

Town of Standish
Annual Financial Statements



As of and for the Year Ended
June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

Town Council and Manager
Town of Standish, 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 Standish, Maine as of and for the year ended June 30, 2016, 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

The Town's 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. 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Standish, Maine as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 – 14 and 39 – 44 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Standish, Maine's basic financial statements. Schedules 2 through 12 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules 2 through 12 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. In our opinion, Schedules 2 through 12 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Certified Public Accountants

December 7, 2016



Town of Standish

Management Discussion and Analysis

The Town of Standish (the Town) provides this Management Discussion and Analysis to present additional information to the readers of the Town's basic financial statements. This narrative overview and analysis of the financial activities of the Town is for the fiscal year ended June 30, 2016. Readers are encouraged to consider this information in conjunction with the additional information that is furnished in the Town's basic financial statements, required supplementary information, and other supplementary information.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's financial statements. The Town's basic financial statements include three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains required supplementary information that provides budgetary comparisons with actual results. The components of the financial statements are described in the following sections.

Basic Financial Statements

The basic financial statements include two types of financial statements that present different views of the Town – the Government-wide Financial Statements and the Fund Financial Statements. The Notes to the Basic Financial Statements supplement the financial statement information and clarify line items that are part of the financial statements.

Government-wide Financial Statements

The Government-wide Financial Statements provide a broad view of the Town's operations in a manner similar to a private sector business. The statements provide both short-term and long-term information about the Town's financial position, which assists in assessing the Town's economic condition at the end of the fiscal year. These are prepared using the economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The Government-wide Financial Statements include two statements:

- The *Statement of Net Position* presents all of the government's assets, liabilities, and deferred inflows of resources, with the difference between total assets and the sum of total liabilities and total deferred inflows of resources reported as total net position. Over time, increases or decreases in the Town's net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the Town.

Both of the above financial statements present the net position and activities of *governmental activities*. Governmental activities are those activities that are mostly supported by taxes and intergovernmental revenues (federal and state grants), and are the only major category of activities carried on by the Town.

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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, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Fund Financial Statements focus on individual parts of the Town government, reporting the Town's operations in more detail than the Government-wide Financial Statements. The Town maintains only two categories of funds: governmental funds and fiduciary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds

All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, the Governmental Fund Financial Statements focus on near term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual (i.e., measurable and available to liquidate liabilities of the current period). Expenditures are generally recorded when liabilities are incurred, except for those related to long-term liabilities, which are recorded when due and payable. These statements provide a detailed short term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of 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 government's near term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town presents three columns in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The Town's town major governmental funds are the General Fund and the 2016 Capital Projects Fund. All non-major governmental funds are combined in the "Other Governmental Funds" column on these statements.

Fiduciary Funds

These funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the Government-wide Financial Statements because the resources of these funds are not available to support the Town's own programs.

The Town's sole fiduciary fund is an Agency Fund that accounts for money held and administered by the Town on behalf of third parties.

Town of Standish
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Current Year Financial Highlights

- The Town's property values increased in taxable valuation from \$991,046,054 to \$998,730,658, an overall increase of \$7,684,604 – an increase of just under 0.8%.
- The Town's mil-rate increased from \$12.15 in fiscal year 2015 to \$12.79 in fiscal year 2016, an increase of \$0.64 per thousand.
- The Town's assets exceeded its liabilities and deferred inflows of resources by \$33,353,986 as of the end of the fiscal year. This year's total net position includes an unrestricted portion totaling \$4,457,746 (an increase from prior year of \$536,428), which may be used to meet the Town's ongoing obligations to employees, citizens, and creditors.
- The Town's operations for this year resulted in an increase in net position of \$585,592. The Town's net expenses of \$14,759,899 were completely offset by general revenues of \$15,272,154 and extraordinary income of \$73,337.
- Total governmental activities' expenses in fiscal year 2016 were up by \$430,439 from fiscal year 2015. Also, total governmental activities' revenues in fiscal year 2016 were up by \$1,088,203 from fiscal year 2015.
- In the General Fund, the Town's unassigned fund balance increased by \$422,929 from June 30, 2015 to June 30, 2016. This is attributable to a combination of a \$751,473 increase resulting from revenues, expenditures, and extraordinary income, a decrease from transferring out \$99,889 to other funds, and a net decrease of \$228,665 from transfers to other components of fund balance. The increases in other fund balance components includes \$189,121 in the Town's bond levelization reserve and a \$73,337 increase in a new economic development reserve.
- The Town's policy for a target level of the General Fund's unassigned fund balance is 16.67% of the approved appropriations for the municipal budget. For fiscal year 2016, the original approved appropriations totaled \$16,762,222 rendering the target level \$2,793,704. At year end, the unassigned fund balance of \$3,013,129 was \$219,425 above this target level.
- At the close of the current fiscal year, the Town's General Fund's unassigned fund balance as a percentage of the General Fund's expenditures for the fiscal year was 18.67% – up from 16.57% in the prior year.
- The Town's total bonded and other long-term debt increased by \$768,088 during the current fiscal year. Current year debt issues were \$1,461,746 while debt repayments were \$693,658.

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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's net position totaled \$33.4 million at the end of fiscal year 2016, compared to \$32.8 million at the end of fiscal year 2015.

Table A
Town of Standish
Condensed Statement of Net Position
As of June 30, 2016 and 2015

	2016	2015	\$ Change	% Change
Current assets	\$ 6,638,255	\$ 4,719,733	\$ 1,918,522	40.6%
Capital assets, net	<u>32,572,209</u>	<u>32,331,719</u>	<u>240,490</u>	0.7%
Total assets	39,210,464	37,051,452	2,159,012	5.8%
Current liabilities	1,252,963	1,101,163	151,800	13.8%
Long-term liabilities	<u>4,591,632</u>	<u>4,021,084</u>	<u>570,548</u>	14.2%
Total liabilities	5,844,595	5,122,247	722,348	14.1%
Deferred inflows of resources	<u>11,883</u>	<u>5,424</u>	<u>6,459</u>	119.1%
Net investment in capital assets	27,175,001	27,704,640	(529,639)	-1.9%
Restricted	1,703,239	1,124,436	578,803	51.5%
Unrestricted	<u>4,475,746</u>	<u>3,939,318</u>	<u>536,428</u>	13.6%
Total net position	<u>\$33,353,986</u>	<u>\$32,768,394</u>	<u>\$ 585,592</u>	1.8%

The significant change in current assets is due primarily to cash from new bond funds for capital projects that had not been expended by year end. The additional debt issues contributed largely to the decrease in net investment in capital assets despite net book value increases in capital assets. Likewise, the unexpended portion of those new bond funds contributed to the significant increase in restricted net position because they can only be used for capital projects.

The Town's net position has increased by \$513,420 since the beginning of fiscal year 2015 (the last two fiscal periods). However, the change in net investment in capital assets, over the last two fiscal years, has been a decrease of \$1,683,980, leaving the restricted and unrestricted portions to have net increases over the timeframe of \$1,322,285 and \$875,115, respectively.

Town of Standish
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Table B
Town of Standish
Condensed Statement of Activities
For the Year Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Charges for services	\$ 1,243,368	\$ 1,188,716	\$ 54,652	4.6%
Operating grants and contributions	<u>390,268</u>	<u>327,091</u>	<u>63,177</u>	19.3%
Total program revenues	1,633,636	1,515,807	117,829	7.8%
 Taxes	 14,604,035	 13,701,104	 902,931	 6.6%
Intergovernmental	527,235	544,097	(16,862)	-3.1%
Other	<u>140,884</u>	<u>129,916</u>	<u>10,968</u>	8.4%
Total general revenues	15,272,154	14,375,117	897,037	6.2%
 Extraordinary items	 <u>73,337</u>	 <u>-</u>	 <u>73,337</u>	 N/A
Total revenues	16,979,127	15,890,924	1,088,203	6.8%
 General government	 1,155,981	 1,151,914	 4,067	 0.4%
Public safety	1,614,714	1,691,165	(76,451)	-4.5%
General assistance	32,263	41,756	(9,493)	-22.7%
Public works	2,371,337	2,432,897	(61,560)	-2.5%
Community service	374,563	451,484	(76,921)	-17.0%
Capital outlay	1,322	-	1,322	N/A
Benefits and insurance	687,037	666,444	20,593	3.1%
Fixed charges	10,115,590	9,497,981	617,609	6.5%
Overlay and bad debt	<u>40,728</u>	<u>29,455</u>	<u>11,273</u>	38.3%
Total expenses	<u>16,393,535</u>	<u>15,963,096</u>	<u>430,439</u>	2.7%
 Change in net position	 <u>\$ 585,592</u>	 <u>\$ (72,172)</u>	 <u>\$ 657,764</u>	 -911.4%

Overall, total revenues were up in fiscal year 2016 compared to fiscal year 2015 by just under 7%. Most of this increase came from property and excise taxes. Total expenses was up by 2.7%. This disparity led to an increase in net position of \$585,592, compared to 2015's results – a \$72,172 decrease in net position.

Chart A on the following page shows the relative sizes of revenues based on their source. The largest source of revenues is, of course, taxes at 86%, followed by charges for services at 7%.

Chart B on the following page shows the relative sizes of expenses based on the program. Fixed charges, which includes education, county tax, and debt interest, takes up the largest share of expenses at 62%. Public works is second, consuming 15% of expenses.

Town of Standish
Management Discussion and Analysis
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Chart A
Revenues by Source

