

Audited Financial Statements
and Other Financial Information

Town of Paris, Maine

June 30, 2017



Proven Expertise and Integrity

TOWN OF PARIS, MAINE

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JUNE 30, 2017

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FEDERAL COMPLIANCE

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FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Paris
Paris, 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 Paris, Maine, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Paris, 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 Paris, Maine as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 11 and 46 through 49 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 Paris, Maine's basic financial statements. The 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 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 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 February 1, 2018, on our consideration of the Town of Paris, 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 Paris, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
February 1, 2018

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

(UNAUDITED)

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

Financial Statement Overview

The Town of Paris'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 pension information, 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 been presented for the following activity:

- *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, protection, health and sanitation, highways, culture and recreation, education and unclassified.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Paris, 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 Paris can be divided into one category: 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 fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

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

The Town of Paris presents only two 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 fund is the general 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, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions and Notes to Required Supplementary Information.

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities increased by \$261,630 from \$8,665,316 to \$8,926,946.

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 for governmental activities to a balance of \$2,447,139 at the end of the fiscal year.

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

	Governmental Activities	
	2017	2016
Assets		
Current Assets	\$ 3,254,927	\$ 2,866,445
Noncurrent Assets	7,007,847	7,118,587
Total Assets	<u>10,262,774</u>	<u>9,985,032</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	174,335	347,444
Total Deferred Outflows of Resources	<u>174,335</u>	<u>347,444</u>
Liabilities		
Current Liabilities	283,643	452,086
Long-term Debt Outstanding	999,310	1,036,961
Total Liabilities	<u>1,282,953</u>	<u>1,489,047</u>
Deferred Inflows of Resources		
Prepaid Taxes	17,489	5,659
Deferred Inflows Related to Pensions	209,721	172,454
Total Deferred Inflows of Resources	<u>227,210</u>	<u>178,113</u>
Net Position		
Net Investment in Capital Assets	6,138,383	6,134,335
Restricted	341,424	373,196
Unrestricted	2,447,139	2,157,785
Total Net Position	<u>\$ 8,926,946</u>	<u>\$ 8,665,316</u>

Table 2
Town of Paris, Maine
Changes in Net Position
For the Years Ended June 30,

	Governmental Activities	
	2017	2016
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 69,550	\$ 127,929
Operating grants and contributions	72,266	73,440
<i>General Revenues:</i>		
Taxes	6,358,544	6,906,462
Grants and contributions not restricted to specific programs	621,697	775,058
Investment income	4,489	3,011
Other income	94,312	81,857
Total Revenues	<u>7,220,858</u>	<u>7,967,757</u>
Expenses		
General government	543,461	576,967
Protection	1,320,206	1,502,296
Health and sanitation	338,577	354,119
Highways	931,853	877,079
Culture and recreation	210,897	224,952
Education	2,952,415	2,865,596
County tax	277,525	269,052
Overlay	6,750	57,065
Unclassified	335,335	262,740
Interest on long-term debt	26,513	45,724
Capital outlay	15,696	47,524
Total expenses	<u>6,959,228</u>	<u>7,083,114</u>
Change in Net Position	261,630	884,643
Net Position - July 1	<u>8,665,316</u>	<u>7,780,673</u>
Net Position - June 30	<u><u>\$ 8,926,946</u></u>	<u><u>\$ 8,665,316</u></u>

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 9.37%, while total expenses decreased by 1.75%. The major decreases in revenues were in taxes and grants and contributions not restricted to specific programs while the largest decreases in expenses were in protection.

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 Paris, Maine
Fund Balances - Governmental Funds
June 30,

	2017	2016
Major Funds:		
General Fund:		
Nonspendable	\$ 139,120	\$ 97,920
Assigned	264,219	201,595
Unassigned	1,850,217	1,367,312
Total Major Funds	\$ 2,253,556	\$ 1,666,827
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 2,511	\$ 40,717
Committed	156,155	231,762
Assigned	79,679	182,669
Unassigned	(25,876)	(36,770)
Capital Projects Funds:		
Assigned	115,254	74,333
Permanent Funds:		
Restricted	338,913	332,479
Total Nonmajor Funds	\$ 666,636	\$ 825,190

The general fund total fund balance increased by \$586,729 from the prior fiscal year. The nonmajor fund balances decreased by \$158,554 from the prior fiscal year.

Budgetary Highlights

The significant difference between the original and final budget for the general fund was the use of assigned and unassigned fund balances.

The general fund actual revenues were over budget by \$1,133,096. This was mostly a result of excise taxes and a bond proceed of \$860,000.

The general fund actual expenditures were over budget by \$245,770. This was mostly due to excess principal paid in the process of debt refinancing.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2017, the net book value of capital assets recorded by the Town decreased by \$110,740 from the prior year. This decrease is the result of capital additions of \$342,535 less current year depreciation expense of \$453,275. For additional details refer to Note 4 of Notes to Financial Statements.

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

	<u>2017</u>	<u>2016</u>
Land	\$ 776,227	\$ 760,877
Buildings, building improvements and land improvements	1,515,645	1,595,397
Machinery and equipment	7,492	111,533
Vehicles	412,743	412,743
Infrastructure	<u>4,295,740</u>	<u>4,238,037</u>
Total	<u>\$ 7,007,847</u>	<u>\$ 7,118,587</u>

Debt

At June 30, 2017, the Town had \$860,000 in bonds outstanding versus \$860,000 last year. Other obligations include capital leases payable, accrued compensated absences and net pension liability. For additional details on the Town's outstanding debt, refer to Note 5 of Notes to Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The Town has maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately two months, while also maintaining reserve accounts for future operational, capital and program needs.

Requests for Information

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 Manager at 33 Market Square, South Paris, Maine 04281.

