inflows of resources and fund balance	\$ 5,969,588	5,546,228

TOWN OF LISBON, MAINE
General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
For the year ended June 30, 2014

	Town			School			2014 Combined		
	Final Budget	Actual	Variance positive (negative)	Final Budget	Actual	Variance positive (negative)	Budget	Actual	Variance positive (negative)
Revenues:									
Taxes:									
Property taxes	\$ 4,366,980	4,432,785	65,805	5,712,936	5,713,095	159	10,079,916	10,145,880	65,964
Excise taxes	1,255,000	1,336,549	81,549	-	-	-	1,255,000	1,336,549	81,549
Registration fees	25,200	29,485	4,285	-	-	-	25,200	29,485	4,285
Interest and costs on taxes	29,000	49,220	20,220	-	-	-	29,000	49,220	20,220
Total taxes	5,676,180	5,848,039	171,859	5,712,936	5,713,095	159	11,389,116	11,561,134	172,018
Licenses and permits:									
Business permits and fees	3,500	3,137	(363)	-	-	-	3,500	3,137	(363)
All other construction fees	4,000	4,192	192	-	-	-	4,000	4,192	192
Town clerk	16,000	20,285	4,285	-	-	-	16,000	20,285	4,285
Total licenses and permits	23,500	27,614	4,114	-	-	-	23,500	27,614	4,114
Intergovernmental:									
Education subsidies	-	-	-	8,364,560	8,539,848	175,288	8,364,560	8,539,848	175,288
State revenue sharing	570,000	582,128	12,128	-	-	-	570,000	582,128	12,128
General assistance	20,000	12,133	(7,867)	-	-	-	20,000	12,133	(7,867)
Tree growth reimbursement	8,000	13,074	5,074	-	-	-	8,000	13,074	5,074
BETE reimbursement	102,202	102,258	56	-	-	-	102,202	102,258	56
Homestead reimbursement	217,862	159,788	(58,074)	-	-	-	217,862	159,788	(58,074)
Miscellaneous state aid	8,000	31,279	23,279	-	-	-	8,000	31,279	23,279
Urban rural incentive program	106,000	108,225	2,225	-	-	-	106,000	108,225	2,225
Androscoggin river trail project	-	873,843	873,843	-	-	-	-	873,843	873,843
Veteran reimbursement	8,000	10,142	2,142	-	-	-	8,000	10,142	2,142
Total intergovernmental	1,040,064	1,892,870	852,806	8,364,560	8,539,848	175,288	9,404,624	10,432,718	1,028,094
Charges for services:									
Police - report fees, court fees	77,000	70,251	(6,749)	-	-	-	77,000	70,251	(6,749)
Animal control	38,811	36,759	(2,052)	-	-	-	38,811	36,759	(2,052)
School	-	-	-	11,309	15,814	4,505	11,309	15,814	4,505
Total charges for services	115,811	107,010	(8,801)	11,309	15,814	4,505	127,120	122,824	(4,296)
Investment income	5,000	10,422	5,422	-	13,498	13,498	5,000	23,920	18,920
Other revenues:									
MTM center	6,000	5,825	(175)	-	-	-	6,000	5,825	(175)
Recycling	125,000	103,984	(21,016)	-	-	-	125,000	103,984	(21,016)
Library	2,000	3,260	1,260	-	-	-	2,000	3,260	1,260
Recreation department	112,750	130,873	18,123	-	-	-	112,750	130,873	18,123
Parks department	10,000	13,149	3,149	-	-	-	10,000	13,149	3,149
Other revenues	1,800	6,560	4,760	-	7,087	7,087	1,800	13,647	11,847
Total other revenues	257,550	263,651	6,101	-	7,087	7,087	257,550	270,738	13,188
Total revenues	7,118,105	8,149,606	1,031,501	14,088,805	14,289,342	200,537	21,206,910	22,438,948	1,232,038