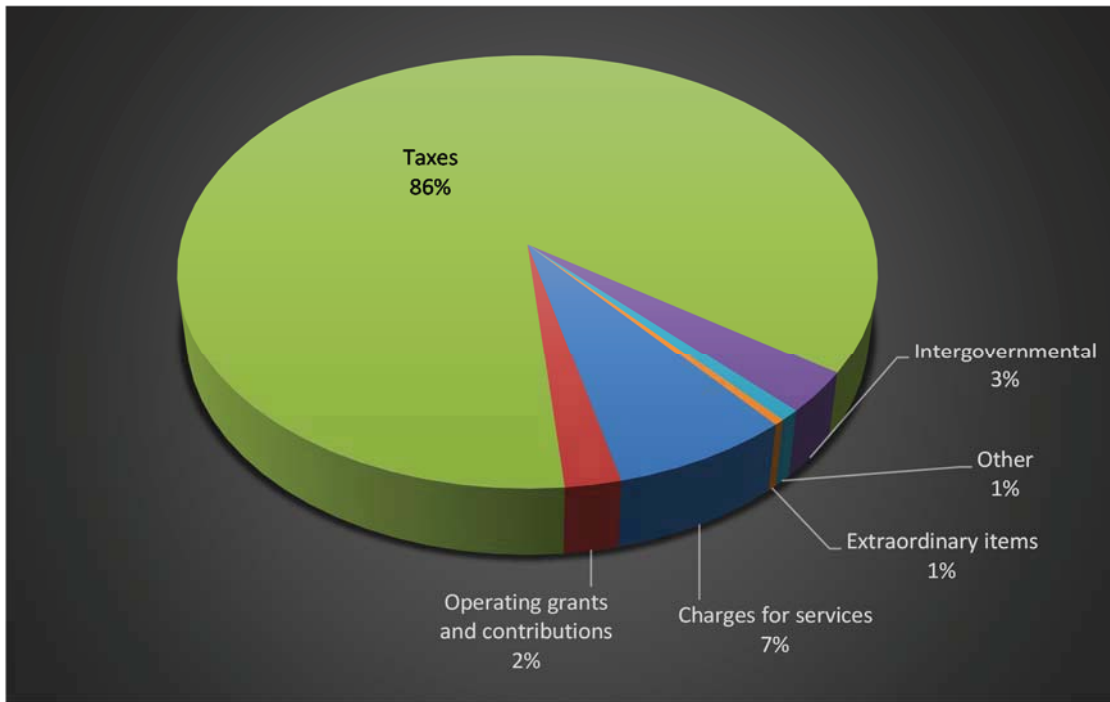
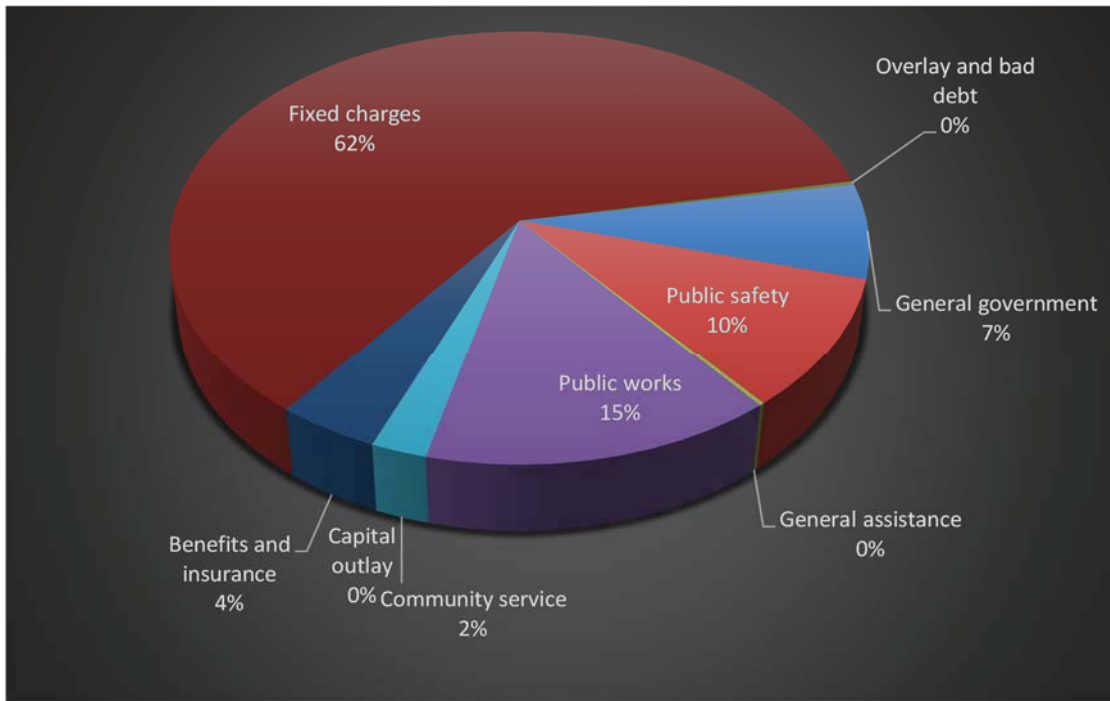


Chart B
Expenses by Program



Town of Standish
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Analysis of the Town's Governmental Funds

As noted earlier, the Town of Standish uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Town's governmental funds is on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the fiscal year.

General Fund

The General Fund's net change in fund balance for the year was an increase of \$664,961, compared to a fiscal year 2015 decrease of \$166,357. Furthermore, the unassigned fund balance had a net increase for the year of \$422,929, compared to a fiscal year 2015 decrease of \$299,712. The reason for the current year increase in the unassigned fund balance was a combination of results of operations (\$751,473 surplus for the unassigned component alone), allocations of funds between the unassigned fund balance and other fund balance components (\$228,655 in net allocations out of the unassigned fund balance), and transfers out to other governmental funds (\$99,889, net).

As noted in the financial highlights section, the General Fund's unassigned fund balance ended the fiscal year at \$219,425 above the target level, as determined by Town policy. This target balance is improved from fiscal year 2015, which ended at \$276,683 below the target level.

Of the other components of the General Fund's fund balance, the most significant changes were in the bond levelization reserve and the economic development reserve. The bond levelization reserve (a committed fund balance) increased by \$189,448 – a combination of setting aside \$189,121 in fund balance to offset future debt service costs and \$327 in interest income on reserve monies. The economic development reserve is a new committed fund balance, created in fiscal year 2016 from the proceeds of the Ecomaine land sale (reported as an extraordinary item on the financial statements). This reserve was increased by \$73,337.

Other significant changes in the General Fund's fund balance components include a \$35,432 increase in nonspendable fund balance as result of increases in inventories and prepaid expenses from the prior year, and a decrease of \$82,235 in the assigned fund balance as a result of carrying forward to fiscal year 2017 less unexpended appropriations than had been carried forward into fiscal year 2016, and the Town decreasing its budgeted deficit from \$400,000 for fiscal year 2016 to \$350,000 for fiscal year 2017.

2016 Capital Projects Fund

The 2016 Capital Projects Fund's was created during the fiscal year from issuing \$1,461,746 in new debt to pay for a variety of capital improvement projects. The Town expended a total of \$489,990 on those planned projects during fiscal year 2016 and plan to complete the remaining projects in the coming fiscal years. Each year, the Town budgets for capital improvement projects which are approved at the annual town meeting.

Other Governmental Funds

All other governmental funds are composed of nonmajor special revenue funds, capital projects funds, and permanent funds. Total special revenue funds' balances increased by \$33,822, total capital projects funds' balances decreased by \$302,023, and total permanent funds' balances increased by \$37. The fund balances of special revenue funds simply represent unexpended grant and other specially designated funds. The fund balances of capital projects funds represent expended bond funds issued for capital improvement projects. The fund balances of permanent funds represent nonspendable and restricted portions of funds endowed to the Town for specified uses. In fiscal year 2015, the combined change in fund balances for other governmental funds was an increase of \$35,046.

Town of Standish
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General Fund Budgetary Highlights

The municipal budget approves appropriations for both the General Fund and the Capital Projects Fund. The Capital Projects Fund portion is budgeted to be funded primarily through new bond issues. The original budget, as adopted by the Town on June 13, 2015, budgeted a deficit of \$400,000 that was to be covered through the use of fund balance.

The variances between the original budget and the final budget were as follows:

- General Government increased by \$25,946 from fiscal year 2015 unexpended appropriations being carried forward
- Community Service increased by \$7,562 for expenditures from committed funds for their designated purposes.
- Capital Outlay increased by \$75,727 from fiscal year 2015 unexpended appropriations being carried forward.
- Fixed Charges decreased by \$189,121 to commit funds into the bond levelization reserve.
- Overlay and Bad Debts increased by \$27,993 as a result of updated estimates of revenue when the taxes were committed.
- Transfers out to other funds increased by \$43,787 as a result of a Town Council order to create a new recreation special revenue fund.

As a result of the changes above, the final budget reduced the budgeted deficit to \$363,901.

In analyzing comparisons between the final budget and actual results, revenues came in at \$260,008 above budget, driven mostly by \$35,598 in supplemental taxes and \$222,054 more in vehicle excise taxes than anticipated. Other revenue line items were over and under budget by varying degrees and, generally, positive variances offset negative variances.

On the expenditures side, no departments were over-expended and actual expenditures were lower than budgeted expenditures by \$530,014. The departments with the largest budget-to-actual variances were General Government (\$130,530 and 9.6% under budget), Public Works (\$144,627 and 8.4% under budget), Public Safety (\$81,333 and 5.4% under budget), and Benefits and Insurance (\$76,226 and 10.0% under budget).

Additionally, the Town reported an extraordinary income of \$73,337 from proceeds from the Ecomaine land sale.

As a result of revenues coming in over budget, expenditures coming in under budget, and the extraordinary income, the Town experienced a surplus of \$499,458, on a budgetary basis (which differs from the GAAP basis used to measure performance in the basic financial statements, and as explained in the notes to the required supplementary information). This surplus represents a positive variance of \$863,359 between the final budget and actual performance.

Town of Standish
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Capital Assets and Long-term Debt Activity

Capital Assets

The Town's investment in capital assets for governmental activities, as of June 30, 2016, has a net book value of \$32.6 million, made up of costs totaling \$58.1 million less accumulated depreciation of \$25.5 million. This investment includes land, buildings, land improvements, machinery and equipment, and infrastructure. Infrastructure assets are items that are normally immovable and have value only to the Town, such as roads, bridges, streets, sidewalks, drainage systems, lighting systems, and similar items.

The total decrease in the Town's investment in capital assets for the current fiscal year was \$240,491. This is a combination of \$1,916,641 in new acquisitions and constructions and \$1,676,150 in depreciation expense. Additionally the Town disposed of assets with a historical cost of \$24,377, but that had a net book value of \$0. Therefore, no gain or loss was recognized on the disposal and the disposal had no net effect on the net book value of total capital assets.

Table C
Capital Assets Net Book Value Comparisons
As of June 30, 2016 and 2015

	2016	2015	\$ Change	% Change
Land	\$ 797,244	\$ 797,244	\$ -	0.0%
Construction in progress	316,468	151,396	165,072	109.0%
Buildings	3,270,366	3,351,053	(80,687)	-2.4%
Land improvements	125,787	1,312	124,475	9487.4%
Machinery and equipment	2,303,329	2,220,536	82,793	3.7%
Infrastructure	<u>25,759,015</u>	<u>25,810,177</u>	<u>(51,162)</u>	-0.2%
Totals	<u>\$ 32,572,209</u>	<u>\$ 32,331,718</u>	<u>\$ 240,491</u>	0.7%

Chart C on the following page shows the composition of capital assets and their each classes' relative size to others. Infrastructure is, by far, the largest class of capital assets, making up 79% of total capital assets. The next largest asset class is buildings, at 10%.

Chart D on the following page provides a graphical depiction of how much of each asset class' total cost has been expensed as depreciation, as of June 30, 2016. The entire pie represents total cost, the red portion represents net book value (or, undepreciated cost), and the blue portion represents accumulated depreciation. These charts are designed to show how much of each asset class has been "used up" through depreciation. The more accumulated depreciation relative to net book value (i.e., the more blue the pie becomes), the closer the asset class is, on average, to the end of its useful life. As capital assets age, the Town needs to replace them so that the Town can carry out its services. The pies show that the buildings, land improvements, and infrastructure assets have, on average for the class, relatively young useful lives. The machinery and equipment class is over 50% accumulated depreciation, which means individual assets within that class are generally older and closer to the end of their useful lives. This analysis is useful to help assess where capital outlays will need to be made in the future.