TOWN OF PARIS, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,648,688
Accounts receivable (net of allowance for uncollectibles):	
Taxes/liens	446,225
Other	6,235
Loans receivable	14,659
Prepaid items	9,948
Tax acquired property	129,172
Total current assets	3,254,927
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	776,227
Depreciable assets, net of accumulated depreciation	6,231,620
Total noncurrent assets	7,007,847
TOTAL ASSETS	10,262,774
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	174,335
TOTAL DEFERRED OUTFLOWS OF RESOURCES	174,335
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 10,437,109
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 106,914
Accrued interest	4,118
Due to other governments	1,052
Current portion of long-term obligations	171,559
Total current liabilities	283,643
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	737,143
Net pension liability	262,167
Total noncurrent liabilities	999,310
TOTAL LIABILITIES	1,282,953
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	17,489
Deferred inflows related to pensions	209,721
TOTAL DEFERRED OUTFLOWS OF RESOURCES	227,210
NET POSITION	
Net investment in capital assets	6,138,383
Restricted	341,424
Unrestricted	2,447,139
TOTAL NET POSITION	8,926,946
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 10,437,109

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

TOWN OF PARIS, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
Governmental activities:					
General government	\$ 543,461	\$ 47,501	\$ -	\$ -	\$ (495,960)
Protection	1,320,206	5,949	-	-	(1,314,257)
Health and sanitation	338,577	-	1,150	-	(337,427)
Highways	931,853	11,477	71,116	-	(849,260)
Culture and recreation	210,897	4,623	-	-	(206,274)
Education	2,952,415	-	-	-	(2,952,415)
County tax	277,525	-	-	-	(277,525)
Overlay	6,750	-	-	-	(6,750)
Unclassified	335,335	-	-	-	(335,335)
Interest on long-term debt	26,513	-	-	-	(26,513)
Capital outlay	15,696	-	-	-	(15,696)
Total government	<u>\$ 6,959,228</u>	<u>\$ 69,550</u>	<u>\$ 72,266</u>	<u>\$ -</u>	<u>(6,817,412)</u>

STATEMENT B (CONTINUED)

TOWN OF PARIS, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(6,817,412)
General revenues:	
Taxes:	
Property taxes, levied for general purposes	5,442,035
Excise taxes	916,509
Grants and contributions not restricted to specific programs	621,697
Investment income	4,489
Other income	94,312
Total general revenues	7,079,042
Change in net position	261,630
Net position - July 1	8,665,316
Net position - June 30	\$ 8,926,946

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

TOWN OF PARIS, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,249,627	\$ 399,061	\$ 2,648,688
Accounts receivable (net of allowance for uncollectibles):			
Taxes	377,730	-	377,730
Liens	68,495	-	68,495
Other	6,235	-	6,235
Loans receivable	-	14,659	14,659
Prepaid items	9,948	-	9,948
Tax acquired property	129,172	-	129,172
Due from other funds	93,472	346,388	439,860
TOTAL ASSETS	\$ 2,934,679	\$ 760,108	\$ 3,694,787
LIABILITIES			
Accounts payable	\$ 106,914	\$ -	\$ 106,914
Accrued expenses	-	-	-
Due to other governments	1,052	-	1,052
Due to other funds	346,388	93,472	439,860
TOTAL LIABILITIES	454,354	93,472	547,826
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	17,489	-	17,489
Deferred revenue	209,280	-	209,280
TOTAL DEFERRED INFLOWS OF RESOURCES	226,769	-	226,769
FUND BALANCES			
Nonspendable	139,120	-	139,120
Restricted	-	341,424	341,424
Committed	-	156,155	156,155
Assigned	264,219	194,933	459,152
Unassigned	1,850,217	(25,876)	1,824,341
TOTAL FUND BALANCES	2,253,556	666,636	2,920,192
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,934,679	\$ 760,108	\$ 3,694,787

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

TOWN OF PARIS, MAINE

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

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,920,192
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	7,007,847
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	209,280
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	174,335
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(860,000)
Capital lease payable	(9,464)
Accrued compensated absences	(39,238)
Accrued interest	(4,118)
Net pension liability	(262,167)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(209,721)</u>
Net position of governmental activities	<u><u>\$ 8,926,946</u></u>

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

TOWN OF PARIS, MAINE

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

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 5,489,648	\$ -	\$ 5,489,648
Excise taxes	916,509	-	916,509
Intergovernmental revenues:			
State revenue sharing	271,595	-	271,595
Homestead exemption	150,211	-	150,211
Local road assistance	71,116	-	71,116
BETE reimbursement	68,545	-	68,545
Grants/other	34,208	98,288	132,496
Charges for services	69,550	-	69,550
Investment income	3,658	831	4,489
Other revenue	923,537	30,775	954,312
TOTAL REVENUES	7,998,577	129,894	8,128,471
EXPENDITURES			
Current:			
General government	531,066	-	531,066
Protection	1,177,988	-	1,177,988
Health and sanitation	338,577	-	338,577
Highways	635,941	-	635,941
Culture and recreation	208,147	-	208,147
Education	2,952,415	-	2,952,415
County tax	277,525	-	277,525
Overlay	6,750	-	6,750
Unclassified	98,420	100,233	198,653
Debt service:			
Principal	974,788	-	974,788
Interest	40,215	-	40,215
Capital outlay	358,231	-	358,231
TOTAL EXPENDITURES	7,600,063	100,233	7,700,296
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	398,514	29,661	428,175
OTHER FINANCING SOURCES (USES)			
Transfers in	244,486	54,565	299,051
Transfers (out)	(56,271)	(242,780)	(299,051)
TOTAL OTHER FINANCING SOURCES (USES)	188,215	(188,215)	-
NET CHANGE IN FUND BALANCES	586,729	(158,554)	428,175
FUND BALANCES - JULY 1	1,666,827	825,190	2,492,017
FUND BALANCES - JUNE 30	<u>\$ 2,253,556</u>	<u>\$ 666,636</u>	<u>\$ 2,920,192</u>

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

TOWN OF PARIS, MAINE

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 428,175</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 assets report depreciation expense to allocate those expenditures over the life of the assets.	
Capital asset acquisitions	342,535
Depreciation expense	<u>(453,275)</u>
	<u>(110,740)</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>(47,613)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
	<u>(173,109)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	
	<u>(860,000)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	
	<u>974,788</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
	<u>(37,267)</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(558)
Net pension liability	<u>74,252</u>
	<u>73,694</u>
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the fund financial statements since future repayment does not require the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it's due.	
	<u>13,702</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 261,630</u></u>

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

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Paris was incorporated under the laws of the State of Maine. The Town operates under a selectmen-manager form of government and provides the following services: general government, protection, health and sanitation, highways, culture and recreation, education and unclassified.