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, 2014

	Town			School			2014 Combined		
	Final Budget	Actual	Variance positive (negative)	Final Budget	Actual	Variance positive (negative)	Budget	Actual	Variance positive (negative)
Expenditures:									
Current:									
General government:									
Elected officials	\$ 19,580	19,741	(161)	-	-	-	19,580	19,741	(161)
Town Manager	162,385	193,181	(30,796)	-	-	-	162,385	193,181	(30,796)
Insurance	810,380	622,817	187,563	-	-	-	810,380	622,817	187,563
Legal	40,000	66,107	(26,107)	-	-	-	40,000	66,107	(26,107)
Finance	110,843	113,289	(2,446)	-	-	-	110,843	113,289	(2,446)
Tax Collector	116,330	107,787	8,543	-	-	-	116,330	107,787	8,543
Code enforcement	74,850	67,423	7,427	-	-	-	74,850	67,423	7,427
Town clerk	116,136	106,829	9,307	-	-	-	116,136	106,829	9,307
Assessing	164,740	131,597	33,143	-	-	-	164,740	131,597	33,143
Town buildings	272,595	237,858	34,737	-	-	-	272,595	237,858	34,737
Technology	143,900	139,146	4,754	-	-	-	143,900	139,146	4,754
Planning Board	8,000	3,723	4,277	-	-	-	8,000	3,723	4,277
Board of Appeals	1,625	740	885	-	-	-	1,625	740	885
Maine PERS	120,000	121,958	(1,958)	-	-	-	120,000	121,958	(1,958)
Social security	218,000	211,857	6,143	-	-	-	218,000	211,857	6,143
Total general government	2,379,364	2,144,053	235,311	-	-	-	2,379,364	2,144,053	235,311
Public safety:									
Police	1,025,422	927,050	98,372	-	-	-	1,025,422	927,050	98,372
Animal control officer	72,365	70,566	1,799	-	-	-	72,365	70,566	1,799
Fire	527,209	338,732	188,477	-	-	-	527,209	338,732	188,477
Communication	273,305	277,787	(4,482)	-	-	-	273,305	277,787	(4,482)
Total public safety	1,898,301	1,614,135	284,166	-	-	-	1,898,301	1,614,135	284,166
Public works:									
Public works	830,368	749,505	80,863	-	-	-	830,368	749,505	80,863
Snow removal	149,450	243,582	(94,132)	-	-	-	149,450	243,582	(94,132)
Hydrant rental	292,000	290,857	1,143	-	-	-	292,000	290,857	1,143
Street and traffic lights	93,500	113,673	(20,173)	-	-	-	93,500	113,673	(20,173)
Engineer	262,969	733,575	(470,606)	-	-	-	262,969	733,575	(470,606)
Solid waste	475,092	397,418	77,674	-	-	-	475,092	397,418	77,674
Total public works	2,103,379	2,528,610	(425,231)	-	-	-	2,103,379	2,528,610	(425,231)
Public services:									
Health officer	10,200	10,115	85	-	-	-	10,200	10,115	85
Community services - senior citizens	37,250	31,823	5,427	-	-	-	37,250	31,823	5,427
Lisbon Falls Library	177,732	160,945	16,787	-	-	-	177,732	160,945	16,787
Miscellaneous public service	12,800	12,617	183	-	-	-	12,800	12,617	183
Conservation commission	575	128	447	-	-	-	575	128	447
Contingency and grant matches	10,000	607	9,393	-	-	-	10,000	607	9,393
Recreation department	220,780	215,107	5,673	-	-	-	220,780	215,107	5,673
Parks department	101,646	93,023	8,623	-	-	-	101,646	93,023	8,623
Total public services	570,983	524,365	46,618	-	-	-	570,983	524,365	46,618