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Chart C
Composition of Capital Assets

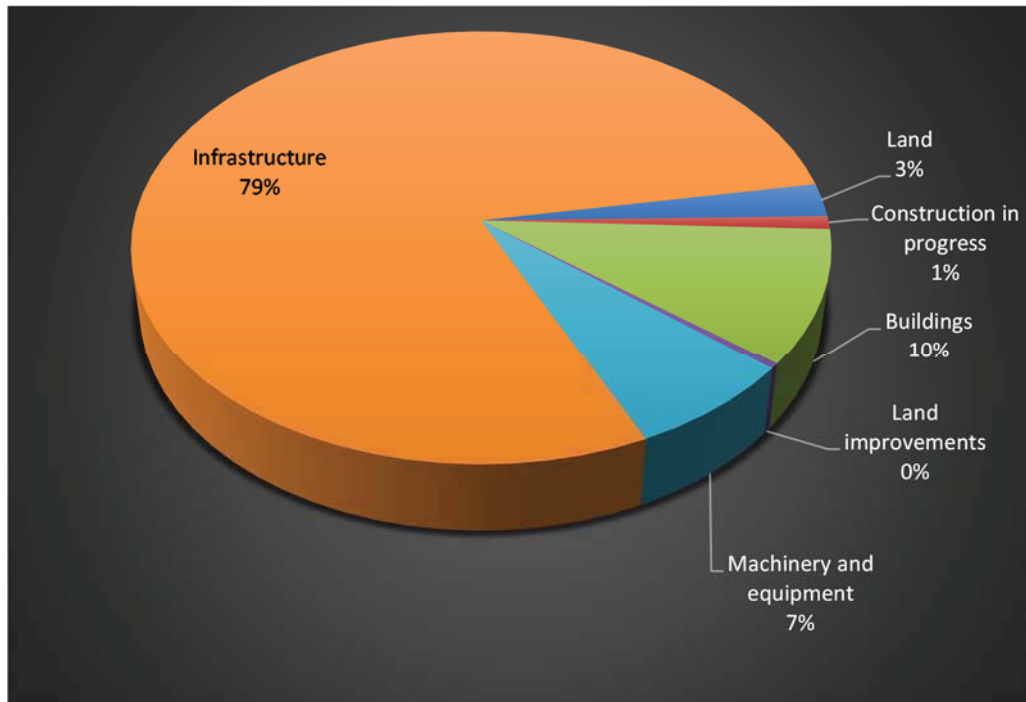


Chart D
Consumption of Capital Assets



Town of Standish
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Long-term Debt

At the end of the fiscal year, the Town had \$5.4 million in general obligation bonds and notes payable – an increase of \$0.8 million over last year. There was a bond issuance in fiscal year 2016 of \$1,461,746 to fund approved capital projects. The town paid down its debt during the year in the amount of \$693,658.

All outstanding bonded debt is to be used for capital asset expenditures. Unexpended bond funds remain accounted for in the capital projects funds and will be used to complete projects that have been approved by the Town in prior years. The Town's debt load remains well below the statutory debt limit of 15% of the Town's state valuation, standing at 0.5% as of the end of fiscal year 2016. Likewise, on a per capita basis, the Town's debt was \$544.59 far below a generally acceptable amount of \$1,500 - \$2,000 per capita.

Table D
Long-term Debt Comparisons
As of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
General obligation bonds	\$ 5,364,092	\$ 4,582,804	\$ 781,288	17.0%
Notes payable	<u>13,200</u>	<u>26,400</u>	<u>(13,200)</u>	-50.0%
Totals	<u>\$ 5,377,292</u>	<u>\$ 4,609,204</u>	<u>\$ 768,088</u>	16.7%

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Currently Known Facts, Decisions, or Conditions

Budget Related

In June 2016, the Town's voters passed its fiscal year 2017 municipal budget in which they approved appropriations of \$9,394,548 for education, \$8,447,753 for municipal services, and \$680,768 for the county. The Town also approved \$5,644,676 in non-property tax revenues for fiscal year 2017. This resulted in an estimated 1.3% increase in the property tax commitment as of June 2016's town meeting and an estimated mil rate of \$12.85. The actual tax commitment subsequently computed by the Town's assessor and passed by the Council was \$12,880,369 which equated to a mil rate of \$12.82.

The differences between the original June town meeting budget and the final budget resulting from assessor's tax commitment were due to (a) an increase in the budgeted overlay by \$12,492 to account for an estimated increase in abatements based on historical experience, (b) a net decrease in the amounts of homestead exemption and BETE reimbursements by \$70,216, (c) a decrease in the estimated captured assessed value of \$2,379 from the Town's new Tax Increment Financing district, and (d) a decrease between estimated property valuations used in the original budget and actual valuations used in the final budget of \$2,021,719.

The final budgeted municipal appropriations for fiscal year 2017 ended up being \$18,595,261 – 1.82% higher than for fiscal year 2016. Expenditures through the date of this report are on track with budget projections. Of particular interest again this year are expenditures for heating fuel in all relevant departments, which, due an unusually warm October and beginning of November are all well under budget. In fact, as of the end of the first four months of the fiscal year, the highest departmental fuel expenditure is only 22% expensed, with all other departments having expensed an even smaller percentage so far.

Other Items of Note

In October 2016, the Town issued new debt through the Maine Municipal Bond Bank in the amount of \$1,455,395. As noted before, the Town's debt limit is fairly low and this new debt issue does not substantially add to the debt burden.

In fiscal year 2017, the Town made its second contribution of \$5,380 in funds to the newly created TIF District Fund. These funds are captured assessed value from within the District. That is, they are property taxes collected on the incremental value from the base value (2013's assessed value) of property within the District. These property taxes are set aside and will be expended on projects within the District. The Town's goal is to spur business growth in this newly created district.

Requests for Information

This financial report is designed to provide a general overview of the Town of Standish'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:

Scott Gesualdi
Finance Director
Town of Standish
175 Northeast Road
Standish, ME 04804
scottg@standish.org

These annual financial reports are also available for download at the Town's website, www.standish.org, and by selecting Finance Department > Audited Financial Reports.

BASIC FINANCIAL STATEMENTS

Town of Standish
Statement of Net Position
As of June 30, 2016

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 5,546,496
Accounts receivable	182,847
Taxes receivable, net	663,221
Liens receivable	131,218
Lien interest and costs receivable	11,360
Tax acquired property	24,991
Inventory and prepaid expense	77,962
Other assets	<u>160</u>
Total current assets	6,638,255
Land	797,244
Construction in progress	316,468
Depreciable capital assets	56,983,406
Accumulated depreciation	<u>(25,524,909)</u>
Total capital assets, net of depreciation	<u>32,572,209</u>
Total Assets	39,210,464
Liabilities	
Accounts payable	192,330
Accrued wages	49,809
Customer deposits	7,571
Unearned revenues	93,794
Accrued interest	19,916
Accrued compensated absences	103,883
Long-term debt - due within one year	889,543
Long-term debt - due beyond one year	<u>4,487,749</u>
Total Liabilities	5,844,595
Deferred Inflows of Resources	
Taxes collected in advance	<u>11,883</u>
Net Position	
Net investment in capital assets	27,175,001
Restricted for:	
Nonexpendable permanent fund principal	19,958
Expendable permanent fund balances	4,577
Capital projects	1,547,811
Special revenues	26,730
Other externally imposed purposes	104,163
Unrestricted	<u>4,475,746</u>
Total Net Position	<u><u>\$ 33,353,986</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Standish
Statement of Activities
For the Year Ended June 30, 2016

				Net (Expense) Revenue and Changes in Net Position
		Program Revenues		
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government				
Governmental Activities				
General government	\$ 1,155,981	\$ 312,968	\$ -	\$ (843,013)
Public safety	1,614,714	505,877	-	(1,108,837)
General assistance	32,263	-	20,176	(12,087)
Public works	2,371,337	168,912	366,391	(1,836,034)
Community service	374,563	255,611	3,701	(115,251)
Capital outlay	1,322	-	-	(1,322)
Benefits and insurance	687,037	-	-	(687,037)
Fixed charges	10,115,590	-	-	(10,115,590)
Overlay and bad debt	40,728	-	-	(40,728)
Total Primary Government	<u>\$ 16,393,535</u>	<u>\$ 1,243,368</u>	<u>\$ 390,268</u>	(14,759,899)
General Revenues				
Taxes - property				12,809,363
Taxes - excise				1,794,672
Intergovernmental				527,235
Penalties and interest				55,162
Other revenues				85,722
Total general revenues				15,272,154
Extraordinary items				73,337
Change in Net Position				585,592
Beginning Net Position, restated				32,768,394
Ending Net Position				\$ 33,353,986

The accompanying notes are an integral part of these financial statements.

Town of Standish
Balance Sheet
Governmental Funds
As of June 30, 2016

	General Fund	2016 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 2,676,170	\$ 2,845,605	\$ 24,721	\$ 5,546,496
Accounts receivable	180,798	-	2,049	182,847
Taxes receivable, net	663,221	-	-	663,221
Liens receivable	131,218	-	-	131,218
Lien interest and costs receivable	11,360	-	-	11,360
Tax acquired property	24,991	-	-	24,991
Inventory and prepaid expense	77,962	-	-	77,962
Other assets	160	-	-	160
Due from other funds	1,273,714	-	661,225	1,934,939
Total Assets	<u>\$ 5,039,594</u>	<u>\$ 2,845,605</u>	<u>\$ 687,995</u>	<u>\$ 8,573,194</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 165,021	\$ 25,260	\$ 2,049	\$ 192,330
Accrued wages	49,809	-	-	49,809
Customer deposits	7,571	-	-	7,571
Unearned revenues	93,794	-	-	93,794
Due to other funds	87,001	1,846,758	1,180	1,934,939
Total liabilities	403,196	1,872,018	3,229	2,278,443
Deferred Inflows of Resources				
Unavailable property taxes	438,705	-	-	438,705
Taxes collected in advance	11,883	-	-	11,883
Total deferred inflows of resources	450,588	-	-	450,588
Fund Balance				
Nonspendable	78,122	-	19,958	98,080
Restricted	104,163	973,587	605,531	1,683,281
Committed	570,958	-	59,277	630,235
Assigned	419,438	-	-	419,438
Unassigned	3,013,129	-	-	3,013,129
Total fund balance	4,185,810	973,587	684,766	5,844,163
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,039,594</u>	<u>\$ 2,845,605</u>	<u>\$ 687,995</u>	<u>\$ 8,573,194</u>

The accompanying notes are an integral part of these financial statements.