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

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

Implementation of New Accounting Standards

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

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

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

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 77, "*Tax Abatement Disclosures*". The objective of the Statement is to improve disclosure of information about the nature and magnitude of tax abatements, making these transactions more transparent to financial statement users. As such, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. Management has determined the impact of this Statement is not material to the financial statements.

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

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

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

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All activities of the Town are categorized as governmental.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (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 or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds

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

Nonmajor Funds

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

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type 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 are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

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.

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the 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:

- 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

Receivables

Receivables include amounts due from governmental agencies and ambulance receivables. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$467,119 for the year ended June 30, 2017. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2017.

Prepaid Items

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

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

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

Transactions Between Funds

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

Capital Assets

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

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

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

Estimated useful lives are as follows:

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

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

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

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

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

Compensated Absences

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. As of June 30, 2017, the Town's liability for compensated absences is \$39,238.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balances

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.

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has only one type of item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has 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 also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualifies for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied July 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 in four installments on August 15, 2016 November 15, 2016, February 15 2017 and May 15, 2017. Interest on unpaid taxes commenced on August 16, 2016, November 16, 2016, February 16, 2017 and May 16, 2017, at 7% per annum.

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$29,609 for the year ended June 30, 2017.

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

Program Revenues

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

Encumbrance Accounting

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

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.

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2017, the Town's cash balances amounting to \$2,648,688 were comprised of bank deposits of \$2,736,749. All of these bank deposits of \$2,736,749 were fully insured by federal depository insurance and consequently was not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 17,180
Sweep accounts	2,435,455
ICS savings accounts	284,114
	<u>\$ 2,736,749</u>

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.

The Town had \$0 of investments at June 30, 2017.

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.

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2017 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	\$ 93,472	\$ 346,388
Nonmajor special revenue funds	77,371	93,472
Nonmajor capital projects funds	115,254	-
Nonmajor permanent funds	153,763	-
	<u>\$ 439,860</u>	<u>\$ 439,860</u>

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS

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

	Balance 7/1/2016	Additions	Disposals	Balance 6/30/17
Governmental activities:				
Non-depreciated assets:				
Land	\$ 760,877	\$ -	\$ -	\$ 760,877
Construction in progress	-	15,350	-	15,350
	<u>760,877</u>	<u>15,350</u>	<u>-</u>	<u>776,227</u>
Depreciated assets:				
Buildings & improvements	2,760,365	-	-	2,760,365
Machinery & equipment	970,982	-	-	970,982
Vehicles	1,693,277	-	-	1,693,277
Infrastructure	8,259,708	327,185	-	8,586,893
	13,684,332	327,185	-	14,011,517
Less: accumulated depreciation	<u>(7,326,622)</u>	<u>(453,275)</u>	<u>-</u>	<u>(7,779,897)</u>
	<u>6,357,710</u>	<u>(126,090)</u>	<u>-</u>	<u>6,231,620</u>
Net capital assets	<u>\$ 7,118,587</u>	<u>\$ (110,740)</u>	<u>\$ -</u>	<u>\$ 7,007,847</u>
Current year depreciation:				
General government			\$ 12,395	
Fire department			118,216	
Police department			24,002	
Highway			295,912	
Parks and recreation			2,750	
Total depreciation expense			<u>\$ 453,275</u>	

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - LONG-TERM DEBT

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

	Balance 7/1/2016	Additions	Reductions	Balance 6/30/17	Current Portion
Bonds payable	\$ 860,000	\$ 860,000	\$ (860,000)	\$ 860,000	\$ 122,857
Capital leases payable	124,252	-	(114,788)	9,464	9,464
Accrued compensated absences	38,680	558	-	39,238	39,238
Net pension liability	336,419	-	(74,252)	262,167	-
Totals	<u>\$ 1,359,351</u>	<u>\$ 860,558</u>	<u>\$ (1,049,040)</u>	<u>\$ 1,170,869</u>	<u>\$ 171,559</u>

The following is a summary of the outstanding bond payable:

\$860,000, 2016 General Obligation Bond payable, interest at a rate varying from 1.16% to 1.74% paid semi-annually, annual principal payments are \$122,857. Maturity in November of 2023 \$ 860,000

The annual principal and interest requirements to amortize the bond are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 122,857	\$ 11,475	\$ 134,332
2019	122,857	10,013	132,870
2020	122,857	8,465	131,322
2021	122,857	6,812	129,669
2022	122,857	5,037	127,894
2023-2027	245,715	4,196	249,911
	<u>\$ 860,000</u>	<u>\$ 45,998</u>	<u>\$ 905,998</u>

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the outstanding capital leases payable:

\$28,397, 2016 Capital lease payable to Androscoggin Bank for 2016 Ford Interceptor SUV in annual installments through July of 2017. Interest is charged at a rate of 2.46% annually.

\$	9,464
<u>\$</u>	<u>9,464</u>

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

2018	<u>\$ 9,697</u>
Total minimum lease payments	9,697
Less amount representing interest	(233)
Present value of future minimum lease payments	<u>\$ 9,464</u>

NOTE 6 - NONSPENDABLE FUND BALANCES

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

General fund:

Tax acquired property	<u>\$ 129,172</u>
	<u>\$ 139,120</u>

NOTE 7 - RESTRICTED FUND BALANCES

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

Nonmajor special revenue funds (See Schedule E)	\$ 2,511
Nonmajor permanent funds (See Schedule I)	<u>338,913</u>
	<u>\$ 341,424</u>

NOTE 8 - COMMITTED FUND BALANCES

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

Nonmajor special revenue funds (See Schedule E)	<u>\$ 156,155</u>
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TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 - ASSIGNED FUND BALANCES

At June 30, 2017, the Town has the following assigned fund balances:

General fund:	
Fire department grant match	\$ 838
Police department equipment	88
American flags	85
Parks and recreation	6,093
Highway equipment	120,000
Donation recreation concert	3,954
Town office building improvement	17,500
Town equipment/software	2,059
Highway building improvements	25,060
Land survey/Cornwall preserve	1,812
Fire department building improvements	25,109
Fire department vehicle improvements	30,536
Fire department equipment	8,312
Grant match	3,773
Parking lots - fire department	15,000
PD Building improvements	2,000
Computer software	2,000
Subtotal general fund	<u>264,219</u>
Nonmajor special revenue funds (See Schedule E)	79,679
Nonmajor capital projects funds (See Schedule G)	<u>115,254</u>
	<u><u>\$ 459,152</u></u>

