

Audited Financial Statements

Town of Limerick, Maine

December 31, 2016



Proven Expertise and Integrity

TOWN OF LIMERICK, MAINE

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DECEMBER 31, 2016

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Proven Expertise and Integrity
INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Limerick
Limerick, 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 Limerick, Maine, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town of Limerick, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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 Limerick, Maine as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Limerick, Maine's basic financial statements. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues, Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues, Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2017, on our consideration of the Town of Limerick, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Limerick, Maine's internal control over financial reporting and compliance

R.H.R. Smith & Company

Buxton, Maine
April 21, 2017

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

(UNAUDITED)

The following management's discussion and analysis of the Town of Limerick, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended December 31, 2016. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Limerick, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Limerick are categorized as: governmental funds.

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

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

The Town of Limerick presents only three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund and the Limerick rescue fund. All other funds are shown as nonmajor and are combined in the "Nonmajor Funds" column on these statements.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund.

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position increased by \$373,844 from \$8,649,182 to \$9,023,026.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a balance of \$4,305,348 at the end of this year.

Table 1
Town of Limerick, Maine
Net Position
December 31,

	2016	2015 (Restated)
Assets:		
Current Assets	\$ 4,444,838	\$ 4,096,855
Capital Assets	4,693,205	4,641,835
Total Assets	9,138,043	8,738,690
Liabilities:		
Current Liabilities	79,392	48,482
Long-term Debt Outstanding	9,942	19,740
Total Liabilities	89,334	68,222
Deferred Inflows of Resources:		
Prepaid Taxes	5,141	650
Advanced Payment of LRAP Funding	20,542	20,636
Total Deferred Inflows of Resources	25,683	21,286
Net Position:		
Net Investment in Capital Assets	4,673,465	4,612,437
Restricted	44,213	38,539
Unrestricted	4,305,348	3,998,206
Total Net Position	\$ 9,023,026	\$ 8,649,182

Table 2
Town of Limerick, Maine
Change in Net Position
For the Years Ended December 31,

	<u>2016</u>	<u>2015</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 210,084	\$ 263,981
Operating grants and contributions	41,178	41,272
<i>General Revenues:</i>		
Taxes	4,760,219	4,573,176
Grants and contributions not restricted to specific programs	213,333	198,990
Miscellaneous	130,298	269,591
Total Revenues	<u>5,355,112</u>	<u>5,347,010</u>
Expenses		
General government	446,318	455,728
Public works	566,041	533,122
Public safety	356,691	319,514
Waste & sanitation	240,472	205,052
Community services	76,541	78,191
Education	2,970,104	2,913,704
County tax	163,865	168,781
Community assistance	6,733	6,300
Interest on long-term debt	394	481
Unclassified	128,699	110,794
Unallocated depreciation (Note 4)	25,410	22,771
Total Expenses	<u>4,981,268</u>	<u>4,814,438</u>
Change in Net Position	373,844	532,572
Net Position - January 1, Restated	<u>8,649,182</u>	<u>8,116,610</u>
Net Position - December 31	<u>\$ 9,023,026</u>	<u>\$ 8,649,182</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by .15%, while total expenses increased by 3.47%. The main increase in revenues was in taxes while the major increases in expenses were in education and public safety.

Financial Analysis of the Town's Fund Statements

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

Table 3
Town of Limerick, Maine
Fund Balances - Governmental Funds
December 31,

	2016	2015 (Restated)
General Fund:		
Nonspendable	\$ 60,178	\$ 65,440
Committed	127,381	141,546
Unassigned	2,367,759	2,162,055
Total General Fund	\$ 2,555,318	\$ 2,369,041
Limerick Rescue Fund:		
Committed	\$ 855,825	\$ 748,860
Total Limerick Rescue Fund	\$ 855,825	\$ 748,860
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 27,151	\$ 21,500
Committed	4,170	4,170
Assigned	48,072	11,426
Capital Projects Funds:		
Committed	404,317	424,153
Permanent Funds:		
Restricted	17,062	17,039
Total Nonmajor Funds	\$ 500,772	\$ 478,288

The general fund total fund balance increased by \$186,277 from the prior fiscal year. The Limerick Rescue fund total fund balance increased by \$106,965 from the prior fiscal year. The nonmajor fund balances increased by \$22,484 from the prior fiscal year.

Budgetary Highlights

The significant differences between the original and final budget for the general fund was the use of committed fund balances as well as the use of certain applied receipts.

The general fund actual revenues exceeded budget by \$167,524. All revenue categories were receipted in excess of budgeted amounts.

The general fund actual expenditures were under budget by \$260,298. All expenditure categories were under budget with the exception of transfers to other funds.

Capital Asset and Debt Administration

Capital Assets

As of December 31, 2016, the net book value of capital assets recorded by the Town increased by \$51,370 from the prior year. This increase is due to capital additions of \$282,465 less depreciation expense of \$231,095.