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, 2014

	Town			School			2014 Combined		
	Final Budget	Actual	Variance positive (negative)	Final Budget	Actual	Variance positive (negative)	Budget	Actual	Variance positive (negative)
Expenditures, continued:									
Current, continued:									
General assistance	\$ 31,100	25,436	5,664	-	-	-	31,100	25,436	5,664
Intergovernmental - county tax	542,800	542,737	63	-	-	-	542,800	542,737	63
Education:									
Regular instruction	-	-	-	5,552,856	5,543,257	9,599	5,552,856	5,543,257	9,599
Special education	-	-	-	2,263,551	2,217,758	45,793	2,263,551	2,217,758	45,793
Other instruction	-	-	-	378,418	370,110	8,308	378,418	370,110	8,308
Student and support staff	-	-	-	1,203,095	1,191,354	11,741	1,203,095	1,191,354	11,741
System administration	-	-	-	474,214	465,773	8,441	474,214	465,773	8,441
School administration	-	-	-	733,358	726,155	7,203	733,358	726,155	7,203
Transportation	-	-	-	685,088	680,615	4,473	685,088	680,615	4,473
Facilities and maintenance	-	-	-	1,671,301	1,670,478	823	1,671,301	1,670,478	823
Career and technical	-	-	-	17,297	17,297	-	17,297	17,297	-
Adult education	-	-	-	159,647	153,505	6,142	159,647	153,505	6,142
All other expenditures	-	-	-	327,519	327,512	7	327,519	327,512	7
Debt service	-	-	-	1,000,153	1,000,152	1	1,000,153	1,000,152	1
Total education	-	-	-	14,466,497	14,363,966	102,531	14,466,497	14,363,966	102,531
Unclassified:									
Tax abatements	10,000	22,729	(12,729)	-	-	-	10,000	22,729	(12,729)
Total unclassified	10,000	22,729	(12,729)	-	-	-	10,000	22,729	(12,729)
Debt service:									
Town	346,000	347,039	(1,039)	-	-	-	346,000	347,039	(1,039)
Total debt service	346,000	347,039	(1,039)	-	-	-	346,000	347,039	(1,039)
Total expenditures	7,881,927	7,749,104	132,823	14,466,497	14,363,966	102,531	22,348,424	22,113,070	235,354
Excess (deficiency) of revenues over (under) expenditures	(763,822)	400,502	1,164,324	(377,692)	(74,624)	303,068	(1,141,514)	325,878	1,467,392

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, 2014

	Town			School			2014 Combined		
	Final Budget	Actual	Variance positive (negative)	Final Budget	Actual	Variance positive (negative)	Budget	Actual	Variance positive (negative)
Other financing sources (uses):									
Transfer in - special revenue funds	\$ -	-	-	259,481	145,000	(114,481)	259,481	145,000	(114,481)
Transfer in - capital reserve fund	-	-	-	-	94,481	94,481	-	94,481	94,481
Transfer out - capital reserve fund	-	-	-	-	(131,102)	(131,102)	-	(131,102)	(131,102)
Carryforward balances:									
Use of assigned fund balance	513,822	-	(513,822)	-	-	-	513,822	-	(513,822)
Budgeted use of surplus	250,000	-	(250,000)	118,211	-	(118,211)	368,211	-	(368,211)
Total other financing sources (uses)	763,822	-	(763,822)	377,692	108,379	(269,313)	1,141,514	108,379	(1,033,135)
Net change in fund balance (budgetary basis)	-	400,502	400,502	-	33,755	33,755	-	434,257	434,257
Reconciliation to GAAP basis									
Accrual for sick payout		-			(34,019)			(34,019)	
Accrued MEPEERS wages		-			(15,043)			(15,043)	
Net change in fund balance (GAAP basis)		400,502			(15,307)			385,195	
Fund balances, beginning of year		2,232,073			432,759			2,664,832	
Fund balances, end of year	\$	2,632,575			417,452			3,050,027	

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.

Treatment Plant -	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 drug awareness education
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 program
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 Funds -	To account for the acquisition of capital assets or construction of major capital projects
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PERMANENT FUNDS

The permanent funds are 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.