NOTE 10 - DEFICIT FUND BALANCES

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

Microloan/Community Development	\$ 21,864
Efficiency Grant	4,012
	<u>\$ 25,876</u>

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

NOTE 11 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of certain outside agency's debt. As of June 30, 2017, the County of Oxford did not have any debt. The Town's share of the school debt was as follows:

	Outstanding Debt	Town's Percentage	Total Share
MSAD #17	\$ 2,193,264	14.21%	\$ 311,663

NOTE 12 - EXPENDITURES OVER APPROPRIATIONS

The following appropriations were exceeded by actual expenditures at June 30, 2017:

Debt service (Article 18)	757,188
Law enforcement (Article 19)	69,934
Parks and recreation (Article 22)	3,617
Unclassified (Article 26)	15,511
	\$ 846,250

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

NOTE 13 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (800) 451-9800.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

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

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's plan members are required to contribute 7.5% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.5% of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2016 was \$32,241.

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

At June 30, 2017, the Town reported a liability of \$262,167 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2016, the Town's proportion was 0.064031%, which was an decrease of 0.041414% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized net pension expense of \$136,124. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 12,595
Changes of assumptions	22,309	-
Net difference between projected and actual earnings on pension plan investments	90,350	97,558
Changes in proportion and differences between contributions and proportionate share of contributions	29,435	99,568
Contributions subsequent to the measurement date	<u>32,241</u>	<u>-</u>
Total	<u>\$ 174,335</u>	<u>\$ 209,721</u>

\$32,241 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan Year ended June 30:	
2017	\$ (25,497)
2018	(26,042)
2019	1,759
2020	(17,849)
2021	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2016, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on an open basis over a period of fifteen years.

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

Investment Rate of Return - For the PLD Plan, 6.875% per annum, compounded annually; 7.125% was used for the period ended June 30, 2015

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year.

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Mortality Rates - For participating local districts, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases - 2.20%; 2.55% was used for the period ended June 30, 2015.

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

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

Discount Rate

The discount rate used to measure the collective total pension liability was 6.875% for 2016. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2016 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.875% for the PLD Consolidated Plan.

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
<u>PLD Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 525,987	\$ 262,167	\$ 63,551

Changes in Net Pension Liability

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

Differences between Expected and Actual Experience

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

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period.

Changes in Assumptions

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

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2015 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (800) 451-9800.

NOTE 14 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION –
RETIREMENT CORPORATION

A. Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the International City Management Association Retirement Corporation (ICMA-RC). The plan, available to all employees, permits them to defer a portion of their salary, in addition to Town contributions, until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

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

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - DEFERRED COMPENSATION PLAN (CONTINUED)

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Board of Selectmen. For employees that choose to participate in the 457 plan alone, the Town will contribute an amount equal to the required employer contribution for the defined benefit plan up to 6% of an employee's annual salary. Employees may contribute additional amounts of their own choosing.

The Town's contributions to the plan for 2017, 2016 and 2015 were \$45,639, \$62,069 and \$56,572, respectively. The covered payroll for this plan for the year ended June 30, 2017 was \$562,197.

NOTE 15 - CONTINGENCIES

In the normal course of operations, the Town receives grant funds from Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

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.

NOTE 16 - 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 carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Maine Municipal Association.

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

TOWN OF PARIS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 17 - RELATED PARTIES

Two of the Town's Selectmen owns a business that provides services to the Town. We understand that the Selectman's recuses himself in any matters concerning these services. This Selectman's became a part of the board during the fiscal year ended June 30, 2017, and since that time, payments to this vendor for services totaled an immaterial amount of \$474.

NOTE 18 - COMPARATIVE DATA

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.

Required Supplementary Information

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

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

TOWN OF PARIS, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,666,827	\$ 1,666,827	\$ 1,666,827	\$ -
Resources (Inflows):				
Property taxes	5,444,369	5,444,369	5,489,648	45,279
Excise taxes	828,000	828,000	916,509	88,509
Intergovernmental:				
State revenue sharing	267,609	267,609	271,595	3,986
Homestead exemption	147,291	147,291	150,211	2,920
Local road assistance	71,488	71,488	71,116	(372)
BETE reimbursement	68,503	68,503	68,545	42
Other intergovernmental	31,000	31,000	34,208	3,208
Charges for services	56,115	56,115	69,550	13,435
Investment income	3,500	3,500	3,658	158
Other revenue	55,401	55,401	923,537	868,136
Transfers from other funds	136,691	136,691	244,486	107,795
Amounts Available for Appropriation	<u>8,776,794</u>	<u>8,776,794</u>	<u>9,909,890</u>	<u>1,133,096</u>
Charges to Appropriations (Outflows):				
General government	517,227	521,267	531,066	(9,799)
Protection	1,148,465	1,148,465	1,177,988	(29,523)
Health and sanitation	355,736	355,736	338,577	17,159
Highways	709,644	709,644	635,941	73,703
Culture and recreation	204,530	204,530	208,147	(3,617)
Education	2,952,415	2,952,415	2,952,415	-
County tax	277,525	277,525	277,525	-
Overlay	29,609	29,609	6,750	22,859
Debt service:				
Principal	217,600	217,600	974,788	(757,188)
Interest	40,215	40,215	40,215	-
Capital outlay	555,956	753,513	358,231	395,282
Unclassified	136,045	136,045	98,420	37,625
Transfers to other funds	-	64,000	56,271	7,729
Total Charges to Appropriations	<u>7,144,967</u>	<u>7,410,564</u>	<u>7,656,334</u>	<u>(245,770)</u>
Budgetary Fund Balance, June 30	<u>\$ 1,631,827</u>	<u>\$ 1,366,230</u>	<u>\$ 2,253,556</u>	<u>\$ 887,326</u>
Utilization of assigned fund balance	\$ -	\$ 201,597	\$ -	\$ (201,597)
Utilization of unassigned fund balance	35,000	99,000	-	(99,000)
	<u>\$ 35,000</u>	<u>\$ 300,597</u>	<u>\$ -</u>	<u>\$ (300,597)</u>

