

Audited Financial Statements and
Other Financial Information

Town of Wells, Maine

June 30, 2017



Proven Expertise and Integrity

TOWN OF WELLS, MAINE

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JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Wells
Wells, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Wells, 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 Wells, 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 financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Wells, 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 53 through 56 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 Wells, Maine's basic financial statements. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues, Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2017, on our consideration of the Town of Wells, 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 Wells, Maine's internal control over financial reporting and compliance.

R.H.R. Smith & Company

Buxton, Maine
December 15, 2017

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

(UNAUDITED)

The following management's discussion and analysis of Town of Wells, 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 Wells' 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 schedules, 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 separate columns for the two different types of Town activities. The types of activities presented for the Town of Wells are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, health and sanitation, recreation and culture, education, public works, beaches and harbors, library and unclassified.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Wells include the beach operations, transfer station and recreation.

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 Wells, 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 Wells can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Most 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 fund financial statement.

The Town of Wells 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.

Proprietary Funds: The Town of Wells maintains three proprietary funds, beach operations, transfer station and recreation. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary funds financial statements.

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 Statement of Cash Flows – Proprietary Funds.

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 \$1,204,119 from \$36,769,752 to \$37,973,871. The Town's total business-type activities net position increased by \$160,590 from \$817,722 to \$978,312.

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 - decreased for governmental activities to a balance of \$9,719,763 at the end of this year. Unrestricted net position for business-type activities increased to a balance of \$604,971.

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

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Assets:				
Current assets	\$ 15,699,123	\$ 14,686,258	\$ 701,411	\$ 474,996
Noncurrent assets	28,214,648	27,573,328	373,341	396,060
Total Assets	<u>43,913,771</u>	<u>42,259,586</u>	<u>1,074,752</u>	<u>871,056</u>
Deferred Outflows of Resources:				
Deferred outflows related to pensions	3,715,181	1,203,696	-	-
Total Deferred Outflows of Resources	<u>3,715,181</u>	<u>1,203,696</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current liabilities	1,521,906	1,813,452	96,440	53,334
Long-term debt outstanding	7,075,747	4,157,653	-	-
Total Liabilities	<u>8,597,653</u>	<u>5,971,105</u>	<u>96,440</u>	<u>53,334</u>
Deferred Inflows of Resources:				
Prepaid taxes	16,089	22,301	-	-
Deferred inflows related to pensions	1,041,339	700,124	-	-
Total Deferred Inflows of Resources	<u>1,057,428</u>	<u>722,425</u>	<u>-</u>	<u>-</u>
Net Position:				
Net investment in capital assets	25,554,648	24,483,328	373,341	396,060
Restricted for: Special revenue funds	2,695,689	2,444,506	-	-
Permanent funds	3,771	3,789	-	-
Unrestricted	9,719,763	9,838,129	604,971	421,662
Total Net Position	<u>\$ 37,973,871</u>	<u>\$ 36,769,752</u>	<u>\$ 978,312</u>	<u>\$ 817,722</u>

Table 2
Town of Wells, Maine
Change in Net Position
For the Years Ended June 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 2,490,192	\$ 2,290,159	\$ 1,329,189	\$ 1,205,726
Operating grants and contributions	231,139	221,001	-	-
<i>General Revenues:</i>				
Taxes	33,273,868	32,204,299	-	-
Grants and contributions not restricted to specific programs	654,311	472,576	-	-
Investment income	39,164	33,135	-	-
Other income	369,515	750,568	134,078	6,498
Total Revenues	<u>37,058,189</u>	<u>35,971,738</u>	<u>1,463,267</u>	<u>1,212,224</u>
Expenses				
General government	5,789,624	6,036,259	-	-
Public safety	5,417,830	4,404,239	-	-
Health and sanitation	122,372	76,957	510,396	566,323
Recreation and culture	476,429	315,453	375,368	363,245
Education	18,779,602	18,137,535	-	-
Public works	2,269,675	2,085,653	-	-
County tax	1,658,722	1,617,251	-	-
Beach and harbors	252,616	359,442	516,913	227,021
Library	514,178	497,005	-	-
Unallocated depreciation (Note 4)	147,247	179,427	-	-
Unclassified	175,340	308,425	-	-
Overlay	29,517	33,353	-	-
Capital outlay	25,580	30,021	-	-
Interest on long-term debt	95,338	109,213	-	-
Total Expenses	<u>35,754,070</u>	<u>34,190,233</u>	<u>1,402,677</u>	<u>1,156,589</u>
Transfers	<u>(100,000)</u>	<u>60,000</u>	<u>100,000</u>	<u>(60,000)</u>
Change in Net Position	1,204,119	1,841,505	160,590	(4,365)
Net Position - July 1	<u>36,769,752</u>	<u>34,928,247</u>	<u>817,722</u>	<u>822,087</u>
Net Position - June 30	<u>\$ 37,973,871</u>	<u>\$ 36,769,752</u>	<u>\$ 978,312</u>	<u>\$ 817,722</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 3.02%, while total expenses increased by 4.57%.