Table 4
Town of Limerick, Maine
Capital Assets (Net of Depreciation)
December 31,

	<u>2016</u>	<u>2015</u>
Land	\$ 267,950	\$ 267,950
Construction in progress	33,372	33,372
Buildings and improvements	519,891	509,022
Machinery and equipment	143,017	139,221
Vehicles	355,478	400,133
Infrastructure	<u>3,373,497</u>	<u>3,292,137</u>
Total	<u>\$ 4,693,205</u>	<u>\$ 4,641,835</u>

Debt

At December 31, 2016, the Town had \$19,740 in bonds outstanding versus \$29,398 last year, a decrease of 32.85%. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

To further promote and ensure the financial well-being and fiscal stability of the Town, the Limerick Board of Selectmen adopted an Unassigned Fund Balance Policy in March of 2013. The Town's management established the policy as a guideline to ensure the well-being of the Town's financial administration in a manner that assists in providing for a positive cash flow, reducing short-term borrowing costs and meeting the Town's long-term capital investment objectives while ensuring that year-to-year fluctuations do not allow accumulation of an excessive unassigned fund balance. The policy also includes a provision for the suggested utilization of excess funds on future capital improvements and/or distribution to various reserve accounts. The Town's management designed the policy around maintaining a level of funding in unassigned fund balance that assures the fiscal integrity of the Town into the near future. In addition, the policy will provide direction to the Town Manager during annual budget preparation. The policy requires that the Town maintain an unassigned fund balance equal to 3 months of the previous year's total budget as reported in the Town's audited December 31 year-end financial report. The Town maintained balances in excess of the required minimum level for the fiscal year ended 2016.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Finance Department at, 55 Washington Street, Limerick, Maine 04048.

TOWN OF LIMERICK, MAINE
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,546,443
Investments	17,062
Accounts receivable (net of allowance for uncollectibles):	
Taxes	415,923
Liens	149,330
Other	255,902
Tax acquired property	60,178
Total current assets	4,444,838
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	301,322
Buildings and equipment, net of accumulated depreciation	4,391,883
Total noncurrent assets	4,693,205
TOTAL ASSETS	\$ 9,138,043
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 43,446
Accrued payroll	15,245
Due to other governments	10,903
Current portion of long-term obligations	9,798
Total current liabilities	79,392
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	9,942
Total noncurrent liabilities	9,942
TOTAL LIABILITIES	89,334
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	5,141
Advanced payment of LRAP funding	20,542
TOTAL DEFERRED INFLOWS OF RESOURCES	25,683
NET POSITION	
Net investment in capital assets	4,673,465
Restricted	44,213
Unrestricted	4,305,348
TOTAL NET POSITION	9,023,026
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 9,138,043

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

STATEMENT B

TOWN OF LIMERICK, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Governmental activities:					
General government	\$ 446,318	\$ 45,169	\$ -	\$ -	(401,149)
Public works	566,041	-	41,178	-	(524,863)
Public safety	356,691	135,625	-	-	(221,066)
Waste & sanitation	240,472	23,998	-	-	(216,474)
Community services	76,541	5,292	-	-	(71,249)
Education	2,970,104	-	-	-	(2,970,104)
County tax	163,865	-	-	-	(163,865)
Community assistance	6,733	-	-	-	(6,733)
Interest on long-term debt	394	-	-	-	(394)
Unclassified	128,699	-	-	-	(128,699)
Unallocated depreciation (Note 4)*	25,410	-	-	-	(25,410)
Total government	\$ 4,981,268	\$ 210,084	\$ 41,178	\$ -	(4,730,006)

*This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)
TOWN OF LIMERICK, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(4,730,006)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	4,185,440
Excise taxes	574,779
Grants and contributions not restricted to specific programs	213,333
Miscellaneous	<u>130,298</u>
Total general revenues	<u>5,103,850</u>
Change in net position	373,844
NET POSITION - JANUARY 1, RESTATED	<u>8,649,182</u>
NET POSITION - DECEMBER 31	<u><u>\$ 9,023,026</u></u>

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

STATEMENT C

TOWN OF LIMERICK, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General Fund	Limerick Rescue	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,044,080	\$ 502,363	\$ -	\$ 3,546,443
Investments	-	-	17,062	17,062
Accounts receivable (net of allowance for uncollectibles):				
Taxes	415,923	-	-	415,923
Liens	149,330	-	-	149,330
Other	5,163	250,739	-	255,902
Tax acquired property	60,178	-	-	60,178
Due from other funds	-	102,723	483,710	586,433
TOTAL ASSETS	\$ 3,674,674	\$ 855,825	\$ 500,772	\$ 5,031,271
LIABILITIES				
Accounts payable	\$ 43,446	\$ -	\$ -	\$ 43,446
Accrued payroll	15,245	-	-	15,245
Due to other governments	10,903	-	-	10,903
Due to other funds	586,433	-	-	586,433
TOTAL LIABILITIES	656,027	-	-	656,027
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	5,141	-	-	5,141
Deferred tax revenues	437,646	-	-	437,646
Advanced payment of LRAP funding	20,542	-	-	20,542
TOTAL DEFERRED INFLOWS OF RESOURCES	463,329	-	-	463,329
FUND BALANCES				
Nonspendable	60,178	-	-	60,178
Restricted	-	-	44,213	44,213
Committed	127,381	855,825	408,487	1,391,693
Assigned	-	-	48,072	48,072
Unassigned	2,367,759	-	-	2,367,759
TOTAL FUND BALANCES	2,555,318	855,825	500,772	3,911,915
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,674,674	\$ 855,825	\$ 500,772	\$ 5,031,271

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

TOWN OF LIMERICK, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Total Governmental Funds
	<u> </u>
Total Fund Balances	\$ 3,911,915
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	4,693,205
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	437,646
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	<u>(19,740)</u>
Net position of governmental activities	<u><u>\$ 9,023,026</u></u>