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

TOWN OF PARIS, MAINE

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>				
Proportion of the net pension liability	0.06%	0.11%	0.07%	0.02%
Proportionate share of the net pension liability	\$ 262,167	\$ 336,419	\$ 101,460	\$ 65,995
Covered-employee payroll	\$ 487,318	\$ 526,716	\$ 526,716	N/A
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	53.80%	63.87%	19.26%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	88.27%	94.10%	87.50%

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

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

TOWN OF PARIS, MAINE

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>				
Contractually required contribution	\$ 32,241	\$ 43,371	\$ 46,878	\$ 50,060
Contributions in relation to the contractually required contribution	<u>(32,241)</u>	<u>(43,371)</u>	<u>(46,878)</u>	<u>(50,060)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 487,318	\$ 526,716	\$ 526,716	N/A
Contributions as a percentage of covered-employee payroll	6.62%	8.23%	8.90%	0.00%

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

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

TOWN OF PARIS, MAINE

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

Changes of Assumptions

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

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

Other Supplementary Information

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

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

TOWN OF PARIS, MAINE

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

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 5,444,369	\$ 5,444,369	\$ 5,489,648	\$ 45,279
Motor vehicle excise	825,000	825,000	912,959	87,959
Boat excise	3,000	3,000	3,550	550
Intergovernmental revenues:				
State revenue sharing	267,609	267,609	271,595	3,986
Homestead exemption	147,291	147,291	150,211	2,920
Local road assistance	71,488	71,488	71,116	(372)
BETE reimbursement	68,503	68,503	68,545	42
Tree growth	24,000	24,000	28,116	4,116
General assistance	2,000	2,000	1,150	(850)
Veterans' reimbursement	5,000	5,000	4,942	(58)
Charges for services:				
Town clerk fees	26,600	26,600	27,404	804
Planning board fees	250	250	825	575
Code enforcement	14,000	14,000	19,272	5,272
Animal control	2,500	2,500	2,165	(335)
Highways	11,565	11,565	11,477	(88)
Recreation	-	-	4,623	4,623
Protection	1,200	1,200	3,784	2,584
Investment income:				
Regular investment income	3,500	3,500	3,658	158
Other revenues:				
Interest on taxes/lien costs	53,000	53,000	46,258	(6,742)
Bond Proceeds	-	-	860,000	860,000
Miscellaneous	2,401	2,401	17,279	14,878
Transfers in	136,691	136,691	244,486	107,795
Amounts Available for Appropriation	<u>\$ 7,109,967</u>	<u>\$ 7,109,967</u>	<u>\$ 8,243,063</u>	<u>\$ 1,133,096</u>

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

TOWN OF PARIS, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
GENERAL GOVERNMENT					
Administration	\$ 458,362	\$ -	\$ 458,362	\$ 430,289	\$ 28,073
General government	51,245	4,040	55,285	94,332	(39,047)
Boards and committees	7,620	-	7,620	6,445	1,175
Total	<u>517,227</u>	<u>4,040</u>	<u>521,267</u>	<u>531,066</u>	<u>(9,799)</u>
PROTECTION					
Hydrants	167,921	-	167,921	167,921	-
Fire department	393,201	-	393,201	356,521	36,680
Police department	514,131	-	514,131	584,065	(69,934)
Animal control	12,491	-	12,491	10,921	1,570
EMA director	3,121	-	3,121	4,292	(1,171)
Street lights	57,600	-	57,600	54,268	3,332
Total	<u>1,148,465</u>	<u>-</u>	<u>1,148,465</u>	<u>1,177,988</u>	<u>(29,523)</u>
HEALTH AND SANITATION					
General assistance	20,633	-	20,633	17,919	2,714
Sanitation	275,886	-	275,886	268,366	7,520
Storm water treatment	45,367	-	45,367	45,367	-
Testing wells	13,850	-	13,850	6,925	6,925
Total	<u>355,736</u>	<u>-</u>	<u>355,736</u>	<u>338,577</u>	<u>17,159</u>
HIGHWAYS					
Highway department	709,644	-	709,644	635,941	73,703
Total	<u>709,644</u>	<u>-</u>	<u>709,644</u>	<u>635,941</u>	<u>73,703</u>
CULTURE AND RECREATION					
Parks and recreation	37,980	-	37,980	41,597	(3,617)
Libraries	166,550	-	166,550	166,550	-
Total	<u>204,530</u>	<u>-</u>	<u>204,530</u>	<u>208,147</u>	<u>(3,617)</u>

TOWN OF PARIS, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
SPECIAL ASSESSMENTS					
MSAD 17	2,952,415	-	2,952,415	2,952,415	-
County taxes	277,525	-	277,525	277,525	-
Overlay/abatements	29,609	-	29,609	6,750	22,859
Total	<u>3,259,549</u>	<u>-</u>	<u>3,259,549</u>	<u>3,236,690</u>	<u>22,859</u>
DEBT SERVICE					
Principal	217,600	-	217,600	974,788	(757,188)
Interest	40,215	-	40,215	40,215	-
Total	<u>257,815</u>	<u>-</u>	<u>257,815</u>	<u>1,015,003</u>	<u>(757,188)</u>
CAPITAL OUTLAY	<u>555,956</u>	<u>197,557</u>	<u>753,513</u>	<u>358,231</u>	<u>395,282</u>
UNCLASSIFIED					
Cemeteries	1,750	-	1,750	580	1,170
Memorial day	50	-	50	32	18
Snowmobile Club	-	-	-	-	-
Workers compensation	50,200	-	50,200	49,819	381
Unemployment	9,100	-	9,100	2,417	6,683
Insurance	50,200	-	50,200	45,572	4,628
TIF	24,745	-	24,745	-	24,745
Total	<u>136,045</u>	<u>-</u>	<u>136,045</u>	<u>98,420</u>	<u>37,625</u>
TRANSFERS TO OTHER FUNDS					
Capital projects funds	-	64,000	64,000	56,271	7,729
Total	<u>-</u>	<u>64,000</u>	<u>64,000</u>	<u>56,271</u>	<u>7,729</u>
TOTAL EXPENDITURES	<u>\$ 7,144,967</u>	<u>\$ 265,597</u>	<u>\$ 7,410,564</u>	<u>\$ 7,656,334</u>	<u>\$ (245,770)</u>