Revenues for the Town's business-type activities increased by 20.71%, while total expenses increased by 21.28%.

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 Wells, Maine
Fund Balances - Governmental Funds
June 30,

	2017	2016
General Fund:		
Nonspendable	\$ 51,949	\$ 51,545
Assigned	345,004	169,388
Unassigned	9,226,107	8,026,934
Total General Fund	\$ 9,623,060	\$ 8,247,867
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 2,695,689	\$ 2,444,506
Committed	780,865	853,350
Assigned	61,798	61,623
Unassigned	(62,157)	(49,129)
Capital Projects Funds:		
Committed	1,021,287	1,258,678
Permanent Funds:		
Restricted	3,771	3,789
Total Nonmajor Funds	\$ 4,501,253	\$ 4,572,817

The general fund total fund balance increased by \$1,375,193 from the prior fiscal year. The nonmajor fund balances decreased by \$71,564 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 fund balances.

The general fund actual revenues were over budget by \$1,163,456. This was mostly a result of taxes and charges for services being receipted in excess of budgeted amounts.

The general fund actual expenditures were under budget by \$1,936,126. All expenditure categories were under budget with the exception of public works.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2017, the net book value of the capital assets recorded by the Town increased by \$618,601 from the prior year. This increase was the result of capital additions of \$2,792,169 less current year depreciation of \$2,173,568.

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

	2017	2016
Land	\$ 8,680,843	\$ 8,131,401
Art works and historical treasures	51,500	51,500
Construction in progress	59,268	12,130
Land improvements	497,486	515,154
Buildings and improvements	3,957,139	4,149,053
Machinery and equipment	1,398,281	1,764,187
Vehicles	1,702,573	1,686,434
Infrastructure	12,240,899	11,659,529
 Total	 \$ 28,587,989	 \$ 27,969,388

Debt

At June 30, 2017, the Town had \$2.66 million in bonds outstanding versus \$3.09 million last year, a decrease of 13.92%. Other obligations include accrued compensated absences and net pension liability. For additional comparative information 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's unassigned fund balance is at a level sufficient to sustain government operations for a period of approximately three months while also maintaining significant reserves for future operations, capital and program needs.

To further promote and ensure the financial well-being and fiscal stability of the Town, the Wells Board of Selectmen amended the Fund Balance Policy in April of 2013. The Town's management established the policy following a detailed evaluation of the Town's operating characteristics, diversity of tax base, reliability of non-property tax revenue sources, working capital needs, impact on bond rating, State and local economic outlooks, emergency and disaster risk, and other contingent issues. As a result, the Town will strive to maintain an unassigned fund balance level in an amount equal to 25.0% of the Town's General Fund Budget, i.e., an amount equal to three (3) months operating expense from the then-current operating budget. At June 30, 2017, the Town's general fund unassigned fund balance exceeded policy minimums. Any excess funds may be utilized for other municipal fiscal purposes, including additional capital improvement needs or tax rate stabilization or reduction purposes. Further, the Town reserves the right to appropriate funds pursuant to the Town of Wells Charter and State Statutes from unassigned fund balance for emergencies and other requirements the Town's management believes to be in the best interest of the Town of Wells.

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's Finance Department at 208 Sanford Road, Wells, Maine 04090.