TOWN OF LISBON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds	Capital Project Fund	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 10,458	-	25,825	36,283
Accounts receivable, net of \$45,833 allowance	224,453	-	-	224,453
Due from other governments	18,959	-	-	18,959
Interfund loans receivable	604,466	76,452	-	680,918
Inventory	21,752	-	-	21,752
Total assets	\$ 880,088	76,452	25,825	982,365
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	15,763	16,710	-	32,473
Accrued payroll	5,528	-	-	5,528
Total liabilities	21,291	16,710	-	38,001
Fund balances:				
Nonspendable:				
Inventory	21,752	-	-	21,752
Principal	-	-	705	705
Restricted:				
School lunch	76,640	-	-	76,640
Grants	51,232	-	-	51,232
Special revenue	3,349	-	-	3,349
Permanent fund	-	-	25,120	25,120
Committed:				
Sewer	696,660	-	-	696,660
Capital projects	-	76,445	-	76,445
Other	9,164	-	-	9,164
Unassigned	-	(16,703)	-	(16,703)
Total fund balances	858,797	59,742	25,825	944,364
Total liabilities and fund balances	\$ 880,088	76,452	25,825	982,365

TOWN OF LISBON, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2014

	Special Revenue Funds	Capital Project Fund	Permanent Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 259,445	-	-	259,445
Intergovernmental revenue	1,094,603	-	-	1,094,603
Charges for services	1,160,616	-	-	1,160,616
Investment income	11	-	96	107
Other	75,914	-	23,087	99,001
Total revenues	2,590,589	-	23,183	2,613,772
Expenditures:				
Current:				
General government	259,445	-	-	259,445
Public works	872,063	-	-	872,063
Public services	10,669	-	400	11,069
Education	770,558	-	-	770,558
Food service	387,690	-	-	387,690
Capital outlay	-	16,710	-	16,710
Total expenditures	2,300,425	16,710	400	2,317,535
Excess (deficiency) of revenues over (under) expenditures	290,164	(16,710)	22,783	296,237
Other financing sources (uses):				
Transfers (to) from other funds	(145,000)	36,621	-	(108,379)
Total other financing sources (uses)	(145,000)	36,621	-	(108,379)
Net change in fund balances	145,164	19,911	22,783	187,858
Fund balances, beginning of year restated	713,633	39,831	3,042	756,506
Fund balances, end of year	\$ 858,797	59,742	25,825	944,364

TOWN OF LISBON, MAINE
Combining Balance Sheet
Other Nonmajor Funds
June 30, 2014

	Special Revenue Funds						Capital Project Funds	Totals
	Treatment Plant	Recreation Land Use	DARE Program	Economic Development	School Nutrition Program	School Federal and Other programs	School Capital Funds	
ASSETS								
Cash and cash equivalents	\$ -	2,881	7,577	-	-	-	-	10,458
Accounts receivable, net of \$45,833 allowance in Treatment Plant	224,453	-	-	-	-	-	-	224,453
Due from other governments	-	-	-	-	18,959	-	-	18,959
Interfund loans receivable	492,069	6,283	24,069	3,349	57,893	20,803	76,452	680,918
Inventory	-	-	-	-	21,752	-	-	21,752
Total assets	\$ 716,522	9,164	31,646	3,349	98,604	20,803	76,452	956,540
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses	15,551	-	-	-	212	-	16,710	32,473
Accrued payroll	4,311	-	1,217	-	-	-	-	5,528
Total liabilities	19,862	-	1,217	-	212	-	16,710	38,001
Fund balances:								
Nonspendable:								
Inventory	-	-	-	-	21,752	-	-	21,752
Restricted:								
School lunch	-	-	-	-	76,640	-	-	76,640
Grants	-	-	30,429	-	-	20,803	-	51,232
Special revenue	-	-	-	3,349	-	-	-	3,349
Committed:								
Sewer	696,660	-	-	-	-	-	-	696,660
Capital projects	-	-	-	-	-	-	76,445	76,445
Other	-	9,164	-	-	-	-	-	9,164
Unassigned	-	-	-	-	-	-	(16,703)	(16,703)
Total fund balances	696,660	9,164	30,429	3,349	98,392	20,803	59,742	918,539
Total liabilities and fund balances	\$ 716,522	9,164	31,646	3,349	98,604	20,803	76,452	956,540

TOWN OF LISBON, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Nonmajor Funds
For the year ended June 30, 2014