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

TOWN OF PARIS, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 213,911	\$ -	\$ 185,150	\$ 399,061
Loans receivable	14,659	-	-	14,659
Due from other funds	77,371	115,254	153,763	346,388
TOTAL ASSETS	<u>\$ 305,941</u>	<u>\$ 115,254</u>	<u>\$ 338,913</u>	<u>\$ 760,108</u>
LIABILITIES				
Due to other funds	\$ 93,472	\$ -	\$ -	\$ 93,472
TOTAL LIABILITIES	<u>93,472</u>	<u>-</u>	<u>-</u>	<u>93,472</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	2,511	-	338,913	341,424
Committed	156,155	-	-	156,155
Assigned	79,679	115,254	-	194,933
Unassigned	(25,876)	-	-	(25,876)
TOTAL FUND BALANCES (DEFICITS)	<u>212,469</u>	<u>115,254</u>	<u>338,913</u>	<u>666,636</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 305,941</u>	<u>\$ 115,254</u>	<u>\$ 338,913</u>	<u>\$ 760,108</u>

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

TOWN OF PARIS, MAINE

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 98,288	\$ -	\$ -	\$ 98,288
Interest income	462	-	369	831
Other income	18,720	-	12,055	30,775
TOTAL REVENUES	<u>117,470</u>	<u>-</u>	<u>12,424</u>	<u>129,894</u>
EXPENDITURES				
Capital outlay	-	-	-	-
Other	94,243	-	5,990	100,233
TOTAL EXPENDITURES	<u>94,243</u>	<u>-</u>	<u>5,990</u>	<u>100,233</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>23,227</u>	<u>-</u>	<u>6,434</u>	<u>29,661</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	13,644	40,921	-	54,565
Transfers (out)	(242,780)	-	-	(242,780)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(229,136)</u>	<u>40,921</u>	<u>-</u>	<u>(188,215)</u>
NET CHANGE IN FUND BALANCES	(205,909)	40,921	6,434	(158,554)
FUND BALANCES, JULY 1	<u>418,378</u>	<u>74,333</u>	<u>332,479</u>	<u>825,190</u>
FUND BALANCES, JUNE 30	<u>\$ 212,469</u>	<u>\$ 115,254</u>	<u>\$ 338,913</u>	<u>\$ 666,636</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 fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF PARIS, MAINE

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

	<u>Micro Loan/ Community Development</u>	<u>Subdivision Assessment</u>	<u>FEMA</u>	<u>Volunteer Fire Asst. Grant</u>	<u>Recreation</u>	<u>Parks</u>	<u>Fit Test Machine</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loans receivable	14,659	-	-	-	-	-	-
Due from other funds	-	33,765	-	-	14,359	13,085	1,313
TOTAL ASSETS	<u>\$ 14,659</u>	<u>\$ 33,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,359</u>	<u>\$ 13,085</u>	<u>\$ 1,313</u>
LIABILITIES							
Due to other funds	\$ 36,523	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>36,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	33,765	-	-	14,359	13,085	1,313
Unassigned	(21,864)	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>(21,864)</u>	<u>33,765</u>	<u>-</u>	<u>-</u>	<u>14,359</u>	<u>13,085</u>	<u>1,313</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 14,659</u>	<u>\$ 33,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,359</u>	<u>\$ 13,085</u>	<u>\$ 1,313</u>

TOWN OF PARIS, MAINE

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

	GIS Mapping Grant	Police Grants	Police Forfeiture	2008 Fuel Assistance	Emergency Management Agency	CDBG Grant	Efficiency Grant	Fox School
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loans receivable	-	-	-	-	-	-	-	-
Due from other funds	-	460	1,687	436	-	364	-	10,000
TOTAL ASSETS	\$ -	\$ 460	\$ 1,687	\$ 436	\$ -	\$ 364	\$ -	\$ 10,000
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,012	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-	4,012	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	460	1,687	-	-	364	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	436	-	-	-	10,000
Unassigned	-	-	-	-	-	-	(4,012)	-
TOTAL FUND BALANCES (DEFICITS)	-	460	1,687	436	-	364	(4,012)	10,000
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ 460	\$ 1,687	\$ 436	\$ -	\$ 364	\$ -	\$ 10,000

TOWN OF PARIS, MAINE

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

	Wellness Grant	MPERS	Age Friendly Community Grant	PD 2015 MMA Grant	FD FF1 & FF2 Class	State Farm Grant	PD Employee Fund	Veterans Monument
ASSETS								
Cash and cash equivalents	\$ -	\$ 110,888	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,059
Loans receivable	-	-	-	-	-	-	-	-
Due from other funds	196	-	-	-	143	-	-	150
TOTAL ASSETS	\$ 196	\$ 110,888	\$ -	\$ -	\$ 143	\$ -	\$ -	\$ 4,209
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	110,888	-	-	-	-	-	-
Assigned	196	-	-	-	143	-	-	4,209
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	196	110,888	-	-	143	-	-	4,209
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 196	\$ 110,888	\$ -	\$ -	\$ 143	\$ -	\$ -	\$ 4,209

TOWN OF PARIS, MAINE

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

	Energy Rebates	Pine Street Fire Station	Bicentennial	Seat Belt Grant	Speed Enforcement Grant	Highway Special Clothing Allowance	DARE	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ 98,204	\$ 760	\$ -	\$ -	\$ -	\$ -	\$ 213,911
Loans receivable	-	-	-	-	-	-	-	14,659
Due from other funds	-	-	-	-	-	788	625	77,371
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 98,204</u>	<u>\$ 760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 788</u>	<u>\$ 625</u>	<u>\$ 305,941</u>
LIABILITIES								
Due to other funds	\$ -	\$ 52,937	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,472
TOTAL LIABILITIES	<u>-</u>	<u>52,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,472</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	2,511
Committed	-	45,267	-	-	-	-	-	156,155
Assigned	-	-	760	-	-	788	625	79,679
Unassigned	-	-	-	-	-	-	-	(25,876)
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>45,267</u>	<u>760</u>	<u>-</u>	<u>-</u>	<u>788</u>	<u>625</u>	<u>212,469</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 98,204</u>	<u>\$ 760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 788</u>	<u>\$ 625</u>	<u>\$ 305,941</u>