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

TOWN OF LIMERICK, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund	Limerick Rescue	Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property taxes	\$ 4,188,350	\$ -	\$ -	\$ 4,188,350
Excise taxes	574,779	-	-	574,779
Intergovernmental	254,511	-	-	254,511
Charges for services	75,577	134,507	-	210,084
Miscellaneous revenues	72,902	981	56,415	130,298
TOTAL REVENUES	5,166,119	135,488	56,415	5,358,022
EXPENDITURES				
Current:				
General government	449,884	-	-	449,884
Public works	641,758	-	-	641,758
Public safety	288,944	-	-	288,944
Waste & sanitation	235,562	-	-	235,562
Community services	81,841	-	-	81,841
Education	2,970,104	-	-	2,970,104
County tax	163,865	-	-	163,865
Community assistance	6,733	-	-	6,733
Unclassified	129,699	28,523	7,894	166,116
Debt service:				
Principal	9,658	-	-	9,658
Interest	394	-	-	394
Capital outlay	-	-	27,437	27,437
TOTAL EXPENDITURES	4,978,442	28,523	35,331	5,042,296
EXCESS REVENUES OVER (UNDER) EXPENDITURES	187,677	106,965	21,084	315,726
OTHER FINANCING SOURCES				
Transfers in	-	-	1,400	1,400
Transfers (out)	(1,400)	-	-	(1,400)
TOTAL OTHER FINANCING SOURCES (USES)	(1,400)	-	1,400	-
NET CHANGE IN FUND BALANCES	186,277	106,965	22,484	315,726
FUND BALANCES - JANUARY 1, RESTATED	2,369,041	748,860	478,288	3,596,189
FUND BALANCES - DECEMBER 31	\$ 2,555,318	\$ 855,825	\$ 500,772	\$ 3,911,915

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

TOWN OF LIMERICK, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2015

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 315,726</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	282,465
Depreciation expense	<u>(231,095)</u>
	<u>51,370</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>(2,910)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	
	<u>9,658</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 373,844</u></u>

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

TOWN OF LIMERICK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Limerick was incorporated under the laws of the State of Maine. The Town operates under the selectmen-treasurer form of government and provides the following services: general government, public safety, public works, waste and sanitation, community services, education, and community assistance.

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

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

Implementation of New Accounting Standards

During the year ended December 31, 2016, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 72, "*Fair Value Measurement and Application*". The objective of the Statement is to expand comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will improve fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. Management has determined the impact of this Statement is not material to the financial statements.

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

Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The objective of this Statement is to identify-in the

TOWN OF LIMERICK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 79, “*Certain External Investment Pools and Pool Participants*”. This Statement establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

This Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all activities as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column, and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town’s net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

TOWN OF LIMERICK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF LIMERICK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. The Limerick Rescue Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment associated with the rescue.

Nonmajor Funds

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

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

Basis of Accounting

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

1. Accrual

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

TOWN OF LIMERICK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

Budget

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

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. The Town does not adopt budgets for Special Revenue Funds.

Deposits and Investments

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

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

TOWN OF LIMERICK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Interfund Receivables and Payables

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

Transactions Between Funds

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

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$83,580 as of December 31, 2016.

Capital Assets

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

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets

TOWN OF LIMERICK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town.

Estimated useful lives are as follows:

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

Long-term Obligations

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds payable.

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

Net Position

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

TOWN OF LIMERICK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

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

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

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

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

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

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

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

TOWN OF LIMERICK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no deferred outflows of resources.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and advanced payment of LRAP funding also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied September 1, 2016 on the assessed value listed as of April 1, 2016, for all real and personal property located in the Town. Taxes were due on October 31, 2016. Interest on unpaid taxes commenced on November 1, 2016, at 7% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$32,264 for the year ended December 31, 2016.

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.

TOWN OF LIMERICK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town follows state statutes for the investment of funds, which authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These apply to all Town funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At December 31, 2016, the Town's cash balance of \$3,546,443 was comprised of bank deposits amounting to \$3,528,887. This entire amount was insured by federal depository insurance and was not exposed to custodial credit risk.

TOWN OF LIMERICK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
NOW checking accounts	\$ 9,983
ICS accounts	3,508,904
Money market accounts	10,000
	<u>\$ 3,528,887</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

At December 31, 2016, the Town's investments of \$17,062 of certificates of deposit was insured by federal depository insurance and was not exposed to custodial credit risk.

At December 31, 2016, the Town's investments and maturities were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>< 1 Year</u>	<u>1 - 5 Years</u>
Certificates of Deposit	\$ 17,062	\$ -	\$ 17,062	\$ -
	<u>\$ 17,062</u>	<u>\$ -</u>	<u>\$ 17,062</u>	<u>\$ -</u>

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

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

TOWN OF LIMERICK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2016 consisted of the following individual fund receivables and payables.