Town of Standish
Reconciliation of the Total Governmental Funds Balance
To the Net Position of Governmental Activities
As of June 30, 2016

Total governmental funds balance (from Statement 3)	\$ 5,844,163
Capital assets are not financial resources and, therefore, are not reported in the governmental funds. They are, however, economic resources of governmental activities and are reported in the Statement of Net Position.	
Net capital assets	32,572,209
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. They are, however, economic liabilities of governmental activities and are reported in the Statement of Net Position.	
Accrued interest	(19,916)
Accrued compensated absences	(103,883)
Long-term debt	(5,377,292)
Taxes that are not expected to be collected within 60 days of the end of the fiscal year and not considered financial resources and, therefore, are excluded from the governmental fund balances. They are, however, considered economic resources of governmental activities and, therefore, are included in the net position.	
Unavailable property taxes	<u>438,705</u>
Net position of governmental activities (see Statement 1)	<u>\$ 33,353,986</u>

Town of Standish
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>2016 Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 14,769,538	\$ -	\$ -	\$ 14,769,538
Intergovernmental	711,704	-	205,799	917,503
Licenses and permits	284,549	-	-	284,549
Charges for services	703,206	-	-	703,206
Recreation	255,611	-	-	255,611
Penalties and interest	55,162	-	-	55,162
Other revenues	<u>46,463</u>	<u>1,831</u>	<u>37,429</u>	<u>85,723</u>
Total revenues	16,826,233	1,831	243,228	17,071,292
Expenditures				
General government	1,223,907	-	-	1,223,907
Public safety	1,430,341	226,226	64,780	1,721,347
General assistance	32,263	-	-	32,263
Public works	1,572,859	95,485	606,852	2,275,196
Community service	339,056	168,279	30,954	538,289
Capital outlay	1,322	-	-	1,322
Benefits and insurance	687,037	-	-	687,037
Fixed charges	10,807,207	-	-	10,807,207
Overlay and bad debt	<u>40,728</u>	<u>-</u>	<u>-</u>	<u>40,728</u>
Total expenditures	<u>16,134,720</u>	<u>489,990</u>	<u>702,586</u>	<u>17,327,296</u>
Revenue Surplus (Deficit)	691,513	(488,159)	(459,358)	(256,004)
Other Financing Sources (Uses)				
Bond proceeds	-	1,461,746	-	1,461,746
Transfers in	-	-	99,889	99,889
Transfers out	<u>(99,889)</u>	<u>-</u>	<u>-</u>	<u>(99,889)</u>
Total other financing sources (uses)	(99,889)	1,461,746	99,889	1,461,746
Extraordinary Items				
Proceeds from Ecomaine land sale	<u>73,337</u>	<u>-</u>	<u>-</u>	<u>73,337</u>
Net Change in Fund Balances	664,961	973,587	(359,469)	1,279,079
Beginning Fund Balances, restated	<u>3,520,849</u>	<u>-</u>	<u>1,044,235</u>	<u>4,565,084</u>
Ending Fund Balances	<u>\$ 4,185,810</u>	<u>\$ 973,587</u>	<u>\$ 684,766</u>	<u>\$ 5,844,163</u>

The accompanying notes are an integral part of these financial statements.

Town of Standish
Reconciliation of the Net Change in the Total Governmental Funds Balance
To the Change in Net Position of Governmental Activities
For the Year Ended June 30, 2016

Net change in the total governmental funds balance (from Statement 5)	\$ 1,279,079
Issuance of new debt is reported as an other financing source in the governmental funds, but is not reported as revenue for governmental activities. Instead, it reported as increases in long-term debt in the Statement of Net Position.	
Bond proceeds	(1,461,746)
Repayment of long-term debt principal is reported as expenditures in the governmental funds, but is not reported as expenses of governmental activities. Instead, it is reported as reductions in long-term debt in the Statement of Net Position.	
Bond and note payments	693,658
Capital assets acquired during the year are reported as expenditures in the governmental funds, but are not reported as expenses of governmental activities. Instead, they are reported as increases in capital assets in the Statement of Net Position.	
Capital asset acquisitions	1,916,641
Taxes not collected within sixty days after year end are not considered available financial resources and, therefore, not reported as revenue in the governmental funds. However, they are reported as revenue in the Statement of Activities.	
Decrease in unavailable property taxes	(165,503)
Certain expenses and expense adjustments reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Depreciation expense	(1,676,150)
Increase in accrued interest expense	(2,041)
Decrease in accrued compensated absences	1,654
Change in net position of governmental activities (see Statement 2)	<u>\$ 585,592</u>

Town of Standish
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2016

	<u>Agency Fund</u>
Assets	
Cash	<u>\$ 609,658</u>
 Liabilities	
Due to third parties	<u>\$ 609,658</u>

The accompanying notes are an integral part of these financial statements.

Town of Standish
Notes to the Basic Financial Statements
June 30, 2016

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

The Reporting Entity

The Town of Standish, Maine, incorporated in 1785, operates under a Council-Manager form of government adopted by charter in 1987. The Council consists of seven members elected by the registered voters for overlapping terms of three years. The financial statements of the Town of Standish conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Town are discussed below.

Principles Determining Scope of Reporting Entity

In evaluating the Town as a reporting entity, management has addressed all potential component units for which the Town may or may not be financially accountable and, as such, be includable within the Town's basic financial statements. In accordance with GASB, the Town (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Town. The Town also is financially accountable for organizations that are fiscally dependent on it and there is a financial benefit or burden relationship. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

Based on the application of these criteria, there are no other entities within the Town that should be included as part of these basic financial statements.

Basis of Presentation

The Town's basic financial statements consist of government-wide financial statements that describe the Town's overall financial position and changes in financial position, and fund financial statements that provide a more detailed level of financial information.

Government-Wide Financial Statements

The government-wide financial statements, composed of the Statement of Net Position and the Statement of Activities, report information on all of the non-fiduciary activities of the Town. Governmental activities are normally supported by taxes and intergovernmental revenues.

The Statement of Net Position presents the financial condition of the governmental activities of the Town at year end. The Statement of Activities points out the extent to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function, service, program, or department. 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 requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the Town.

Town of Standish
Notes to the Basic Financial Statements
June 30, 2016

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The Town currently uses two categories of funds: governmental funds and fiduciary funds. 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. The Town's governmental funds are identified as either general, special revenue, capital projects, or permanent funds based upon the following guidelines.

The *General Fund* is the operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific sources that are legally restricted to expenditures for specified purposes. None of the special revenue funds is considered a major fund in the current year.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital assets that are primarily financed through bond issues. The Capital Projects Fund is a major fund in the current year.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs—that is, for the benefit of the town or its citizenry. Neither of the two permanent funds is considered a major fund in the current year.

Fiduciary funds are used to account for resources in which the Town acts as an agent or trustee. The Town currently maintains one type of fiduciary fund – an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements or results of operations. These funds are not incorporated into the government-wide statements.

Measurement Focus and Basis of Accounting

Measurement focus refers to which of the Town's resources are being measured. Basis of accounting refers to the timing of the measurements being made, regardless of the measurement focus being applied. That is, basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Government-wide financial statements and fiduciary fund financial statements are reported using the economic measurement focus and the accrual basis of accounting. All economic resources and claims on those economic resources are measured, including fixed assets, other non-current assets, and long-term liabilities. Under the accrual basis of accounting, 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 period 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.

Town of Standish
Notes to the Basic Financial Statements
June 30, 2016

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The current financial resources measurement focus excludes from measurement resources such as fixed assets, other non-current assets, and long-term liabilities. Under modified accrual accounting, revenues are recognized when 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. The Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

Interfund Transactions

During the course of normal operations, transactions occur between individual funds. Interfund transactions are classified depending on the nature of the transaction.

Interfund loans are recorded as receivables and payables and are presented as “due from other funds” and “due to other funds,” respectively, on the balance sheets of the fund financial statements. For reporting purposes, current amounts due from and due to the same funds are offset and the net amounts are shown in the respective fund balance sheets. Non-fiduciary interfund loans are eliminated in the government-wide financial statements.

Interfund services provided and used are recorded as revenues in the fund providing the goods or services and as expenditures/expenses in the fund receiving the goods or services. Any unpaid amounts are recorded as receivables and payables and presented in the same manner as interfund loans.

Interfund transfers are flows of assets from one fund to another without equivalent flows of assets in return. Interfund transfers are recorded and are presented as “transfers in” and “transfers out” in the fund financial statements. In the governmental funds, these transfers are reported as other financing sources and uses.

Interfund reimbursements are repayments from funds responsible for particular expenditures/expenses to funds that initially paid for them. Reimbursements are not displayed in the financial statements.

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition. Maine statutes authorize investments in obligations of the U. S. Treasury and U. S. Agencies, and repurchase agreements.

Receivables

Receivables consist of all revenues recognized by year-end (on the applicable basis of accounting) but not yet received. Management's estimation for allowances for uncollectible accounts is based on historical collection rates or, where appropriate, collection experience with specific payers.

Inventory

Inventory is valued at cost and consists of sand, gravel, salt, and other chemicals and materials used in road maintenance.

Town of Standish
Notes to the Basic Financial Statements
June 30, 2016

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the government-wide financial statements. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation. The Town defines capital assets as those with an initial, individual cost of \$5,000 or more with an estimated useful life in excess of two years. Expenditures that significantly increase the service capacity or extend the useful life of existing capital assets are also capitalized. The costs of normal maintenance and repairs are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated. The estimated useful lives are as follows:

Land improvements	20 - 30 years
Buildings	10 - 60 years
Machinery and equipment	5 - 25 years
Infrastructure	5 - 40 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Deferred Outflows / Inflows of Resources

In addition to assets, the Statement of Net Position (government-wide financial statements) and Balance Sheet (fund financial statements) will sometimes report an additional financial statement element called *deferred outflows of resources*. This element represents a consumption of resources that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no deferred outflows of resources.

In addition to liabilities, the Statement of Net Position (government-wide financial statements) and Balance Sheet (fund financial statements) will sometimes report an additional financial statement element called *deferred inflows of resources*. This element represents an acquisition of resources that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements, the Town's deferred inflows of resources consist solely of property taxes collected in advance. In the fund financial statements, due to requirements under the modified accrual basis of accounting, deferred inflows of resources also include unavailable property taxes (property taxes not collected within 60 days after the financial statement date).

Compensated Absences

In the government-wide financial statements, liabilities that are attributable to services already rendered are accrued as employees earn the rights to the benefits and are recognized in the period incurred. In the governmental fund financial statements, compensated absences are recognized as related payments come due each period. Pursuant to the terms of the personnel policies, vacation time is granted in varying amounts according to length of service. As of June 30, 2016, the accrual for compensated absences was determined to be \$103,884.

Town of Standish
Notes to the Basic Financial Statements
June 30, 2016

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, if material to the basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt and premiums received are reported as other financing sources. Discounts on debt issuances are reported as other financing uses.

Components of Net Position

Net position in the government-wide Statement of Net Position is required to be classified into the following three components:

Net Investment in Capital Assets is the portion of net position that consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Capital assets	\$58,097,118
Accumulated depreciation	(25,524,909)
Bonds and notes payable	(5,377,292)
Accrued interest payable	(19,916)
Net investment in capital assets	<u>\$27,175,001</u>

Restricted is the portion of net position that has constraints placed on its use which are either externally imposed by debt covenants, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted is the portion of net position that does not meet the definition of either *net investment in capital assets* or *restricted*.

Fund Balance Components

Fund balances in the governmental funds Balance Sheet is required to be classified into five components. Classifications are hierarchical and are based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The components of fund balance are:

Nonspendable is the portion of fund balance that represents amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

Restricted is the portion of fund balance that has externally enforceable legal restrictions.

Committed is the portion of fund balance that represents resources whose use is constrained by limitations that the government imposes upon itself at its highest level of decision making and that remain binding unless removed in the same manner.

Town of Standish
Notes to the Basic Financial Statements
June 30, 2016

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Assigned is the portion of fund balance constrained by the town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Town Council and Town Manager have the authority to assign amounts to be used for specific purposes.

Unassigned is the portion of fund balance that is available for any purpose. Only the General Fund may carry a positive unassigned fund balance.

The Town has no formal revenue spending policy for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

It is the policy of the Town to maintain unassigned fund balance in the general fund at 16.67%, or two twelfths, of the approved appropriation for the municipal budget, the Town's portion of MSAD #6 local assessment, county tax, and the overlay – the "target level." In the event that the unassigned fund balance drops below this level, the Town will develop a plan, implemented through the annual budgetary process, to bring the balance to the target level over a period of no more than three (3) years. Any excess in the unassigned fund balance identified in the Town's audited financial statements that exceeds the target level above may be used to adjust the mil rate upon the recommendation of the Town Manager and the Town Council with the approval of the Town Meeting.