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

TOWN OF PARIS, MAINE

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

	Micro Loan/ Community Development	Subdivision Assessment	FEMA	Volunteer Fire Asst. Grant	Recreation	Parks	Fit Test Machine
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,850
Interest income	-	-	-	-	-	-	-
Other income	-	-	-	-	2,600	-	-
TOTAL REVENUES	-	-	-	-	2,600	-	11,850
EXPENDITURES							
Other	-	-	-	-	625	-	10,537
TOTAL EXPENDITURES	-	-	-	-	625	-	10,537
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	-	-	1,975	-	1,313
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	3,473	-	-	-	-
Transfers (out)	-	-	-	(163)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	3,473	(163)	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	3,473	(163)	1,975	-	1,313
FUND BALANCES (DEFICITS) - JULY 1	(21,864)	33,765	(3,473)	163	12,384	13,085	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ (21,864)	\$ 33,765	\$ -	\$ -	\$ 14,359	\$ 13,085	\$ 1,313

TOWN OF PARIS, MAINE

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

	GIS Mapping Grant	Police Grants	Police Forfeiture	2008 Fuel Assistance	Emergency Management Agency	CDBG Grant	Efficiency Grant	Fox School
REVENUES								
Intergovernmental	\$ -	\$ 56,531	\$ -	\$ -	\$ 3,432	\$ 23,872	\$ -	\$ -
Interest income	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	10,000
TOTAL REVENUES	-	56,531	-	-	3,432	23,872	-	10,000
EXPENDITURES								
Other	-	49,567	-	-	2,710	24,511	-	-
TOTAL EXPENDITURES	-	49,567	-	-	2,710	24,511	-	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	6,964	-	-	722	(639)	-	10,000
OTHER FINANCING SOURCES (USES)								
Transfers in	-	2,748	-	-	-	-	6,105	-
Transfers (out)	(1,048)	(12,800)	-	-	(15,411)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,048)	(10,052)	-	-	(15,411)	-	6,105	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(1,048)	(3,088)	-	-	(14,689)	(639)	6,105	10,000
FUND BALANCES (DEFICITS) - JULY 1	1,048	3,548	1,687	436	14,689	1,003	(10,117)	-
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ 460</u>	<u>\$ 1,687</u>	<u>\$ 436</u>	<u>\$ -</u>	<u>\$ 364</u>	<u>\$ (4,012)</u>	<u>\$ 10,000</u>

TOWN OF PARIS, MAINE

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

	Wellness Grant	MPERS	Age Friendly Community Grant	PD 2015 MMA Grant	FD FF1 & FF2 Class	State Farm Grant	PD Employee Fund	Veterans Monument
REVENUES								
Intergovernmental	\$ 622	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	255	-	-	-	-	-	10
Other income	-	-	-	-	125	5,000	-	150
TOTAL REVENUES	<u>622</u>	<u>255</u>	<u>-</u>	<u>-</u>	<u>125</u>	<u>5,000</u>	<u>-</u>	<u>160</u>
EXPENDITURES								
Other	508	-	-	-	-	5,000	-	-
TOTAL EXPENDITURES	<u>508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>114</u>	<u>255</u>	<u>-</u>	<u>-</u>	<u>125</u>	<u>-</u>	<u>-</u>	<u>160</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	850	466	-	-	-	-
Transfers (out)	-	(136,691)	-	-	-	-	(2)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(136,691)</u>	<u>850</u>	<u>466</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	114	(136,436)	850	466	125	-	(2)	160
FUND BALANCES (DEFICITS) - JULY 1	<u>82</u>	<u>247,324</u>	<u>(850)</u>	<u>(466)</u>	<u>18</u>	<u>-</u>	<u>2</u>	<u>4,049</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 196</u>	<u>\$ 110,888</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,209</u>

SCHEDULE F (CONTINUED)

TOWN OF PARIS, MAINE

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

	Energy Rebates	Pine Street Fire Station	Bicentennial	Seat Belt Grant	Speed Enforcement Grant	Highway Special Clothing Allowance	DARE	Total
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 1,981	\$ -	\$ -	\$ 98,288
Interest income	-	196	1	-	-	-	-	462
Other income	-	-	-	-	-	345	500	18,720
TOTAL REVENUES	<u>-</u>	<u>196</u>	<u>1</u>	<u>-</u>	<u>1,981</u>	<u>345</u>	<u>500</u>	<u>117,470</u>
EXPENDITURES								
Other	-	-	-	-	-	619	166	94,243
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>619</u>	<u>166</u>	<u>94,243</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>196</u>	<u>1</u>	<u>-</u>	<u>1,981</u>	<u>(274)</u>	<u>334</u>	<u>23,227</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	2	13,644
Transfers (out)	(6,105)	(50,000)	-	(1,122)	(19,438)	-	-	(242,780)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,105)</u>	<u>(50,000)</u>	<u>-</u>	<u>(1,122)</u>	<u>(19,438)</u>	<u>-</u>	<u>2</u>	<u>(229,136)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(6,105)	(49,804)	1	(1,122)	(17,457)	(274)	336	(205,909)
FUND BALANCES (DEFICITS) - JULY 1	6,105	95,071	759	1,122	17,457	1,062	289	418,378
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ 45,267</u>	<u>\$ 760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 788</u>	<u>\$ 625</u>	<u>\$ 212,469</u>

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

Capital Projects Funds

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

TOWN OF PARIS, MAINE

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

	Highway Equipment and Vehicle Reserve	Town Office Building Reserve	Fire Dept. Equipment Reserve	Recreation Department Equipment Reserve	Protection Equipment	Capital Reserve	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	22,266	18,105	8,509	24,657	796	40,921	115,254
TOTAL ASSETS	\$ 22,266	\$ 18,105	\$ 8,509	\$ 24,657	\$ 796	\$ 40,921	\$ 115,254
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	22,266	18,105	8,509	24,657	796	40,921	115,254
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	22,266	18,105	8,509	24,657	796	40,921	115,254
TOTAL LIABILITIES AND FUND BALANCES	\$ 22,266	\$ 18,105	\$ 8,509	\$ 24,657	\$ 796	\$ 40,921	\$ 115,254

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

TOWN OF PARIS, MAINE

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

	Highway Equipment and Vehicle Reserve	Town Office Building Reserve	Fire Dept. Equipment Reserve	Recreation Department Equipment Reserve	Protection Equipment	Capital Reserve	Total
REVENUES							
Other income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	40,921	40,921
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,921</u>	<u>40,921</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-	40,921	40,921
FUND BALANCES, JULY 1	<u>22,266</u>	<u>18,105</u>	<u>8,509</u>	<u>24,657</u>	<u>796</u>	<u>-</u>	<u>74,333</u>
FUND BALANCES, JUNE 30	<u>\$ 22,266</u>	<u>\$ 18,105</u>	<u>\$ 8,509</u>	<u>\$ 24,657</u>	<u>\$ 796</u>	<u>\$ 40,921</u>	<u>\$ 115,254</u>

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

Permanent Funds

Permanent funds are used to account for assets held by the Town of Paris, 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.