	<u>Receivables</u> <u>(Due from)</u>	<u>Payables</u> <u>(Due to)</u>
General Fund	\$ -	\$ 586,433
Limerick Rescue Fund	102,723	-
Nonmajor Special Revenue Funds	79,393	-
Nonmajor Capital Projects Funds	404,317	-
	<u>\$ 586,433</u>	<u>\$ 586,433</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2016:

	<u>Balance,</u> <u>1/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>12/31/16</u>
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 267,950	\$ -	\$ -	\$ 267,950
Construction in progress	33,372	-	-	33,372
	<u>301,322</u>	<u>-</u>	<u>-</u>	<u>301,322</u>
Depreciated assets:				
Buildings & improvements	936,307	37,003	-	973,310
Machinery & equipment	800,196	24,919	-	825,115
Vehicles	1,078,319	-	-	1,078,319
Infrastructure	4,142,161	220,543	-	4,362,704
	<u>6,956,983</u>	<u>282,465</u>	<u>-</u>	<u>7,239,448</u>
Less: accumulated depreciation:				
Buildings & improvements	(427,285)	(26,134)	-	(453,419)
Machinery & equipment	(660,975)	(21,123)	-	(682,098)
Vehicles	(678,186)	(44,655)	-	(722,841)
Infrastructure	(850,024)	(139,183)	-	(989,207)
	<u>(2,616,470)</u>	<u>(231,095)</u>	<u>-</u>	<u>(2,847,565)</u>
Net depreciated assets	<u>4,340,513</u>	<u>51,370</u>	<u>-</u>	<u>4,391,883</u>
Net capital assets	<u>\$ 4,641,835</u>	<u>\$ 51,370</u>	<u>\$ -</u>	<u>\$ 4,693,205</u>

TOWN OF LIMERICK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation

Fire Department	\$ 67,747
Public Works	132,328
Transfer Station	4,910
Library	700
Town-wide	25,410
Total depreciation expense	<u>\$ 231,095</u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended December 31, 2016:

	<u>Balance 1/1/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/16</u>	<u>Current Year Portion</u>
Bonds payable	\$ 29,398	\$ -	\$ (9,658)	\$ 19,740	\$ 9,798
Totals	<u>\$ 29,398</u>	<u>\$ -</u>	<u>\$ (9,658)</u>	<u>\$ 19,740</u>	<u>\$ 9,798</u>

The following is a summary of the outstanding bond payable:

\$135,000, 2003 General Obligation bonds with Maine Municipal Bond Bank, due in annual principal installments and semi-annual interest installments through April of 2018. Interest is charged at a rate of 1.00% per annum. Annual principal installments vary from \$8,116 to \$9,942.

\$ 19,740

The following is a summary of outstanding bond principal and interest requirements for the following fiscal years ending December 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 9,798	\$ 398	\$ 10,196
2018	9,942	200	10,142
	<u>\$ 19,740</u>	<u>\$ 598</u>	<u>\$ 20,338</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ended December 31, 2016 was \$394.

TOWN OF LIMERICK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6 - OPERATING LEASE

The Town has entered into an operating lease for a copier. Monthly payments are \$189 plus taxes through June of 2021.

The following is a summary of outstanding operating lease requirements for the fiscal years ending December 31:

<u>Year Ending December 31:</u>	
2017	\$ 2,268
2018	2,268
2019	2,268
2020	2,268
2021	<u>1,134</u>
Total minimum lease payments	<u><u>\$ 10,206</u></u>

NOTE 7 - NONSPENDABLE FUND BALANCES

At December 31, 2016, the Town had the following nonspendable fund balances:

General fund:	
Tax acquired property	<u><u>\$ 60,178</u></u>

NOTE 8 - RESTRICTED FUND BALANCES

At December 31, 2016, the Town had the following restricted fund balances:

Nonmajor special revenue funds (See Schedule E)	\$ 27,151
Nonmajor permanent funds (See Schedule I)	<u>17,062</u>
	<u><u>\$ 44,213</u></u>

TOWN OF LIMERICK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 9 - COMMITTED FUND BALANCES

At December 31, 2016, the Town had the following committed fund balances:

General fund:	
Revaluation	\$ 30,000
Franchise fees	23,692
Franchise capital equipment	73,689
Limerick rescue fund	855,825
Nonmajor special revenue funds (See Schedule E)	4,170
Nonmajor capital projects funds (See Schedule G)	404,317
	<u>\$ 1,391,693</u>

NOTE 10 - ASSIGNED FUND BALANCES

At December 31, 2016, the Town had the following assigned fund balances:

Nonmajor special revenue funds (See Schedule E)	<u>\$ 48,072</u>
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NOTE 11 - OVERSPENT APPROPRIATIONS

At December 31, 2016, the Town had the following overspent appropriations:

Transfers to other funds	<u>\$ 1,400</u>
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NOTE 12 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At December 31, 2016, the Town's share was approximately:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of York	\$ 6,405,567	0.95%	\$ 60,740
RSU #57	15,759,398	12.80%	<u>2,017,014</u>
			<u>\$ 2,077,754</u>

TOWN OF LIMERICK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 13 - RISK MANAGEMENT

The Town faces a full realm of risks typical of a thriving entity. Liabilities associated with torts and protections against damage of loss of assets are the general categories of risk for which the Town carries commercial insurance. Specific insurance related to these categories includes general, police and public officials liability coverage, workers compensation, and automobile insurance. The Town is liable for deductibles ranging up to \$50,000 for settlements exceeding the limits of coverage, which range from \$1,000 to \$4,288,163.

Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at December 31, 2016. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 14 - CONTINGENCIES

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

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

NOTE 15 - RELATED PARTY TRANSACTIONS

A member of the Board of Selectmen has a wife that is part-owner of a company that provides fuel services to the Town. The Town requests contract proposals for this service annually. The Selectman recuses himself in any matters regarding this related party. During the year ended December 31, 2016, payments to this vendor for fuel services totaled \$25,664.