Revenue Recognition

As described previously, the government-wide financial and fiduciary fund financial statements are reported on the accrual basis of accounting. Under this method, revenue is recognized in the period earned, regardless of the timing of cash flows. Property taxes and special assessments are recognized in the fiscal year for which they are certified for levy; penalties are recognized in the period assessed; interest is recognized in the period earned. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other grant requirements have been met. Charges for services and other exchange and exchange-like transactions are recognized when the exchange takes place.

The governmental fund financial statements are reported on the modified accrual basis of accounting. Under this method, revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes, special assessments, intergovernmental revenue, penalties, interest, and charges for services are susceptible to accrual, given the measurable and available requirement. Excise taxes, licenses, permits, fees, and miscellaneous revenue are not susceptible to accrual because they are not measurable until collected. Such revenue is recorded only when received.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance.

Unearned Revenue

Resources received in advance are recorded as unearned revenues. Unearned revenues arise when resources are received by the Town before it has a legal claim to them. In subsequent periods, when both the measurable and available criteria are met, or when the Town has legal claim to the resources, the liability for unearned revenue is reduced and revenue is recognized.

Town of Standish
Notes to the Basic Financial Statements
June 30, 2016

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

NOTE 2 CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover the value of its deposits or investments that are in the possession of an outside party.

The Town's policy is that deposits and investment of funds can only be made in financial institutions that are insured by the FDIC or the FSLIC. Any funds deposited or invested above the \$250,000 insurance limit must be collateralized by the financial institution, or the excess funds must be placed with other financial institutions. As of June 30, 2016, of the Town's \$5,685,255 in bank deposits, \$2,322,593 was insured by the FDIC, \$2,200,000 was insured by an irrevocable standby letter of credit, and the remaining \$1,162,662 was exposed to custodial credit risk.

NOTE 3 ACCOUNTS, TAXES, AND LIENS RECEIVABLE

Accounts receivable as of June 30, 2016 is \$182,847. Of this amount, approximately 77% are amounts due from the State of Maine for various grants, reimbursements, revenue sharing, and general assistance. Management believes the collectability of all remaining receivables is reasonably assured and, therefore, has not provided for an allowance for uncollectible accounts.

Taxes receivable include personal property taxes that cannot be liened and are long past due. For these amounts, management has estimated an allowance for uncollectible accounts. Taxes receivable are reported net of this allowance on the financial statements. The net amount is calculated as follows:

Taxes receivable - current year	\$ 659,326
Taxes receivable - prior years	8,772
Allowance for uncollectible accounts	<u>(4,877)</u>
Taxes receivable, net	<u><u>\$ 663,221</u></u>

Liens receivable as of June 30, 2016 is \$131,218. Management believes the collectability of these accounts is reasonably assured and, therefore, has not provided for an allowance for uncollectible accounts.

Town of Standish
Notes to the Basic Financial Statements
June 30, 2016

NOTE 4 PROPERTY TAX

The Town's property taxes for the July 1, 2015 to June 30, 2016 fiscal year were committed on September 10, 2015. Taxes were due semi-annually on November 16, 2015 and May 16, 2016. Unpaid taxes are charged interest of 7% per annum. The tax commitment was based on the April 1, 2015 assessed real estate and personal property values totaling \$998,730,658.

The Town is permitted by the laws of the State of Maine to levy taxes 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 \$54,318 for the year ended June 30, 2016.

For both government-wide financial statements and the General Fund's financial statements, property taxes levied for the fiscal year are recorded as receivables at the time the levy is made. In the General Fund's financial statements, however, outstanding taxes receivable that are estimated to be collected after sixty (60) days after the end of the fiscal year recorded as unavailable property taxes (under the *deferred inflows of resources* financial statement element) and the year-over-year changes in this account are netted with tax revenues.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid. Property acquired by foreclosure for non-payment of taxes is recorded at the amount of expired tax liens plus the cost involved in foreclosure. Liens and any current taxes on the same parcel are not included as part of the tax acquired property account until expiration of statutory time limits.

The following summarizes the tax levy for fiscal year 2016:

Real estate valuation	\$ 992,452,159
Personal property valuation	<u>6,278,499</u>
Total valuation	998,730,658
 Mil rate (per \$1,000 of valuation)	 <u>12.79</u>
 Tax commitment	 <u><u>\$ 12,773,765</u></u>

Collection of fiscal year 2016 taxes levied is as follows:

Original tax commitment	\$ 12,773,765
Supplemental taxes	<u>35,598</u>
Total tax commitment	12,809,363
 Less:	
Abatements of current year taxes	40,092
Current year taxes receivable at year end	<u>659,326</u>
 Current year tax collections	 <u><u>\$ 12,109,945</u></u>
 Collection rate of current year taxes	 94.8%

Town of Standish
Notes to the Basic Financial Statements
June 30, 2016

NOTE 5 INTERFUND TRANSACTIONS

Interfund Receivables and Payables

Individual interfund receivable and payable balances at June 30, 2016 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 1,273,714	\$ 87,001
Capital projects fund	-	1,846,758
Nonmajor special revenue funds	62,466	1,180
Nonmajor capital projects funds	574,224	-
Nonmajor permanent funds	24,535	-
Totals	<u>\$ 1,934,939</u>	<u>\$ 1,934,939</u>

The interfund receivables and payables represent revenues received in and expenditures made out of a centralized checking account maintained in the General Fund. The General Fund's *due to other funds* balance represents the amount in the centralized checking account that belongs to other funds and is not available for General Fund purposes.

Interfund Transfers

Interfund transfers for the year ended June 30, 2016 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ -	\$ 99,889
Nonmajor special revenue funds	48,287	-
Nonmajor capital projects funds	51,602	-
Totals	<u>\$ 99,889</u>	<u>\$ 99,889</u>

Transfers from the General Fund to other funds consisted of \$2,000 to the Bottles 4 Fuel special revenue fund, \$2,500 to the Public Safety Fair special revenue fund, \$43,787 to the Recreation special revenue fund, and \$51,602 to the Steep Falls Sidewalk capital projects fund.

Town of Standish
Notes to the Basic Financial Statements
June 30, 2016

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was:

	Beginning Balance	Additions	Retirements	Ending Balance
Non-depreciable Capital Assets				
Land	\$ 797,244	\$ -	\$ -	\$ 797,244
Construction in progress	151,396	175,951	(10,879)	316,468
Depreciable Capital Assets				
Buildings	4,381,254	-	-	4,381,254
Land improvements	33,196	127,846	-	161,042
Machinery and equipment	4,733,182	368,285	(24,377)	5,077,090
Infrastructure	46,108,582	1,255,438	-	47,364,020
Total capital assets	56,204,854	1,927,520	(35,256)	58,097,118
Less: Accumulated Depreciation				
Buildings	1,030,201	80,687	-	1,110,888
Land improvements	31,884	3,371	-	35,255
Machinery and equipment	2,512,646	285,492	(24,377)	2,773,761
Infrastructure	20,298,405	1,306,600	-	21,605,005
Total accumulated depreciation	23,873,136	1,676,150	(24,377)	25,524,909
Total capital assets, net of depreciation	<u>\$ 32,331,718</u>	<u>\$ 251,370</u>	<u>\$ (10,879)</u>	<u>\$ 32,572,209</u>

The Town retired assets with a historical cost of \$24,377 and a net book value of \$0. Additionally, assets totaling \$10,879 that were construction in progress in the prior year were completed and classified as infrastructure in the current year, with the reclassified amount being included in total infrastructure additions. As a result, net capital asset additions in the current year were \$1,916,641.

Depreciation expense, reported only in the government-wide financial statements, was charged to governmental functions as follows:

General government	\$ 62,416
Public safety	179,733
Public works	1,420,535
Community service	13,466
Total depreciation expense	<u>\$ 1,676,150</u>

Town of Standish
Notes to the Basic Financial Statements
June 30, 2016

NOTE 7 LONG-TERM DEBT

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2016:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds payable	\$ 4,582,804	\$ 1,461,746	\$ (680,458)	\$ 5,364,092	\$ 876,343
Notes payable	26,400	-	(13,200)	13,200	13,200
Total long-term debt	<u>\$ 4,609,204</u>	<u>\$ 1,461,746</u>	<u>\$ (693,658)</u>	<u>\$ 5,377,292</u>	<u>\$ 889,543</u>

On the modified accrual basis, total long-term debt interest expenditure from the General Fund for the year ended June 30, 2016 was \$115,716. On the accrual basis, interest expense of governmental activities includes changes in accrued interest liabilities; total interest expense on long-term debt for the year ended June 30, 2016 was \$117,757.

The annual requirement to amortize debt outstanding as of June 30, 2016 is as follows:

	Principal	Interest	Payment
Fiscal Year 2017	\$ 889,543	\$ 105,933	\$ 995,476
Fiscal Year 2018	829,476	84,150	913,626
Fiscal Year 2019	763,251	67,606	830,857
Fiscal Year 2020	642,176	55,532	697,708
Fiscal Year 2021	642,176	44,546	686,722
Fiscal Years 2022 - 2026	<u>1,610,670</u>	<u>90,470</u>	<u>1,701,140</u>
Totals	<u>\$ 5,377,292</u>	<u>\$ 448,237</u>	<u>\$ 5,825,529</u>

In accordance with 30-A MRSA, Section 5702, as amended, no municipality shall incur debt (a) for school purposes in excess of 10% of its last full state valuation, (b) for storm or sanitary sewer purposes in excess of 7.5% of its last full state valuation, (c) for municipal airport and special district purposes in excess of 3% of its last full state valuation, and (d) for all other purposes in excess of 7.5% of its last full state valuation. Additionally, a municipality's total debt may not exceed 15% of its last full state valuation. The Town's last full state valuation, dated January 27, 2016, was \$1,004,900,000.