TOWN OF WELLS, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 14,990,568	\$ -	\$ 14,990,568
Accounts receivable (net of allowance for uncollectibles):			
Taxes	1,125,790	-	1,125,790
Liens	169,157	-	169,157
Other	63,070	-	63,070
Tax acquired property	51,949	-	51,949
Internal balances	(701,411)	701,411	-
Total current assets	15,699,123	701,411	16,400,534
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	8,791,611	-	8,791,611
Infrastructure, buildings, equipment and vehicles net of accumulated depreciation	19,423,037	373,341	19,796,378
Total noncurrent assets	28,214,648	373,341	28,587,989
TOTAL ASSETS	43,913,771	1,074,752	44,988,523
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	3,715,181	-	3,715,181
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,715,181	-	3,715,181
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 47,628,952	\$ 1,074,752	\$ 48,703,704
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 468,931	\$ 96,440	\$ 565,371
Accrued expenses	44,968	-	44,968
Escrows	553,719	-	553,719
Current portion of long-term obligations	454,288	-	454,288
Total current liabilities	1,521,906	96,440	1,618,346
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	2,230,000	-	2,230,000
Accrued compensated absences	461,471	-	461,471
Net pension liability	4,384,276	-	4,384,276
Total noncurrent liabilities	7,075,747	-	7,075,747
TOTAL LIABILITIES	8,597,653	96,440	8,694,093
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	16,089	-	16,089
Deferred inflows related to pensions	1,041,339	-	1,041,339
TOTAL DEFERRED INFLOWS OF RESOURCES	1,057,428	-	1,057,428
NET POSITION			
Net investment in capital assets	25,554,648	373,341	25,927,989
Restricted for: Special revenue funds	2,695,689	-	2,695,689
Permanent funds	3,771	-	3,771
Unrestricted	9,719,763	604,971	10,324,734
TOTAL NET POSITION	37,973,871	978,312	38,952,183
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 47,628,952	\$ 1,074,752	\$ 48,703,704

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

TOWN OF WELLS, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 5,789,624	\$ 1,850,333	\$ 5,557	\$ -	\$ (3,933,734)	\$ -	\$ (3,933,734)
Public safety	5,417,830	186,382	10,141	-	(5,221,307)	-	(5,221,307)
Health and sanitation	122,372	-	-	-	(122,372)	-	(122,372)
Recreation and culture	476,429	220,127	-	-	(256,302)	-	(256,302)
Education	18,779,602	-	-	-	(18,779,602)	-	(18,779,602)
Public works	2,269,675	-	201,424	-	(2,068,251)	-	(2,068,251)
Beach and harbors	252,616	223,615	14,017	-	(14,984)	-	(14,984)
Library	514,178	9,735	-	-	(504,443)	-	(504,443)
County tax	1,658,722	-	-	-	(1,658,722)	-	(1,658,722)
Unclassified	175,340	-	-	-	(175,340)	-	(175,340)
Overlay	29,517	-	-	-	(29,517)	-	(29,517)
Capital outlay	25,580	-	-	-	(25,580)	-	(25,580)
Unallocated depreciation (Note 4)*	147,247	-	-	-	(147,247)	-	(147,247)
Interest on long-term debt	95,338	-	-	-	(95,338)	-	(95,338)
Total governmental activities	35,754,070	2,490,192	231,139	-	(33,032,739)	-	(33,032,739)
Business-type activities:							
Beach operations	516,913	517,727	-	-	-	814	814
Transfer station	510,396	329,230	-	-	-	(181,166)	(181,166)
Recreation	375,368	482,232	-	-	-	106,864	106,864
Total business-type activities	1,402,677	1,329,189	-	-	-	(73,488)	(73,488)
Total government	\$ 37,156,747	\$ 3,819,381	\$ 231,139	\$ -	(33,032,739)	(73,488)	(33,106,227)