TOWN OF LIMERICK, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 16 - RESTATEMENT

The beginning fund balance of the general fund and the net position of the governmental activities have been restated as of January 1, 2016. These balances were restated to present the advance payment of LRAP funding balance as a deferred inflow of resources. The general fund and governmental activities were both restated by (\$20,636).

NOTE 17 - COMPARATIVE DATA/RECLASSIFICATIONS

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

NOTE 18 - SUBSEQUENT EVENT

In January of 2017, the Town entered into an operating lease with EverBank Commercial Finance for a copier. The lease term is for 36 months with monthly payments of \$71 plus taxes.

Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund

TOWN OF LIMERICK, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1, Restated	\$ 2,369,041	\$ 2,369,041	\$ 2,369,041	\$ -
Resources (Inflows):				
Property taxes	4,169,502	4,169,502	4,188,350	18,848
Excise taxes	477,500	477,500	574,779	97,279
Intergovernmental	243,294	243,294	254,511	11,217
Charges for services	59,600	59,600	75,577	15,977
Interest income	16,500	16,500	29,914	13,414
Miscellaneous revenues	-	32,199	42,988	10,789
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>7,335,437</u>	<u>7,367,636</u>	<u>7,535,160</u>	<u>167,524</u>
Charges to Appropriations (Outflows):				
General government	526,512	541,512	449,884	91,628
Public works	650,485	650,485	641,758	8,727
Public safety	307,986	307,986	288,944	19,042
Waste & sanitation	246,847	246,847	235,562	11,285
Community services	82,733	82,733	81,841	892
Education	2,970,104	2,970,104	2,970,104	-
County tax	163,865	163,865	163,865	-
Community assistance	7,300	7,300	6,733	567
Unclassified	100,512	259,256	129,699	129,557
Debt service:				
Principal	9,658	9,658	9,658	-
Interest	394	394	394	-
Transfers to other funds	-	-	1,400	(1,400)
Total Charges to Appropriations	<u>5,066,396</u>	<u>5,240,140</u>	<u>4,979,842</u>	<u>260,298</u>
Budgetary Fund Balance, December 31	<u>\$ 2,269,041</u>	<u>\$ 2,127,496</u>	<u>\$ 2,555,318</u>	<u>\$ 427,822</u>
Utilization of unassigned fund balance	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Utilization of committed fund balance	-	141,545	-	(141,545)
	<u>\$ 100,000</u>	<u>\$ 241,545</u>	<u>\$ -</u>	<u>\$ (241,545)</u>

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

Other Supplementary Information

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

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

TOWN OF LIMERICK, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND REVENUES
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 4,169,502	\$ 4,169,502	\$ 4,188,350	\$ 18,848
Vehicle excise taxes	470,000	470,000	566,917	96,917
Boat/plane excise taxes	7,500	7,500	7,862	362
Intergovernmental revenues:				
State revenue sharing	112,619	112,619	115,564	2,945
Homestead exemption	81,691	81,691	72,996	(8,695)
Local road assistance	41,272	41,272	41,178	(94)
Veteran's exemption	-	-	2,856	2,856
Tree growth	-	-	9,835	9,835
BETE reimbursement	7,712	7,712	7,720	8
Other	-	-	4,362	4,362
Charges for services:				
Agent fees	10,300	10,300	11,179	879
Clerk fees	3,500	3,500	3,906	406
Code enforcement	15,000	15,000	27,584	12,584
Board of appeals	100	100	600	500
Transfer station	22,000	22,000	23,998	1,998
Fire department	2,000	2,000	573	(1,427)
Animal control	-	-	545	545
Recreation registrations	3,500	3,500	4,234	734
Town hall rentals	1,200	1,200	1,150	(50)
Planning board	2,000	2,000	750	(1,250)
Library	-	-	1,058	1,058
Investment income:				
Investment income	1,500	1,500	3,336	1,836
Interest/fees on taxes	15,000	15,000	26,578	11,578
Other income:				
Other income	-	-	4,305	4,305
Lien costs	-	-	6,484	6,484
Cable franchise fees	-	32,199	32,199	-
Transfers from other funds	-	-	-	-
TOTAL REVENUES	\$ 4,966,396	\$ 4,998,595	\$ 5,166,119	\$ 167,524

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

SCHEDULE B

TOWN OF LIMERICK, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General Government:					
Treasurer	\$ 38,286	\$ -	\$ 38,286	\$ 38,246	\$ 40
Town clerk/tax collector	47,128	-	47,128	47,011	117
Administration payroll	97,594	-	97,594	77,285	20,309
Deputy tax collector	27,128	-	27,128	22,458	4,670
Payroll expenses	15,868	-	15,868	15,868	-
Legal	56,804	-	56,804	53,072	3,732
Assessing	19,550	-	19,550	19,450	100
General assistance	12,000	-	12,000	7,008	4,992
Incidentals	32,500	-	32,500	24,316	8,184
Board of appeals	946	-	946	915	31
Elections	12,749	-	12,749	10,488	2,261
Code enforcement officer	55,804	-	55,804	52,636	3,168
Planning board	18,626	-	18,626	16,091	2,535
Revaluation	15,000	15,000	30,000	-	30,000
Municipal building	41,650	-	41,650	41,191	459
Town hall	25,000	-	25,000	16,273	8,727
Grange hall	3,079	-	3,079	1,710	1,369
Grant writing	4,800	-	4,800	4,800	-
Moore building	2,000	-	2,000	1,066	934
	526,512	15,000	541,512	449,884	91,628
Public Works:					
Repair of highways	170,000	-	170,000	170,000	-
Tarring	200,000	-	200,000	200,000	-
Tree Warden	2,000	-	2,000	700	1,300
Snow removal:					
Snow removal of roads	217,500	-	217,500	217,218	282
Snow removal sidewalks	27,000	-	27,000	21,000	6,000
Snow removal Town properties	33,985	-	33,985	32,840	1,145
	650,485	-	650,485	641,758	8,727