The Town's debt types and margins below statutory limits are as follows:

	Statutory Limit %	Debt Type Limit	Outstanding Debt	Debt Margin
School purposes	10.0%	\$ 100,490,000	\$ -	\$ 100,490,000
Storm or sanitary sewer purposes	7.5%	75,367,500	-	75,367,500
Airport and special districts	3.0%	30,147,000	-	30,147,000
All other purposes	7.5%	75,367,500	5,377,292	69,990,208
Total debt	15.0%	150,735,000	5,377,292	145,357,708

Town of Standish
Notes to the Basic Financial Statements
June 30, 2016

NOTE 7 LONG-TERM DEBT (Continued)

General long-term debt details and outstanding balances are as follows:

2006 General Obligation Bonds, dated October 26, 2006; annual principal payment in November of \$46,867. Semi-annual interest payable in November and May; variable interest rate from 2.000% to 5.350% per annum. Final installment due November 2016. Authorized and issued \$468,665.	\$ 46,867
2007 General Obligation Bonds, dated October 25, 2007; annual principal payment in November of \$57,425. Semi-annual interest payable in November and May; variable interest rate from 2.000% to 6.000% per annum. Final installment due November 2017. Authorized and issued \$574,250.	114,850
2008 General Obligation Bonds, dated October 30, 2008; annual principal payment in November of \$121,075. Semi-annual interest payable in November and May; variable interest rate from 2.075% to 5.575% per annum. Final installment due November 2018. Authorized and issued \$1,210,750.	363,225
2010 General Obligation Bonds, dated October 28, 2010; annual principal payment in November of \$121,000 (principal payments deferred until November 2015). Semi-annual interest payable in November and May; variable interest rate from 2.124% to 3.617% per annum. Final installment due November 2020. Authorized and issued \$726,000.	605,000
2011 General Obligation Bonds, dated October 27, 2011; annual principal payment in November of \$140,275. Semi-annual interest payable in November and May; variable interest rate from 0.500% to 5.500% per annum. Final installment due November 2021. Authorized and issued \$1,402,746.	841,648
Norway Savings Public Works Dump Truck Loan, dated March 15, 2012; annual principal payment in July of \$13,200. Annual interest payable in July; fixed interest rate of 2.990% per annum. Final installment due July 2017. Authorized and issued \$66,000.	13,200
2012 General Obligation Bonds, dated October 25, 2012; annual principal payment in November of \$8,800. Semi-annual interest payable in November and May; variable interest rate from 0.331% to 2.385% per annum. Final installment due November 2017. Authorized and issued \$44,000.	17,600
2013 General Obligation Bonds, dated October 24, 2013; annual principal payment in November of \$103,055. Semi-annual interest payable in November and May; variable interest rate from 0.450% to 3.120% per annum. Final installment due November 2023. Authorized and issued \$1,030,546.	824,437
2015 General Obligation Bonds, dated May 28, 2015; annual principal payment in November of \$108,872 (principal payments deferred until November 2016). Semi-annual interest payable in November and May; variable interest rate from 0.350% to 2.740% per annum. Final installment due November 2025. Authorized and issued \$1,088,719.	1,088,719
2015 General Obligation Bonds, dated October 22, 2015; annual principal payment in November of \$168,975 for fiscal years 2017 - 2021, \$123,375 for fiscal years 2022 - 2026. Semi-annual interest payable in November and May; variable interest rate from 0.65% to 2.830% per annum. Final installment due November 2025. Authorized and issued \$1,461,746.	<u>1,461,746</u>
Total outstanding long-term debt	<u><u>\$ 5,377,292</u></u>

Town of Standish
Notes to the Basic Financial Statements
June 30, 2016

NOTE 8 SHORT-TERM DEBT OBLIGATIONS

During the year, the Town issued \$1,380,000 and \$1,000,000 in tax anticipation notes for working capital needs. Short-term debt activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Tax anticipation notes	\$ -	\$ 2,380,000	\$ (2,380,000)	\$ -

Total interest paid on short-term obligations for the year ended June 30, 2016 was \$2,686.

NOTE 9 OVERLAPPING DEBT

The Town's proportionate share of Cumberland County's and Maine School Administrative District No. 6's bonded debt are not reported in the Town's financial statements. Debt service is included in the annual County and School assessments to the Town. The Town's share is 2.46% (\$880,002) of Cumberland County's outstanding debt of \$35,735,000, and 38.79% (\$7,076,978) of Maine School Administrative District No. 6's outstanding bonded debt of \$18,243,505.

NOTE 10 CONTINGENT LIABILITY

Litigation

The Town is subject to certain legal proceedings and claims which arise in the ordinary course of conducting its activities. In the opinion of management, the Town has defensible positions and any ultimate liabilities are covered by insurance or will not materially affect the financial position of the Town.

State and Federal Grants

The Town participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Town, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 11 RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance or participates in a public entity risk pool. Currently, the Town participates in a public entity risk pool sponsored by the Maine Municipal Association.

Based on coverage provided by the pool, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2016.

Town of Standish
Notes to the Basic Financial Statements
June 30, 2016

NOTE 12 OUTSIDE COMPENSATION FUNDS

The Town maintains a worker's compensation fund and an unemployment compensation fund as part of a pool with Maine Municipal Association (MMA). Contributions are made by the Town during the year and are invested by MMA to administer workers' compensation and unemployment benefits for the Town, if any. The Town has a positive experience, that is, contributions and income exceed payment of benefits. These plans do not allow for retroactive premium adjustment by the pool and the pool retains the risk of loss. Therefore, these amounts are not part of the Town's financial statements.

NOTE 13 RETIREMENT PLAN

The Town participates in a 401(a) money purchase retirement plan on behalf of each full-time non-union employee. The plan is a defined contribution plan and is administered by the ICMA Retirement Corporation. The funds are invested in the ICMA Retirement Trust, a trust established by public employers for the collective investment of funds held under their retirement and deferred compensation plan. The Town contributes 6% of each qualified employees' earnings for the plan year on condition that each qualified participant contributes 2% of their earnings to the plan. For the fiscal year ending June 30, 2016, the Town's share of the retirement contributions on behalf of the qualified employees amounted to \$84,778. Participants are not fully vested until the fifth year of participation.

Assets of the plan are placed in trusts for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred, including earnings on plan assets, are not included in the Town's financial statements.

NOTE 14 EXTRAORDINARY ITEMS

In the early 1990s, the Town participated in a project with 27 other communities, managed by Ecomaine, to purchase and develop 260 acres of land for a construction and demolition processing facility in Gorham. Soon after, it was determined that the project was not feasible and did not go forward. In 2016, Ecomaine sold the land and distributed the surplus funds to the participating communities. The Town of Standish's portion of the proceeds totaled \$73,337. The Town has placed the proceeds in a committed fund for future economic development.

NOTE 15 PRIOR PERIOD RESTATEMENT AND RECLASSIFICATION

During the year, management identified an error in accounting in the prior year for expenditures from the General Fund that should have been expended from a special revenue fund. Correction of the error results in the General Fund's beginning fund balance being restated upwards by \$5,028 and the Other Governmental Funds beginning fund balance being restated downward by \$5,028. The net effect on total governmental funds beginning balances in the Statement of Revenues, Expenditures and Changes in Fund Balances, and on the beginning net position in the Statement of Activities is \$0.

Also during the year, management identified an error in the prior year financial statements where Construction in Progress had not been capitalized in the government-wide financial statements. Correction of the error results in the beginning net position on the Statement of Activities being restated upwards by \$151,396.

Town of Standish
Notes to the Basic Financial Statements
June 30, 2016

NOTE 16 COMPONENTS OF THE GENERAL FUND'S FUND BALANCE

The General Fund's unassigned fund balance as of June 30, 2016 is \$3,013,129. The remainder of the General Fund's fund balance is composed of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
Inventories	\$ 66,054	\$ -	\$ -	\$ -
Prepaid expenses	11,908	-	-	-
Other	160	-	-	-
Impact fees	-	100,329	-	-
G Spenser fund	-	1,412	-	-
Johnson fund	-	454	-	-
B Logan fund	-	271	-	-
J Mucci fund	-	1,508	-	-
C Pierce fund	-	189	-	-
Skate park	-	-	2,179	-
Community center	-	-	23,368	-
Bond levelization	-	-	414,544	-
Conservation	-	-	8,933	-
Athletic fields	-	-	7,253	-
Government access	-	-	26,954	-
Fire engine 4	-	-	316	-
Donations	-	-	1,074	-
Voting machine	-	-	8,000	-
Summer rec scholarship	-	-	5,000	-
Economic development	-	-	73,337	-
Budgeted deficit	-	-	-	350,000
Carry forwards	-	-	-	69,438
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 78,122</u>	<u>\$ 104,163</u>	<u>\$ 570,958</u>	<u>\$ 419,438</u>

NOTE 17 SUBSEQUENT EVENTS

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through December 7, 2016, the date the financial statements were available to be issued.

In September 2016, the Town Council approved a tax anticipation note not to exceed \$2,107,000 for the working capital needs. Management intends the note to be fully repaid in November 2016.

In October 2016, a new 10-year general obligation bond was issued in the amount of \$1,455,395 to fund approved capital projects.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Standish
 Budgetary Comparison Schedule
 Budget and Actual ▪ General Fund ▪ Budgetary Basis
 For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Property Taxes	\$ 12,740,542	\$ 12,773,765	\$ 12,809,363	\$ 35,598
Non-Property Taxes				
Vehicle excise taxes	1,550,000	1,550,000	1,772,054	222,054
Boat excise taxes	20,000	20,000	22,618	2,618
Total non-property taxes	1,570,000	1,570,000	1,794,672	224,672
Intergovernmental				
Snowmobile reimbursement	4,000	4,000	3,701	(299)
State municipal revenue sharing	305,594	305,594	320,899	15,305
Local road assistance program	167,500	167,500	160,592	(6,908)
Tree growth reimbursement	61,000	61,000	53,682	(7,318)
Veterans tax loss reimbursement	7,300	7,300	8,029	729
General assistance	24,156	24,156	20,176	(3,980)
BETE reimbursement	634	498	512	14
Homestead exemption reimbursement	138,700	144,113	144,113	-
Total intergovernmental	708,884	714,161	711,704	(2,457)
Licenses and Permits				
Dog licenses	2,300	2,300	2,338	38
Building permits	112,000	112,000	102,607	(9,393)
CEO consulting fees	5,000	5,000	-	(5,000)
Marriage licenses	2,200	2,200	2,120	(80)
Burial permits	350	350	378	28
Municipal permits	5,300	5,300	4,905	(395)
Plumbing permits	15,626	15,626	19,587	3,961
Septage disposal permits	200	200	5	(195)
Advertising fees	350	350	265	(85)
Gravel pit inspection fees	-	-	2,800	2,800
Recycling revenue	31,000	31,000	11,824	(19,176)
Transfer station user fees	38,000	38,000	41,691	3,691
Transfer station sticker fees	83,000	83,000	92,745	9,745
Sport licenses and RV agent fees	3,600	3,600	3,284	(316)
Total licenses and permits	298,926	298,926	284,549	(14,377)

Town of Standish
 Budgetary Comparison Schedule
 Budget and Actual ▪ General Fund ▪ Budgetary Basis
 For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Charges for Services				
Passport services	\$ 7,000	\$ 7,000	\$ 8,612	\$ 1,612
Motor vehicle agent fees	30,500	30,500	32,080	1,580
Vital statistics	3,800	3,800	4,103	303
Vital additional copies	1,200	1,200	2,232	1,032
Animal control fees	850	850	280	(570)
Office fees	4,000	4,000	4,501	501
Boat launch services	21,000	21,000	23,444	2,444
Planning board	8,000	8,000	7,113	(887)
Cable TV franchise fees	124,193	124,193	116,993	(7,200)
Impact fees	-	-	19,847	19,847
Appeals board	600	600	800	200
Non-EMS public safety	250	250	1,312	1,062
Miscellaneous services	4,000	4,000	3,387	(613)
EMS	415,000	415,000	429,090	14,090
EMS subscription fees	18,000	18,000	19,210	1,210
EMS dispatch services	35,277	35,277	30,202	(5,075)
Total charges for services	673,670	673,670	703,206	29,536
Recreation				
Summer program	88,700	88,700	88,649	(51)
Vacation week program	4,500	4,500	6,108	1,608
Soccer program	5,500	5,500	5,172	(328)
Basketball program	1,500	1,500	1,534	34
Special programs	15,000	15,000	11,187	(3,813)
Before/after school program	110,500	110,500	123,043	12,543
Other funding sources	6,000	6,000	5,070	(930)
Adult/senior programs	10,000	10,000	14,823	4,823
Community events	-	-	25	25
Total recreation	241,700	241,700	255,611	13,911
Penalties and Interest				
Tax and lien interest	35,000	35,000	41,346	6,346
Lien notice fees	12,000	12,000	11,541	(459)
Ordinance fines	2,000	2,000	2,275	275
Total penalties and interest	49,000	49,000	55,162	6,162

See the accompanying Notes to the Required Supplementary Information.