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

STATEMENT B (CONTINUED)
TOWN OF WELLS, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(33,032,739)	(73,488)	(33,106,227)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	30,669,132	-	30,669,132
Excise taxes	2,604,736	-	2,604,736
Grants and contributions not restricted to specific programs	654,311	-	654,311
Investment income	39,164	-	39,164
Other income	369,515	134,078	503,593
Transfers	(100,000)	100,000	-
Total general revenues and transfers	34,236,858	234,078	34,470,936
Change in net position	1,204,119	160,590	1,364,709
NET POSITION - JULY 1	36,769,752	817,722	37,587,474
NET POSITION - JUNE 30	\$ 37,973,871	\$ 978,312	\$ 38,952,183

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

TOWN OF WELLS, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Nonmajor Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 14,955,391	\$ 35,177	\$ 14,990,568
Accounts receivable (net of allowance for uncollectibles):			
Taxes	1,125,790	-	1,125,790
Liens	169,157	-	169,157
Other	63,070	-	63,070
Tax acquired property	51,949	-	51,949
Due from other funds	450,079	4,760,543	5,210,622
TOTAL ASSETS	<u><u>\$ 16,815,436</u></u>	<u><u>\$ 4,795,720</u></u>	<u><u>\$ 21,611,156</u></u>
LIABILITIES			
Accounts payable	\$ 228,855	\$ 240,076	\$ 468,931
Accrued expenses	44,968	-	44,968
Due to other funds	5,857,642	54,391	5,912,033
Escrows	553,719	-	553,719
TOTAL LIABILITIES	<u><u>6,685,184</u></u>	<u><u>294,467</u></u>	<u><u>6,979,651</u></u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	16,089	-	16,089
Deferred revenues	491,103	-	491,103
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>507,192</u></u>	<u><u>-</u></u>	<u><u>507,192</u></u>
FUND BALANCES			
Nonspendable	51,949	-	51,949
Restricted	-	2,699,460	2,699,460
Committed	-	1,802,152	1,802,152
Assigned	345,004	61,798	406,802
Unassigned	9,226,107	(62,157)	9,163,950
TOTAL FUND BALANCES	<u><u>9,623,060</u></u>	<u><u>4,501,253</u></u>	<u><u>14,124,313</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 16,815,436</u></u>	<u><u>\$ 4,795,720</u></u>	<u><u>\$ 21,611,156</u></u>

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

TOWN OF WELLS, 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	\$ 14,124,313
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	28,214,648
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	491,103
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	3,715,181
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(2,660,000)
Accrued compensated absences	(485,759)
Net pension liability	(4,384,276)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(1,041,339)</u>
Net position of governmental activities	<u>\$ 37,973,871</u>

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

TOWN OF WELLS, 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			
Taxes	\$ 33,444,371	\$ -	\$ 33,444,371
Intergovernmental revenue	698,388	187,062	885,450
Charges for services	764,612	1,725,580	2,490,192
Investment income	39,148	16	39,164
Other revenues	317,133	52,382	369,515
TOTAL REVENUES	<u>35,263,652</u>	<u>1,965,040</u>	<u>37,228,692</u>
EXPENDITURES			
Current:			
General government	4,260,261	1,463,976	5,724,237
Public safety	4,011,217	54,805	4,066,022
Recreation and culture	320,945	110,762	431,707
Education	18,779,602	-	18,779,602
Public works	1,148,161	396,022	1,544,183
Beach and harbors	85,288	222,251	307,539
Library	408,452	43,939	452,391
County tax	1,658,722	-	1,658,722
Unclassified	477,279	480,239	957,518
Overlay	29,517	-	29,517
Capital outlay	-	1,348,287	1,348,287
Debt service:			
Principal	430,000	-	430,000
Interest	95,338	-	95,338
TOTAL EXPENDITURES	<u>31,704,782</u>	<u>4,120,281</u>	<u>35,825,063</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,558,870</u>	<u>(2,155,241)</u>	<u>1,403,629</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	10,105	2,093,782	2,103,887
Transfers (out)	(2,193,782)	(10,105)	(2,203,887)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,183,677)</u>	<u>2,083,677</u>	<u>(100,000)</u>
NET CHANGE IN FUND BALANCES	1,375,193	(71,564)	1,303,629
FUND BALANCES - JULY 1	<u>8,247,867</u>	<u>4,572,817</u>	<u>12,820,684</u>
FUND BALANCES - JUNE 30	<u>\$ 9,623,060</u>	<u>\$ 4,501,253</u>	<u>\$ 14,124,313</u>