SCHEDULE B (CONTINUED)

TOWN OF LIMERICK, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Public Safety:					
Fire department	138,900	-	138,900	137,343	1,557
Paramedic/FF	42,268	-	42,268	42,186	82
Hydrant rental	25,524	-	25,524	25,524	-
Per diem EMT	67,945	-	67,945	52,624	15,321
E.M.A.	4,355	-	4,355	4,113	242
Constables	160	-	160	-	160
Traffic signals	15,500	-	15,500	14,213	1,287
Animal control	13,334	-	13,334	12,941	393
	<u>307,986</u>	<u>-</u>	<u>307,986</u>	<u>288,944</u>	<u>19,042</u>
Waste & Sanitation:					
Sanitation & recycling facility	79,347	-	79,347	68,982	10,365
Door to Door	95,000	-	95,000	94,080	920
Household tipping fees	72,500	-	72,500	72,500	-
	<u>246,847</u>	<u>-</u>	<u>246,847</u>	<u>235,562</u>	<u>11,285</u>
Community Services:					
Library	59,981	-	59,981	59,977	4
Recreation	22,752	-	22,752	21,864	888
	<u>82,733</u>	<u>-</u>	<u>82,733</u>	<u>81,841</u>	<u>892</u>

SCHEDULE B (CONTINUED)

TOWN OF LIMERICK, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education	2,970,104	-	2,970,104	2,970,104	-
County Tax	163,865	-	163,865	163,865	-
Community Assistance: Charity organizations	7,300	-	7,300	6,733	567
	7,300	-	7,300	6,733	567
Debt Service: Bond - principal	9,658	-	9,658	9,658	-
Bond - interest	394	-	394	394	-
	10,052	-	10,052	10,052	-
Unclassified:					
Streakers clubhouse	5,000	-	5,000	5,000	-
Public places	6,500	-	6,500	6,500	-
Highland Cemetery	7,700	-	7,700	7,463	237
Milfoil	3,000	-	3,000	3,000	-
Cemetery	2,550	-	2,550	356	2,194
Sokokis Lake	3,000	-	3,000	3,000	-
Main street revitalization	9,000	-	9,000	-	9,000
Main street water and sewer	9,000	-	9,000	4,179	4,821
LAC Hydrants	12,498	-	12,498	12,498	-
Capital projects/equipment	-	106,632	106,632	32,943	73,689
Franchise fees	-	52,112	52,112	28,501	23,611
Contingency	10,000	-	10,000	9,337	663
Overlay	32,264	-	32,264	16,922	15,342
	100,512	158,744	259,256	129,699	129,557
Transfers to Other Funds: Capital projects funds	-	-	-	1,400	(1,400)
	-	-	-	1,400	(1,400)
Total Departmental Expenditures	\$ 5,066,396	\$ 173,744	\$ 5,240,140	\$ 4,979,842	\$ 260,298

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

TOWN OF LIMERICK, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	17,062	17,062
Due from other funds	79,393	404,317	-	483,710
TOTAL ASSETS	<u><u>\$ 79,393</u></u>	<u><u>\$ 404,317</u></u>	<u><u>\$ 17,062</u></u>	<u><u>\$ 500,772</u></u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	27,151	-	17,062	44,213
Committed	4,170	404,317	-	408,487
Assigned	48,072	-	-	48,072
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>79,393</u>	<u>404,317</u>	<u>17,062</u>	<u>500,772</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 79,393</u></u>	<u><u>\$ 404,317</u></u>	<u><u>\$ 17,062</u></u>	<u><u>\$ 500,772</u></u>

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

TOWN OF LIMERICK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Interest income	\$ -	\$ 1	\$ 23	\$ 24
Other	54,991	1,400	-	56,391
TOTAL REVENUES	<u>54,991</u>	<u>1,401</u>	<u>23</u>	<u>56,415</u>
EXPENDITURES				
Capital outlay	10,000	17,437	-	27,437
Other	2,694	5,200	-	7,894
TOTAL EXPENDITURES	<u>12,694</u>	<u>22,637</u>	<u>-</u>	<u>35,331</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>42,297</u>	<u>(21,236)</u>	<u>23</u>	<u>21,084</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,400	-	1,400
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>1,400</u>	<u>-</u>	<u>1,400</u>
NET CHANGE IN FUND BALANCES	42,297	(19,836)	23	22,484
FUND BALANCES - JANUARY 1	<u>37,096</u>	<u>424,153</u>	<u>17,039</u>	<u>478,288</u>
FUND BALANCES - DECEMBER 31	<u>\$ 79,393</u>	<u>\$ 404,317</u>	<u>\$ 17,062</u>	<u>\$ 500,772</u>