Town of Standish
 Budgetary Comparison Schedule
 Budget and Actual ▪ General Fund ▪ Budgetary Basis
 For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Other Revenues				
Investment interest	\$ 2,500	\$ 2,500	\$ 4,227	\$ 1,727
Sale of materials / property	50,000	50,000	8,487	(41,513)
Leases and rentals	18,000	18,000	15,970	(2,030)
Donations	-	-	500	500
Miscellaneous revenue	1,000	1,000	-	(1,000)
P&C insurance refund	4,000	4,000	-	(4,000)
MMA workers comp refund	4,000	4,000	3,716	(284)
MMA unemployment comp refund	-	-	13,999	13,999
Cash over/short	-	-	(436)	(436)
Tax write-off - uncollectible	-	-	-	-
Total other revenues	<u>79,500</u>	<u>79,500</u>	<u>46,463</u>	<u>(33,037)</u>
Total Revenues	16,362,222	16,400,722	16,660,730	260,008
Expenditures				
General government	1,330,991	1,356,937	1,226,407	130,530
Public safety	1,511,674	1,511,674	1,430,341	81,333
General assistance	60,724	60,724	32,263	28,461
Public works	1,717,486	1,717,486	1,572,859	144,627
Community service	360,228	367,790	341,056	26,734
Capital outlay	-	75,727	52,924	22,803
Benefits and insurance	763,263	763,263	687,037	76,226
Fixed charges	10,991,531	10,812,917	10,807,207	5,710
Overlay and bad debt	<u>26,325</u>	<u>54,318</u>	<u>40,728</u>	<u>13,590</u>
Total Expenditures	<u>16,762,222</u>	<u>16,720,836</u>	<u>16,190,822</u>	<u>530,014</u>
Revenue Surplus (Deficit)	(400,000)	(320,114)	469,908	790,022

See the accompanying Notes to the Required Supplementary Information.

Town of Standish
 Budgetary Comparison Schedule
 Budget and Actual ▪ General Fund ▪ Budgetary Basis
 For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenue Surplus (Deficit) (from prior page)	\$ (400,000)	\$ (320,114)	\$ 469,908	\$ 790,022
Other Financing Uses				
Transfers out to other funds	-	(43,787)	(43,787)	-
Extraordinary Items				
Proceeds from Ecomaine land sale	-	-	73,337	73,337
Budgetary Surplus (Deficit)	<u>\$ (400,000)</u>	<u>\$ (363,901)</u>	<u>\$ 499,458</u>	<u>\$ 863,359</u>
Additions to (Use of) Fund Balance				
Nonspendable	\$ -	\$ -	\$ 35,432	
Restricted	-	-	18,861	
Committed	-	181,559	269,974	
Assigned	(400,000)	(501,673)	(82,235)	
Unassigned	-	(43,787)	257,426	
	<u>\$ (400,000)</u>	<u>\$ (363,901)</u>	<u>\$ 499,458</u>	

See the accompanying Notes to the Required Supplementary Information.

Town of Standish
Notes to the Required Supplementary Information
June 30, 2016

NOTE 1 BUDGETARY ACCOUNTING

On an annual basis, the Town adopts an appropriated budget for the General Fund. Formal budgetary integration is employed as a management control device. The budget is prepared on budgetary basis of accounting that differs from the modified accrual basis of accounting used to prepare financial statements of the General Fund.

NOTE 2 RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

The following is a reconciliation between the Budgetary Comparison Schedule (Schedule 1) prepared on a budgetary basis of accounting and the General Fund's Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement 5) prepared on the modified accrual basis of accounting, in accordance with U.S. generally accepted accounting principles (US GAAP).

Total revenues reported in Schedule 1	\$16,660,730
Changes in unavailable property taxes, a deferred inflow of resources, is not budgeted for, but is required on the modified accrual basis. The changes from year to year are charged to property tax revenue.	<u>165,503</u>
Total revenues reported in Statement 5	<u><u>\$16,826,233</u></u>
 Total expenditures reported in Schedule 1	 \$16,190,822
From a budgetary perspective, amounts budgeted for Public Safety Fair Fund, a special revenue fund, are treated as expenditures. On a modified accrual basis, however, these are reported as other financing uses (transfers out).	(2,500)
From a budgetary perspective, amounts budgeted for Bottles 4 Fuel Fund, a special revenue fund, are treated as expenditures. On a modified accrual basis, however, these are reported as other financing uses (transfers out).	(2,000)
From a budgetary perspective, amounts budgeted for Capital Outlays were treated as expenditures even though the expenditures were accounted for in a capital projects fund. On a modified accrual basis, these are reported as other financing uses (transfers out).	<u>(51,602)</u>
Total expenditures reported in Statement 5	<u><u>\$16,134,720</u></u>
 Total other financings sources (uses) reported in Schedule 1	 \$ (43,787)
From a budgetary perspective, amounts budgeted for use by special revenue funds and capital projects funds, as noted above, are treated as expenditures. On a modified accrual basis, however, these are reported as other financing uses (transfers out).	<u>(56,102)</u>
Total other financings sources (uses) reported in Statement 5	<u><u>\$ (99,889)</u></u>

Town of Standish
Notes to the Required Supplementary Information
June 30, 2016

NOTE 3 FUND BALANCE COMPONENTS OF BUDGETARY DEFICITS

For fiscal year 2016, the Town adopted an original budget with a deficit of \$400,000. The deficit was to be funded by the General Fund's assigned fund balance.

The final budget had the following changes to the original budget:

- Prior year unexpended appropriations were authorized to be carried forward in the amount of \$101,673
- A reduction in budgeted Fixed Charges expenditures of \$189,121 so that this amount could be set aside in the bond levelization reserve
- Increases in Community Service budgeted expenditures of \$7,562 to be funded by committed funds for their designated purposes
- Creation of a new Recreation special revenue fund in the amount of \$43,787
- Increases to the Overlay and Bad Debts budgeted expenditures of \$27,993 as a result of revised revenue estimates at the time taxes committed

Overall, the changes above resulted in a final budget that reduced the budgeted deficit to \$363,901.

During the year, actual performance on a budgetary basis resulted in a surplus of \$499,458.

OTHER SUPPLEMENTARY INFORMATION

Town of Standish
 Budgetary Comparison Schedule
 Budget and Actual ▪ 2016 Capital Projects Fund ▪ Budgetary Basis
 For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Interest income	\$ -	\$ -	\$ 1,831	\$ 1,831
Capital Project Expenditures				
Public safety	244,000	244,000	226,226	17,774
Parks and recreation	444,386	444,386	168,279	276,107
Public works	45,360	45,360	44,785	575
Highway roads	728,000	728,000	50,700	677,300
Total capital project expenditures	<u>1,461,746</u>	<u>1,461,746</u>	<u>489,990</u>	<u>971,756</u>
Revenue Deficit	(1,461,746)	(1,461,746)	(488,159)	973,587
Other Financing Sources				
Proceeds from bonds	<u>1,461,746</u>	<u>1,461,746</u>	<u>1,461,746</u>	<u>-</u>
Budgetary Surplus (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 973,587</u>	<u>\$ 973,587</u>

See the accompanying Notes to the Other Supplementary Information.

Town of Standish
Comparative Balance Sheets
General Fund
As of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 2,676,170	\$ 4,218,766
Accounts receivable	180,798	189,373
Taxes receivable, net	663,221	665,920
Liens receivable	131,218	141,341
Lien interest and costs receivable	11,360	12,016
Tax acquired property	24,991	21,337
Inventory and prepaid expense	77,962	42,530
Other assets	160	160
Due from other funds	<u>1,273,714</u>	<u>-</u>
Total Assets	<u><u>\$ 5,039,594</u></u>	<u><u>\$ 5,291,443</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	\$ 165,021	\$ 179,314
Accrued wages	49,809	111,863
Customer deposits	7,571	8,326
Unearned revenues	93,794	76,087
Due to other funds	<u>87,001</u>	<u>785,372</u>
Total liabilities	403,196	1,160,962
Deferred Inflows of Resources		
Unavailable property taxes	438,705	604,208
Taxes collected in advance	<u>11,883</u>	<u>5,424</u>
Total deferred inflows of resources	450,588	609,632
Fund Balance		
Nonspendable	78,122	42,690
Restricted	104,163	85,302
Committed	570,958	300,984
Assigned	419,438	501,673
Unassigned	<u>3,013,129</u>	<u>2,590,200</u>
Total fund balance	<u>4,185,810</u>	<u>3,520,849</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 5,039,594</u></u>	<u><u>\$ 5,291,443</u></u>

Town of Standish
Summarized Schedule of Changes in Fund Balance
General Fund
For the Year Ended June 30, 2016

	Beginning Balance	Net Changes in Fund Balance	Ending Balance
Nonspendable			
Prepaid expenses, inventories, and other	\$ 42,690	\$ 35,432	\$ 78,122
Restricted			
Impact fees and restricted donations	85,302	18,861	104,163
Committed			
Reserves	300,984	269,974	570,958
Assigned			
Use of fund balance to fund budgeted deficits	400,000	(50,000)	350,000
Unexpended appropriations carried forward	101,673	(32,235)	69,438
Unassigned	<u>2,590,200</u>	<u>422,929</u>	<u>3,013,129</u>
Totals	<u>\$ 3,520,849</u>	<u>\$ 664,961</u>	<u>\$ 4,185,810</u>

Town of Standish
Detailed Schedule of Changes in Fund Balance
General Fund
For the Year Ended June 30, 2016

	Beginning Balance	Revenues	Net Additions (Deductions) and Transfers In (Transfers Out)	Expenditures	Ending Balance
Nonspendable					
Inventories	\$ 35,420	\$ -	\$ 30,634	\$ -	\$ 66,054
Prepaid expenses	7,110	-	4,798	-	11,908
Other	160	-	-	-	160
Restricted					
Impact fees	80,342	19,987	-	-	100,329
G Spenser fund	1,410	2	-	-	1,412
Johnson fund	454	-	-	-	454
B Logan fund	1,402	1	-	(1,132)	271
J Mucci fund	1,505	3	-	-	1,508
C Pierce fund	189	-	-	-	189
Committed					
Skate park	2,175	4	-	-	2,179
Community center	23,332	36	-	-	23,368
Bond levelization	225,096	327	189,121	-	414,544
Conservation	8,914	19	-	-	8,933
Athletic fields	13,538	20	-	(6,305)	7,253
Government access	26,914	40	-	-	26,954
Fire engine 4	316	-	-	-	316
Donations	699	500	-	(125)	1,074
Voting machine	-	-	8,000	-	8,000
Summer rec scholarship	-	-	5,000	-	5,000
Economic development	-	-	73,337	-	73,337
Assigned					-
Budgeted deficit	400,000	-	(50,000)	-	350,000
Carry forwards	101,673	-	(32,235)	-	69,438
Unassigned	<u>2,590,200</u>	<u>16,878,631</u>	<u>(328,544)</u>	<u>(16,127,158)</u>	<u>3,013,129</u>
Totals	<u>\$ 3,520,849</u>	<u>\$ 16,899,570</u>	<u>\$ (99,889)</u>	<u>\$(16,134,720)</u>	<u>\$ 4,185,810</u>