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

TOWN OF WELLS, 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>\$ 1,303,629</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset acquisitions	2,767,321
Depreciation expense	<u>(2,126,001)</u>
	<u>641,320</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>(170,503)</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>2,511,485</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>430,000</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>(341,215)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(15,700)
Net pension liability	<u>(3,154,897)</u>
	<u>(3,170,597)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 1,204,119</u></u>

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

TOWN OF WELLS, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2017

	Enterprise Funds			
	Beach Operations	Transfer Station	Recreation	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other funds	560,617	-	536,482	1,097,099
Total current assets	560,617	-	536,482	1,097,099
Noncurrent assets:				
Capital assets:				
Infrastructure, buildings, equipment and vehicles net of accumulated depreciation	373,341	-	-	373,341
Total noncurrent assets	373,341	-	-	373,341
TOTAL ASSETS	\$ 933,958	\$ -	\$ 536,482	\$ 1,470,440
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 45,155	\$ 36,215	\$ 15,070	\$ 96,440
Due to other funds	-	395,688	-	395,688
Total current liabilities	45,155	431,903	15,070	492,128
TOTAL LIABILITIES	45,155	431,903	15,070	492,128
NET POSITION (DEFICIT)				
Net investment in capital assets	373,341	-	-	373,341
Unrestricted (deficit)	515,462	(431,903)	521,412	604,971
TOTAL NET POSITION (DEFICIT)	888,803	(431,903)	521,412	978,312
TOTAL LIABILITIES AND NET POSITION	\$ 933,958	\$ -	\$ 536,482	\$ 1,470,440

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

TOWN OF WELLS, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Funds			
	Beach Operations	Transfer Station	Recreation	Total
OPERATING REVENUES				
Charges for services	\$ 517,727	\$ 329,230	\$ 482,232	\$ 1,329,189
Other	-	6,890	127,188	134,078
TOTAL OPERATING REVENUES	<u>517,727</u>	<u>336,120</u>	<u>609,420</u>	<u>1,463,267</u>
OPERATING EXPENSES				
Salaries	240,815	143,500	153,595	537,910
Building operations	31,147	5,367	15,810	52,324
Repairs and maintenance	19,459	7,621	-	27,080
Computer and equipment	-	6,817	-	6,817
Landfill	-	10,490	-	10,490
Supplies and uniforms	27,567	39,125	-	66,692
Tipping, hauling and demo	-	223,659	-	223,659
Depreciation	47,567	-	-	47,567
Other	150,358	73,817	205,963	430,138
TOTAL OPERATING EXPENSES	<u>516,913</u>	<u>510,396</u>	<u>375,368</u>	<u>1,402,677</u>
OPERATING INCOME (LOSS)	<u>814</u>	<u>(174,276)</u>	<u>234,052</u>	<u>60,590</u>
NONOPERATING REVENUES (EXPENSES)				
Transfers in	-	100,000	-	100,000
Transfers (out)	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
CHANGE IN NET POSITION (DEFICIT)	814	(74,276)	234,052	160,590
NET POSITION (DEFICIT) - JULY 1	<u>887,989</u>	<u>(357,627)</u>	<u>287,360</u>	<u>817,722</u>
NET POSITION (DEFICIT) - JUNE 30	<u>\$ 888,803</u>	<u>\$ (431,903)</u>	<u>\$ 521,412</u>	<u>\$ 978,312</u>

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

TOWN OF WELLS, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Funds			
	Beach Operations	Transfer Station	Recreation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 517,727	\$ 329,230	\$ 609,420	\$ 1,456,377
Internal activity - receipts (payments) from/to other funds	(58,475)	70,317	(231,367)	(219,525)
Payments to employees	(240,815)	(143,500)	(153,595)	(537,910)
Payments to suppliers	(193,589)	(356,047)	(224,458)	(774,094)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>24,848</u>	<u>(100,000)</u>	<u>-</u>	<u>(75,152)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(24,848)	-	-	(24,848)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(24,848)</u>	<u>-</u>	<u>-</u>	<u>(24,848)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfers in (out)	-	100,000	-	100,000
NET CASH PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-	-
CASH AND CASH EQUIVALENTS - JULY 1	-	-	-	-
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 814	\$ (174,276)	\$ 234,052	\$ 60,590
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	47,567	-	-	47,567
Changes in operating assets and liabilities:				
(Increase) decrease in due from other funds	(58,475)	-	(231,367)	(289,842)
Increase (decrease) in accounts payable	34,942	10,849	(2,685)	43,106
Increase (decrease) in due to other funds	-	63,427	-	63,427
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 24,848</u>	<u>\$ (100,000)</u>	<u>\$ -</u>	<u>\$ (75,152)</u>