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

Special Revenue Funds

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

1. Business Park
2. Lakes Environmental Grant
3. Recreation Donations
4. Outreach
5. Library Book Sales
6. Fire Department Donations
7. Transfer Station Capital
8. United Way Contribution
9. Misc. Relief Indigent
10. Transfer Station Grant
11. Belvedere Historical Preservation
12. Narragansett Number One Foundation
13. May Safety Grant
14. Tibetts Memorial Fund
15. Handicap Access King Grant
16. Morton/Kelly Charitable Trust Grant
17. Transfer Station Donations

TOWN OF LIMERICK, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016

	Business Park	Lakes Environmental Grant	Recreation Donations	Outreach	Library Book Sales	Fire Dept Donations
ASSETS						
Due from other funds	\$ 4,170	\$ 256	\$ 315	\$ 663	\$ 2,153	\$ 4,449
TOTAL ASSETS	<u>\$ 4,170</u>	<u>\$ 256</u>	<u>\$ 315</u>	<u>\$ 663</u>	<u>\$ 2,153</u>	<u>\$ 4,449</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	256	-	663	-	-
Committed	4,170	-	-	-	-	-
Assigned	-	-	315	-	2,153	4,449
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>4,170</u>	<u>256</u>	<u>315</u>	<u>663</u>	<u>2,153</u>	<u>4,449</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,170</u>	<u>\$ 256</u>	<u>\$ 315</u>	<u>\$ 663</u>	<u>\$ 2,153</u>	<u>\$ 4,449</u>

SCHEDULE E (CONTINUED)

TOWN OF LIMERICK, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016

	Transfer Station Capital	United Way Contribution	Misc. Relief Indigent	Transfer Station Grant	Belvedere Historical Preservation	Narragansett Number One Foundation
ASSETS						
Due from other funds	\$ 3,000	\$ 800	\$ 700	\$ 581	\$ 7,500	\$ 7,500
TOTAL ASSETS	<u>\$ 3,000</u>	<u>\$ 800</u>	<u>\$ 700</u>	<u>\$ 581</u>	<u>\$ 7,500</u>	<u>\$ 7,500</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	581	7,500	7,500
Committed	-	-	-	-	-	-
Assigned	3,000	800	700	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>3,000</u>	<u>800</u>	<u>700</u>	<u>581</u>	<u>7,500</u>	<u>7,500</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,000</u>	<u>\$ 800</u>	<u>\$ 700</u>	<u>\$ 581</u>	<u>\$ 7,500</u>	<u>\$ 7,500</u>

SCHEDULE E (CONTINUED)

TOWN OF LIMERICK, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016

	May Safety Grant	Tibbets Memorial Fund	Handicap Access King Grant	Morton/Kelly Charitable Trust Grant	Transfer Station Donations	Total
ASSETS						
Due from other funds	\$ 651	\$ 35,426	\$ -	\$ 10,000	\$ 1,229	\$ 79,393
TOTAL ASSETS	<u>\$ 651</u>	<u>\$ 35,426</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 1,229</u>	<u>\$ 79,393</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	651	-	-	10,000	-	27,151
Committed	-	-	-	-	-	4,170
Assigned	-	35,426	-	-	1,229	48,072
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>651</u>	<u>35,426</u>	<u>-</u>	<u>10,000</u>	<u>1,229</u>	<u>79,393</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 651</u>	<u>\$ 35,426</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 1,229</u>	<u>\$ 79,393</u>

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

SCHEDULE F

TOWN OF LIMERICK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Business Park	Lakes Environmental Grant	Recreation Donations	Outreach	Library Book Sales	Fire Dept Donations
REVENUES						
Other	\$ -	\$ -	\$ 155	\$ -	\$ 1,834	\$ 60
TOTAL REVENUES	-	-	155	-	1,834	60
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	-	-	-	-	2,600	-
TOTAL EXPENDITURES	-	-	-	-	2,600	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	155	-	(766)	60
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	155	-	(766)	60
FUND BALANCES - JANUARY 1	4,170	256	160	663	2,919	4,389
FUND BALANCES - DECEMBER 31	\$ 4,170	\$ 256	\$ 315	\$ 663	\$ 2,153	\$ 4,449

SCHEDULE F (CONTINUED)

TOWN OF LIMERICK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Transfer Station Capital	United Way Contribution	Misc. Relief Indigent	Transfer Station Grant	Belvedere Historical Preservation	Narragansett Number One Foundation
REVENUES						
Other	\$ -	\$ 200	\$ 700	\$ -	\$ 7,500	\$ 7,500
TOTAL REVENUES	<u>-</u>	<u>200</u>	<u>700</u>	<u>-</u>	<u>7,500</u>	<u>7,500</u>
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>200</u>	<u>700</u>	<u>-</u>	<u>7,500</u>	<u>7,500</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>200</u>	<u>700</u>	<u>-</u>	<u>7,500</u>	<u>7,500</u>
FUND BALANCES - JANUARY 1	<u>3,000</u>	<u>600</u>	<u>-</u>	<u>581</u>	<u>-</u>	<u>-</u>
FUND BALANCES - DECEMBER 31	<u>\$ 3,000</u>	<u>\$ 800</u>	<u>\$ 700</u>	<u>\$ 581</u>	<u>\$ 7,500</u>	<u>\$ 7,500</u>

SCHEDULE F (CONTINUED)