Town of Standish
Combining Balance Sheet
Nonmajor Special Revenue Funds
As of June 30, 2016

	Assets			
	Cash	Accounts Receivable	Due From Other Funds	Total Assets
Restricted				
Homeland security	\$ -	\$ -	\$ -	\$ -
Fire prevention/education	-	-	-	-
Comprehensive plan	-	-	6,379	6,379
Steep Falls library	-	-	5,211	5,211
Standish corner	-	-	4,623	4,623
Oak Hill MDOT grant	-	-	-	-
Family crisis CDBG	-	2,049	-	2,049
TIF district	10,517	-	-	10,517
Committed				
Bottles 4 fuel	14,204	-	-	14,204
Public safety fair	-	-	2,466	2,466
Recreation fund	-	-	43,787	43,787
Totals	<u>\$ 24,721</u>	<u>\$ 2,049</u>	<u>\$ 62,466</u>	<u>\$ 89,236</u>

	Liabilities and Fund Balance			
	Accounts Payable	Due To Other Funds	Fund Balance	Total Liabilities and Fund Balance
Restricted				
Homeland security	\$ -	\$ -	\$ -	\$ -
Fire prevention/education	-	-	-	-
Comprehensive plan	-	-	6,379	6,379
Steep Falls library	-	-	5,211	5,211
Standish corner	-	-	4,623	4,623
Oak Hill MDOT grant	-	-	-	-
Family crisis CDBG	2,049	-	-	2,049
TIF district	-	-	10,517	10,517
Committed				
Bottles 4 fuel	-	1,180	13,024	14,204
Public safety fair	-	-	2,466	2,466
Recreation fund	-	-	43,787	43,787
Totals	<u>\$ 2,049</u>	<u>\$ 1,180</u>	<u>\$ 86,007</u>	<u>\$ 89,236</u>

Town of Standish
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2016

	Beginning Fund Balance	Program Revenues	Transfers In (Out)	Program Expenditures	Ending Fund Balance
Restricted					
Homeland security	\$ 953	\$ -	\$ -	\$ (953)	\$ -
Fire prevention/education	225	-	-	(225)	-
Comprehensive plan	6,379	-	-	-	6,379
Steep Falls library	5,211	-	-	-	5,211
Standish corner	4,623	-	-	-	4,623
Oak Hill MDOT grant	24,664	-	-	(24,664)	-
Family crisis CDBG	-	22,090	-	(22,090)	-
TIF district	-	10,517	-	-	10,517
Committed					
Bottles 4 fuel	7,987	4,229	2,000	(1,192)	13,024
Public safety fair	2,143	556	2,500	(2,733)	2,466
Recreation fund	-	-	43,787	-	43,787
Totals	<u>\$ 52,185</u>	<u>\$ 37,392</u>	<u>\$ 48,287</u>	<u>\$ (51,857)</u>	<u>\$ 86,007</u>

Town of Standish
Combining Balance Sheet
Nonmajor Capital Projects Funds
As of June 30, 2016

	<u>Steep Falls Sidewalk Fund</u>	<u>2014 Capital Projects Fund</u>	<u>2015 Capital Projects Fund</u>	<u>Total</u>
Assets				
Due from other funds	\$ -	\$ 133,294	\$ 440,930	\$ 574,224
 Fund Balance				
Restricted	\$ -	\$ 133,294	\$ 440,930	\$ 574,224

Town of Standish
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2016

	<u>Steep Falls Sidewalk Fund</u>	<u>2014 Capital Projects Fund</u>	<u>2015 Capital Projects Fund</u>	<u>Total</u>
Revenue				
Intergovernmental	\$ 205,799	\$ -	\$ -	\$ 205,799
Capital Project Expenditures				
Public safety	-	-	60,869	60,869
Parks and recreation	-	3,044	4,628	7,672
Public works	257,401	-	-	257,401
Highway roads	<u>-</u>	<u>88,261</u>	<u>236,526</u>	<u>324,787</u>
Total capital project expenditures	<u>257,401</u>	<u>91,305</u>	<u>302,023</u>	<u>650,729</u>
Revenue Deficit	(51,602)	(91,305)	(302,023)	(444,930)
Other Financing Sources				
Transfers in from other funds	<u>51,602</u>	<u>-</u>	<u>-</u>	<u>51,602</u>
Net Change in Fund Balance	-	(91,305)	(302,023)	(393,328)
Beginning Fund Balance	<u>-</u>	<u>224,599</u>	<u>742,953</u>	<u>967,552</u>
Ending Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ 133,294</u></u>	<u><u>\$ 440,930</u></u>	<u><u>\$ 574,224</u></u>

Town of Standish
Combining Balance Sheet
Nonmajor Permanent Funds
As of June 30, 2016

			Totals	
	<u>Hasty Fund</u>	<u>Wescott Fund</u>	<u>2016</u>	<u>2015</u>
Assets				
Due from general fund	\$ <u>15,076</u>	\$ <u>9,459</u>	\$ <u>24,535</u>	\$ <u>24,498</u>
Fund Balance				
Nonspendable - permanent	\$ 14,911	\$ 5,047	\$ 19,958	\$ 19,958
Restricted - expendable	<u>165</u>	<u>4,412</u>	<u>4,577</u>	<u>4,540</u>
	\$ <u>15,076</u>	\$ <u>9,459</u>	\$ <u>24,535</u>	\$ <u>24,498</u>

Town of Standish
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Permanent Funds
For the Year Ended June 30, 2016

			Totals	
	<u>Hasty Fund</u>	<u>Wescott Fund</u>	<u>2016</u>	<u>2015</u>
Revenues				
Interest	\$ 23	\$ 14	\$ 37	\$ 37
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Surplus (Deficit) Revenues	23	14	37	37
Beginning Fund Balance	<u>15,054</u>	<u>9,444</u>	<u>24,498</u>	<u>24,461</u>
Ending Fund Balance	<u>\$ 15,077</u>	<u>\$ 9,458</u>	<u>\$ 24,535</u>	<u>\$ 24,498</u>

Town of Standish
Schedule of Departmental Operations
For the Year Ended June 30, 2016

	Amounts Carried Forward from Last Year	Current Year Appropriations	Transfers and Other Adjustments	Total Available for Expenditure	Actual Expenditures	Appropriation Balances			Amounts Carried Forward to Next Year
						Lapsed Appropriations			
						Amounts Overdrawn	Amounts Unexpended		
General Government									
Assessing	\$ -	\$ 90,482	\$ -	\$ 90,482	\$ 86,220	\$ -	\$ 4,262	\$ -	-
Code enforcement	-	93,937	-	93,937	85,649	-	8,288	-	-
General administration	-	301,891	-	301,891	271,491	-	20,370	10,030	-
Cable television	-	93,600	-	93,600	90,799	-	2,801	-	-
Town council	-	51,411	-	51,411	41,577	-	9,834	-	-
Town clerk	-	192,340	-	192,340	174,384	-	17,084	872	-
Finance	-	182,127	-	182,127	179,749	-	2,351	27	-
Planning	25,946	120,191	-	146,137	117,151	-	-	28,986	-
Appeals board	-	687	-	687	487	-	200	-	-
Building maintenance	-	204,325	-	204,325	178,900	-	22,542	2,883	-
	25,946	1,330,991	-	1,356,937	1,226,407	-	87,732	42,798	-
Public Safety									
Public safety	-	1,034,254	-	1,034,254	981,177	-	42,971	10,106	-
Law enforcement	-	477,420	-	477,420	449,164	-	28,256	-	-
	-	1,511,674	-	1,511,674	1,430,341	-	71,227	10,106	-
General Assistance									
	-	60,724	-	60,724	32,263	-	28,461	-	-

Town of Standish
Schedule of Departmental Operations
For the Year Ended June 30, 2016

	Amounts Carried Forward from Last Year	Current Year Appropriations	Transfers and Other Adjustments	Total Available for Expenditure	Actual Expenditures	Appropriation Balances			Amounts Carried Forward to Next Year
						Lapsed Appropriations	Amounts Overdrawn	Amounts Unexpended	
Public Works									
Public works	\$ -	\$ 1,193,374	\$ -	\$ 1,193,374	\$ 1,067,974	\$ -	-	\$ 125,400	\$ -
Solid waste	-	524,112	-	524,112	504,885	-	-	19,227	-
	-	1,717,486	-	1,717,486	1,572,859	-	-	144,627	-
Community Service									
Recreation	-	321,128	6,305	327,433	302,999	-	-	22,703	1,731
Donations	-	39,100	1,257	40,357	38,057	-	-	2,300	-
	-	360,228	7,562	367,790	341,056	-	-	25,003	1,731
Capital Outlay									
Town clerk	8,000	-	-	8,000	-	-	-	8,000	-
Public works	67,727	-	-	67,727	52,924	-	-	-	14,803
	75,727	-	-	75,727	52,924	-	-	8,000	14,803
Benefits & Insurance									
Employee benefits	-	689,024	-	689,024	617,857	-	-	71,167	-
Insurance	-	74,239	-	74,239	69,180	-	-	5,059	-
	-	763,263	-	763,263	687,037	-	-	76,226	-

Town of Standish
Schedule of Departmental Operations
For the Year Ended June 30, 2016

	Amounts Carried Forward from Last Year	Current Year Appropriations	Transfers and Other Adjustments	Total Available for Expenditure	Actual Expenditures	Appropriation Balances			Amounts Carried Forward to Next Year
						Lapsed Appropriations	Amounts Overdrawn	Amounts Unexpended	
Fixed Charges									
Debt service	\$ -	\$ 1,006,891	\$ (189,121)	\$ 817,770	\$ 812,060	\$ -	\$ -	\$ 5,710	\$ -
County tax	-	664,282	-	664,282	664,282	-	-	-	-
TIF district	-	10,507	-	10,507	10,507	-	-	-	-
Education	-	9,320,358	-	9,320,358	9,320,358	-	-	-	-
	-	11,002,038	(189,121)	10,812,917	10,807,207	-	-	5,710	-
Overlay and Bad Debt	-	54,318	-	54,318	40,728	-	-	13,590	-
Totals	<u>\$ 101,673</u>	<u>\$ 16,800,722</u>	<u>\$ (181,559)</u>	<u>\$ 16,720,836</u>	<u>\$ 16,190,822</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 460,576</u>	<u>\$ 69,438</u>

Town of Standish
Notes to the Other Supplementary Information
June 30, 2016

NOTE 1 CAPITAL PROJECTS FUND BUDGETARY COMPARISON SCHEDULE

On an annual basis, the Town adopts an appropriated budget that contemplates operational expenditures for both the General Fund and the current year Capital Projects Fund. The budgetary comparison schedule for the General Fund is required supplementary information under GASB reporting standards, whereas the budgetary comparison schedule for the 2016 Capital Projects Fund is not required supplementary information. Management presents the budgetary comparison schedule for the 2016 Capital Projects Fund (Schedule 2) as other supplementary information for purposes of additional analysis.

On a budgetary basis, the 2016 Capital Projects Fund ran a surplus for the year in the amount of \$973,587. Surpluses will be used in future years to complete approved capital projects.