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Wells was incorporated under the laws of the State of Maine. The Town operates under the selectmen-manager form of government and provides the following services: general government, public safety, health and sanitation, recreation and culture, education, public works, beach and harbors, library 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 WELLS, 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 WELLS, 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. The Town's beach operations, transfer station and recreation are categorized as business-type activities. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type 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 are 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.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds

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

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.
- 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 WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

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 and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

Budget

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

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning 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 or Capital Projects 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. For statement of cash flows purposes, all highly liquid investments with a maturity of three months or less when purchased are

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

considered to be cash equivalents. The Town Treasurer is authorized by the Wells Board of Selectmen and 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
- Mutual funds

Receivables

Receivables include amounts due from local businesses, transfer station receivables and cable franchise fees. 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 \$63,070 for the year ended June 30, 2017. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2017.

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.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

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

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 government-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 both Governmental and Proprietary Funds.

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, 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.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Town's policies regarding vacation time do permit employees to accumulate earned but unused vacation leave, with the exception of the two employees with special circumstances. 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, while the proprietary funds report the liability as it is incurred. As of June 30, 2017, the Town's liability for compensated absences is \$485,759.

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 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.

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 qualify 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.

Fund Balance

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

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

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

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied on October 7, 2016, on the assessed value listed as of April 1, 2016, for all taxable real and personal property located in the Town. Taxes were due in two installments on November 21, 2016, and May 22, 2017. Interest on unpaid taxes commenced on November 22, 2016, and May 23, 2017, at 7.00% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$781,115 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.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Revenues

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

Operating/Non-operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, require that all investments be made considering 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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2017, the Town's deposits of \$14,990,568 were comprised of bank deposits of \$14,993,213. Of these bank deposits, \$500,000 was fully covered by federal depository insurance and consequently was not exposed to custodial credit risk, \$13,778,215 was covered with irrevocable stand-by letters of credit, \$492,643 was collateralized with securities held by the financial institution in the Town's name and \$222,355 was covered by the Securities Investor Protection Corporation (SIPC).

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 1,314,548
Savings accounts	13,456,310
Cash and cash equivalents	<u>222,355</u>
	<u>\$ 14,993,213</u>

Investments:

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

At June 30, 2017, the Town had \$0 in investments.

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 statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does have an investment policy on credit risk. The Town mitigates this risk by limiting investments to authorized types of securities, using qualified financial institutions authorized by the investment committee and diversifying the investment portfolio to meet the Town's current and future cash flow needs. Generally, the Town invests excess funds in cash management accounts and various insured certificates of deposit.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does have a formal investment policy that mitigates interest rate risk by limiting investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2017 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General fund	\$ 450,079	\$ 5,857,642
Proprietary funds	1,097,099	395,688
Nonmajor special revenue funds	3,673,705	54,391
Nonmajor capital projects funds	1,086,838	-
	<u>\$ 6,307,721</u>	<u>\$ 6,307,721</u>