	Special Revenue Funds						Capital Project Funds	Totals
	Treatment Plant	Recreation Land Use	DARE Program	Economic Development	School Nutrition Program	School Federal and Other programs	School Capital Funds	
Revenues:								
Property tax revenue	\$ -	-	-	259,445	-	-	-	259,445
Intergovernmental revenue	-	-	-	-	362,861	731,742	-	1,094,603
Charges for services	982,366	-	-	-	178,250	-	-	1,160,616
Investment income	-	3	8	-	-	-	-	11
Other	-	2,058	28,037	3,868	-	41,951	-	75,914
Total revenues	982,366	2,061	28,045	263,313	541,111	773,693	-	2,590,589
Expenditures:								
Current:								
General government	-	-	-	259,445	-	-	-	259,445
Public works	872,063	-	-	-	-	-	-	872,063
Public services and payments	-	-	10,669	-	-	-	-	10,669
Education	-	-	-	-	-	770,558	-	770,558
Food service	-	-	-	-	387,690	-	-	387,690
Capital outlay	-	-	-	-	-	-	16,710	16,710
Total expenditures	872,063	-	10,669	259,445	387,690	770,558	16,710	2,317,135
Excess (deficiency) of revenues over (under) expenditures	110,303	2,061	17,376	3,868	153,421	3,135	(16,710)	273,454
Other financing sources (uses):								
Transfers (to) from other funds	-	-	-	-	(145,000)	-	36,621	(108,379)
Total other financing sources (uses)	-	-	-	-	(145,000)	-	36,621	(108,379)
Net change in fund balances	110,303	2,061	17,376	3,868	8,421	3,135	19,911	165,075
Fund balances (deficit), beginning of year	586,357	7,103	13,053	(519)	89,971	17,668	39,831	753,464
Fund balances, end of year	\$ 696,660	9,164	30,429	3,349	98,392	20,803	59,742	918,539

TOWN OF LISBON, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the year ended June 30, 2014

	Fund balances, (restated) 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	-	5	-	75	299
Davis Cemetery Perpetual Care	-	-	93	23,082	400	-	22,775
Maine Research Company Charity Fund	630	2,043	3	-	-	630	2,046
Total permanent funds	\$ 705	2,337	96	23,087	400	705	25,120

TOWN OF LISBON, MAINE
Combining Statement of Changes in Fiduciary Net Position
Private-purpose Trust Funds
For the year ended June 30, 2014

	Net Position beginning of year	Additions		Deductions	Net Position end of year
		Interest earned	Donations and other	Scholarships	
Private-purpose trusts:					
School:					
Kevin Curtis Memorial Scholarship	\$ 415	1	-	-	416
Arthur Barron	621	-	-	500	121
Blanche M. Jalbert Fund	5,500	19	-	-	5,519
Bruce McEwen Rotary Scholarship	13,432	48	-	100	13,380
Class of 1941 Scholarship Fund	22,386	291	-	200	22,477
Dunton Memorial	3,785	19	-	-	3,804
Earl Higgins Memorial	4,315	4	-	150	4,169
Edna D. Purington Memorial Scholarship Award	606	-	-	606	-
Farmer	8,978	19	3,440	2,750	9,687
Frank Wimmer Trust	12,786	15	7,175	2,000	17,976
Peggy McGraw	3,476	13	300	500	3,289
Leon E. Bard, Sr. Memorial Music Scholarship Award	2,842	42	-	-	2,884
Lisbon High School Memorial Library Fund	8,617	200	-	200	8,617
Marion T. Morse Secretarial Award	1,549	2	-	100	1,451
Maude Frow Fund	4,352	16	-	-	4,368
Michael F. Strout Memorial Scholarship Fund	5,060	8	-	278	4,790
Richard S. Ladner Scholarship Fund	6,310	8	10,195	500	16,013
Sugg Middle School Trust Fund	7,360	-	1,000	7,675	685
Summer Camp	71	-	-	71	-
Thompson Memorial Fund	3,299	14	-	-	3,313
Walter Huston Memorial Scholarship	35,881	96	-	2,000	33,977
Total private-purpose trusts	\$ 151,641	815	22,110	17,630	156,936