TOWN OF PARIS, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS
JUNE 30, 2017

	<u>Cemetery Funds</u>	<u>Bonney Library Funds</u>	<u>Education Funds</u>	<u>Charity Funds</u>	<u>Paris Welfare Committee</u>	<u>Miriam O'Connell Scholarship</u>	<u>George Morton Trust</u>	<u>Hooper- Perkins Trust</u>	<u>Total</u>
ASSETS									
Cash and cash equivalents	\$ 23,017	\$ 628	\$ 37,704	\$ 14,580	\$ 1,156	\$ -	\$ 108,065	\$ -	\$ 185,150
Due from other funds	-	-	3,200	-	-	127,819	-	22,744	153,763
TOTAL ASSETS	<u>\$ 23,017</u>	<u>\$ 628</u>	<u>\$ 40,904</u>	<u>\$ 14,580</u>	<u>\$ 1,156</u>	<u>\$ 127,819</u>	<u>\$ 108,065</u>	<u>\$ 22,744</u>	<u>\$ 338,913</u>
LIABILITIES									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	23,017	628	40,904	14,580	1,156	127,819	108,065	22,744	338,913
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>23,017</u>	<u>628</u>	<u>40,904</u>	<u>14,580</u>	<u>1,156</u>	<u>127,819</u>	<u>108,065</u>	<u>22,744</u>	<u>338,913</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 23,017</u>	<u>\$ 628</u>	<u>\$ 40,904</u>	<u>\$ 14,580</u>	<u>\$ 1,156</u>	<u>\$ 127,819</u>	<u>\$ 108,065</u>	<u>\$ 22,744</u>	<u>\$ 338,913</u>

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

TOWN OF PARIS, MAINE

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

	Cemetery Funds	Bonney Library Funds	Education Funds	Charity Funds	Paris Welfare Committee	Miriam O'Connell Scholarship	George Morton Trust	Hooper- Perkings Trust	Total
REVENUES									
Interest income	\$ 46	\$ 1	\$ 75	\$ 29	\$ 2	\$ -	\$ 216	\$ -	\$ 369
Other income	-	-	-	-	-	12,055	-	-	12,055
TOTAL REVENUES	<u>46</u>	<u>1</u>	<u>75</u>	<u>29</u>	<u>2</u>	<u>12,055</u>	<u>216</u>	<u>-</u>	<u>12,424</u>
EXPENSES									
Scholarship/other	-	-	1,510	-	-	4,480	-	-	5,990
TOTAL EXPENSES	<u>-</u>	<u>-</u>	<u>1,510</u>	<u>-</u>	<u>-</u>	<u>4,480</u>	<u>-</u>	<u>-</u>	<u>5,990</u>
EXCESS OF REVENUES OVER (UNDER EXPENDITURES)	<u>46</u>	<u>1</u>	<u>(1,435)</u>	<u>29</u>	<u>2</u>	<u>7,575</u>	<u>216</u>	<u>-</u>	<u>6,434</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>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	46	1	(1,435)	29	2	7,575	216	-	6,434
FUND BALANCES, JULY 1	<u>22,971</u>	<u>627</u>	<u>42,339</u>	<u>14,551</u>	<u>1,154</u>	<u>120,244</u>	<u>107,849</u>	<u>22,744</u>	<u>332,479</u>
FUND BALANCES, JUNE 30	<u>\$ 23,017</u>	<u>\$ 628</u>	<u>\$ 40,904</u>	<u>\$ 14,580</u>	<u>\$ 1,156</u>	<u>\$ 127,819</u>	<u>\$ 108,065</u>	<u>\$ 22,744</u>	<u>\$ 338,913</u>

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

General Capital Assets

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

TOWN OF PARIS, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2017

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General government	\$ 143,867	\$ 256,374	\$ 17,500	\$ 48,900	\$ 466,641
Fire department	110,000	1,979,946	1,717,208	-	3,807,154
Police department	50,000	131,250	225,144	11,746	418,140
Highway	247,360	374,795	667,407	8,526,247	9,815,809
Parks and recreation	225,000	55,000	-	-	280,000
Total General Capital Assets	776,227	2,797,365	2,627,259	8,586,893	14,787,744
Less: Accumulated Depreciation	-	(1,281,720)	(2,207,024)	(4,291,153)	(7,779,897)
Net General Capital Assets	<u>\$ 776,227</u>	<u>\$ 1,515,645</u>	<u>\$ 420,235</u>	<u>\$ 4,295,740</u>	<u>\$ 7,007,847</u>

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

TOWN OF PARIS, MAINE

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

	General Capital Assets 7/1/16	Additions	Deletions	General Capital Assets 6/30/17
General government	\$ 466,641	\$ -	\$ -	\$ 466,641
Fire department	3,807,154	-	-	3,807,154
Police department	418,140	-	-	418,140
Highway	9,473,274	342,535	-	9,815,809
Parks and recreation	280,000	-	-	280,000
Total General Capital Assets	14,445,209	342,535	-	14,787,744
Less: Accumulated Depreciation	<u>(7,326,622)</u>	<u>(453,275)</u>	<u>-</u>	<u>(7,779,897)</u>
Net General Capital Assets	<u>\$ 7,118,587</u>	<u>\$ (110,740)</u>	<u>\$ -</u>	<u>\$ 7,007,847</u>

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 Paris
Paris, 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 Paris, Maine as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Paris, Maine's basic financial statements, and have issued our report thereon dated February 1, 2018.

Internal Control Over Financial Reporting

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

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
February 1, 2018