NOTE 4 - CAPITAL ASSETS

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

	<u>Balance, 7/1/16</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, 6/30/17</u>
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 8,131,401	\$ 549,442	\$ -	\$ 8,680,843
Art works and historical treasures	51,500	-	-	51,500
Construction in progress	12,130	47,138	-	59,268
	<u>8,195,031</u>	<u>596,580</u>	<u>-</u>	<u>8,791,611</u>
Depreciated assets:				
Land improvements	989,771	47,252	-	1,037,023
Buildings	6,380,495	-	-	6,380,495
Building improvements	1,201,997	40,232	-	1,242,229
Machinery and equipment	5,490,858	104,979	-	5,595,837
Vehicles	5,327,752	356,328	(266,495)	5,417,585
Infrastructure	17,360,710	1,621,950	-	18,982,660
	<u>36,751,583</u>	<u>2,170,741</u>	<u>(266,495)</u>	<u>38,655,829</u>
Less: accumulated depreciation	<u>(17,373,286)</u>	<u>(2,126,001)</u>	<u>266,495</u>	<u>(19,232,792)</u>
	<u>19,378,297</u>	<u>44,740</u>	<u>-</u>	<u>19,423,037</u>
Net governmental capital assets	<u>\$ 27,573,328</u>	<u>\$ 641,320</u>	<u>\$ -</u>	<u>\$ 28,214,648</u>

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/16	Additions	Disposals	Balance, 6/30/17
<u>Business-type activities</u>				
Depreciated assets:				
Land improvements	\$ 48,527	\$ -	\$ -	\$ 48,527
Building improvements	5,483	13,271	-	18,754
Machinery and equipment	190,010	11,577	-	201,587
Infrastructure	260,806	-	-	260,806
	<u>504,826</u>	<u>24,848</u>	<u>-</u>	<u>529,674</u>
Less: accumulated depreciation	<u>(108,766)</u>	<u>(47,567)</u>	<u>-</u>	<u>(156,333)</u>
	<u>396,060</u>	<u>(22,719)</u>	<u>-</u>	<u>373,341</u>
Net business-type capital assets	<u>\$ 396,060</u>	<u>\$ (22,719)</u>	<u>\$ -</u>	<u>\$ 373,341</u>
 <u>Current year depreciation</u>				
Administration			\$	69,940
Police				133,491
Fire				285,779
Ambulance				47,659
Public works				1,099,550
Library				61,787
Parks and recreation				49,815
Harbormaster				108,361
Transfer station				122,372
Town-wide				147,247
Total governmental activities depreciation expense				<u>2,126,001</u>
Beach operations				<u>47,567</u>
Total business-type activities depreciation expense				<u>47,567</u>
Total depreciation expense			\$	<u>2,173,568</u>

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - LONG-TERM DEBT

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

	Balance, 7/1/16	Additions	Deletions	Balance, 6/30/17	Current Portion
Bonds payable	\$ 3,090,000	\$ -	\$ (430,000)	\$ 2,660,000	\$ 430,000
Accrued compensated absences	470,059	15,700	-	485,759	24,288
Net pension liability	1,229,379	3,496,112	(341,215)	4,384,276	-
Totals	<u>\$ 4,789,438</u>	<u>\$ 3,511,812</u>	<u>\$ (771,215)</u>	<u>\$ 7,530,035</u>	<u>\$ 454,288</u>

The following is a summary of outstanding bonds payable:

\$1,300,000, 2008 general obligation bond due in annual principal installments and semiannual interest installments through November of 2018. Interest is charged at a rate of 3.00% to 4.00% per annum. Annual principal installments are \$130,000.	\$ 260,000
\$3,000,000, 2013 General Obligation Bond due in annual installments and semiannual interest installments through November of 2024. Interest is charged at a rate from 3.00% to 3.50% per annum. Annual principal installments are \$300,000.	<u>2,400,000</u>
Total Bonds Payable	<u>\$ 2,660,000</u>

The following is a summary of outstanding bond principal and interest requirements for the following fiscal years ending June 30:

	Principal	Interest	Total Debt Service
2018	\$ 430,000	\$ 81,300	\$ 511,300
2019	430,000	67,100	497,100
2020	300,000	55,500	355,500
2021	300,000	46,500	346,500
2022	300,000	37,500	337,500
2023-2027	900,000	48,000	948,000
	<u>\$ 2,660,000</u>	<u>\$ 335,900</u>	<u>\$ 2,995,900</u>

All bonds payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 - NONSPENDABLE FUND BALANCES

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

General fund:	
Tax acquired property	<u>\$ 51,949</u>

NOTE 7 - RESTRICTED FUND BALANCES

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

Nonmajor special revenue funds (See Schedule E)	\$ 2,695,689
Nonmajor permanent funds (See Schedule I)	<u>3,771</u>
	<u>\$ 2,699,460</u>