TOWN OF LIMERICK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	May Safety Grant	Tibetts Memorial Fund	Handicap Access King Grant	Morton/Kelly Charitable Trust Grant	Transfer Station Donations	Total
REVENUES						
Other	\$ 651	\$ 35,426	\$ -	\$ -	\$ 965	\$ 54,991
TOTAL REVENUES	<u>651</u>	<u>35,426</u>	<u>-</u>	<u>-</u>	<u>965</u>	<u>54,991</u>
EXPENDITURES						
Capital outlay	-	-	10,000	-	-	10,000
Other	-	-	-	-	94	2,694
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>94</u>	<u>12,694</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>651</u>	<u>35,426</u>	<u>(10,000)</u>	<u>-</u>	<u>871</u>	<u>42,297</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	651	35,426	(10,000)	-	871	42,297
FUND BALANCES - JANUARY 1	-	-	10,000	10,000	358	37,096
FUND BALANCES - DECEMBER 31	<u>\$ 651</u>	<u>\$ 35,426</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 1,229</u>	<u>\$ 79,393</u>

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

Capital Projects Funds

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

1. Business Association
2. Town Hall Handicap Access
3. Capital Reserve

TOWN OF LIMERICK, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2016

	Business Association	Town Hall Handicap Access	Capital Reserve	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other funds	2,024	1	402,292	404,317
TOTAL ASSETS	<u>\$ 2,024</u>	<u>\$ 1</u>	<u>\$ 402,292</u>	<u>\$ 404,317</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	2,024	1	402,292	404,317
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>2,024</u>	<u>1</u>	<u>402,292</u>	<u>404,317</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,024</u>	<u>\$ 1</u>	<u>\$ 402,292</u>	<u>\$ 404,317</u>

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

TOWN OF LIMERICK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Business Association	Town Hall Handicap Access	Capital Reserve	Total
REVENUES				
Interest income	\$ -	\$ 1	\$ -	\$ 1
Other	-	-	1,400	1,400
TOTAL REVENUES	-	1	1,400	1,401
EXPENDITURES				
Capital outlay	-	6,819	10,618	17,437
Other	-	498	4,702	5,200
TOTAL EXPENDITURES	-	7,317	15,320	22,637
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(7,316)	(13,920)	(21,236)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,400	1,400
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	1,400	1,400
NET CHANGE IN FUND BALANCES	-	(7,316)	(12,520)	(19,836)
FUND BALANCES - JANUARY 1	2,024	7,317	414,812	424,153
FUND BALANCES - DECEMBER 31	\$ 2,024	\$ 1	\$ 402,292	\$ 404,317

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

Permanent Funds

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

1. Hillside Cemetery
2. Elizabeth Felch Durrell

TOWN OF LIMERICK, MAINE

COMBINING BALANCE SHEET- NONMAJOR PERMANENT FUNDS
DECEMBER 31, 2016

	Hillside Cemetery	Elizabeth Felch Durrell	Total
ASSETS			
Investments	\$ 8,267	\$ 8,795	\$ 17,062
TOTAL ASSETS	<u>\$ 8,267</u>	<u>\$ 8,795</u>	<u>\$ 17,062</u>
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	8,267	8,795	17,062
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>8,267</u>	<u>8,795</u>	<u>17,062</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,267</u>	<u>\$ 8,795</u>	<u>\$ 17,062</u>

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

TOWN OF LIMERICK, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Hillside Cemetery	Elizabeth Felch Durrell	Total
REVENUES			
Interest income	\$ 9	\$ 14	\$ 23
TOTAL REVENUES	<u>9</u>	<u>14</u>	<u>23</u>
EXPENDITURES			
Other	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>9</u>	<u>14</u>	<u>23</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	9	14	23
FUND BALANCES - JANUARY 1	<u>8,258</u>	<u>8,781</u>	<u>17,039</u>
FUND BALANCES - DECEMBER 31	<u>\$ 8,267</u>	<u>\$ 8,795</u>	<u>\$ 17,062</u>

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

General Capital Assets

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

SCHEDULE K

TOWN OF LIMERICK, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
DECEMBER 31, 2016

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Fire Department	\$ 22,070	\$ 92,077	\$ 1,792,567	\$ -	\$ 1,906,714
Public Works	-	41,854	35,635	4,213,658	4,291,147
Transfer Station	-	-	6,100	36,900	43,000
Library	-	7,000	-	-	7,000
Town-wide	279,252	832,379	69,132	112,146	1,292,909
Total General Capital Assets	301,322	973,310	1,903,434	4,362,704	7,540,770
Less: Accumulated Depreciation	-	(453,419)	(1,404,939)	(989,207)	(2,847,565)
Net General Capital Assets	\$ 602,644	\$ 519,891	\$ 498,495	\$ 3,373,497	\$ 4,693,205

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

TOWN OF LIMERICK, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Capital Assets 1/1/16	Additions	Deletions	General Capital Assets 12/31/16
Fire Department	\$ 1,906,714	\$ -	\$ -	\$ 1,906,714
Public Works	4,083,102	208,045	-	4,291,147
Transfer Station	43,000	-	-	43,000
Library	7,000	-	-	7,000
Town-wide	1,218,489	74,420	-	1,292,909
Total General Capital Assets	7,258,305	282,465	-	7,540,770
Less: Accumulated Depreciation	(2,616,470)	(231,095)	-	(2,847,565)
Net General Capital Assets	\$ 4,641,835	\$ 51,370	\$ -	\$ 4,693,205

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



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Selectmen
Town of Limerick
Limerick, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Limerick, Maine as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town of Limerick, Maine's basic financial statements, and have issued our report thereon dated April 21, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
April 21, 2017