NOTE 8 - COMMITTED FUND BALANCES

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

Nonmajor special revenue funds (See Schedule E)	\$ 780,865
Nonmajor capital projects funds (See Schedule G)	<u>1,021,287</u>
	<u>\$ 1,802,152</u>

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 - ASSIGNED FUND BALANCES

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

General fund:	
Tax map update	\$ 4,100
Town clerk - code updates	2,352
Selectmen-contingency	8,377
General government - legal ad	3,000
Facility and energy improvements	18,000
Facility maintenance and improvements	20,000
Grants	6,300
Conservation - scholarships	380
Union/non-union salary	43,705
HR - collective bargaining	2,500
HR - communications	807
HR - employee assistance	2,000
HR - personnel training	1,000
PD - vehicle replacement	118,884
PD - computers	17,596
FD - squad 1	222
FD - engines	8,908
FD - tower 6	371
FD - car 1	810
FD - utility 9	3,209
FD - port radios	2,000
FD - small engines	1,924
FD - turnout gear	4,240
FD - SCBA compressor	1,500
FD - equipment	20,931
FD - nozzles	1,629
FD - hose	3,863
FD - air packs	4,800
FD - uniforms	695
FD - general training	12,688
FD - hazerdous material	1,000
FD - ERP	2,000
EMA - generator	368
EMA - office supplies	280
WAC - electricity	1,223
Insurance - workers comp	23,342
Nonmajor special revenue funds (See Schedule E)	61,798
	<u>\$ 406,802</u>

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10 - DEFICIT FUND BALANCES/NET POSITION

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

Fund Balances:

Wells Transport Center	\$	23,342
Eastern Trail Design Work		891
Sick Leave		3,728
Library		6,605
Library Board		44
Harbor Plan Update Grant		2,502
FEMA Map Study		12,640
Harbor Grants		12,405
	\$	<u>62,157</u>

Net Position:

Transfer Station	\$	<u>431,903</u>
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NOTE 11 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

City 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 (207) 512-3100.

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

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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%.

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 police and fire department employees are part of the PLDs special plans "2C" and "3C" and are required to contribute 8.0% and 9.5%, respectively, of their annual salary, while all other employees are part of regular plan "AC" and are required to contribute 8.0% of their annual salary. The Town is required to contribute 9.1% and 11.4% of the special plans "2C" and "3C," respectively, members' covered payroll. By a special agreement for the 2C plan effective July 1, 2013, the Town will contribute up to 7%. If the MainePERS's employer rate for the 2C plan increases to a rate above 7%, the employees who choose to participate in the plan agree to contribute, in addition to their portion, the difference between the 7% and the actual percentage. For the year ended June 30, 2017 employee contributions to the 2C plan were 10.1% of their annual salary. The Town is required to contribute 9.1% of the regular plan "AC" members' covered payroll annually to the system along with a predetermined initial unpooled unfunded actuarial liability (IUUAL) rate set by the system. The IUUAL can either be a monthly payment or credit, which is added to or subtracted from the employer's percentage of employees' covered payroll to determine the employers actual cost. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2017 was \$149,327.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 \$4,834,276 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 0.82515%, which was an increase of 0.43982% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized total pension expense of \$984,627. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 53,147	\$ 281,991
Changes of assumptions	470,005	-
Net difference between projected and actual earnings on pension plan investments	1,620,134	674,278
Changes in proportion and differences between contributions and proportionate share of contributions	1,422,568	85,070
Contributions subsequent to the measurement date	149,327	-
Total	<u>\$ 3,715,181</u>	<u>\$ 1,041,339</u>

\$149,327 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:

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan
Plan year ended June 30:	
2017	\$ 831,085
2018	522,973
2019	917,772
2020	252,685
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:

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.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

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.

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. Assets for the defined benefit plan are comingled for investment purposes.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 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.

	1% Decrease	Discount Rate	1% Increase
PLD Plan: Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 7,277,107	\$ 4,384,276	\$ 1,660,777

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2016 as shown in the schedules of employer and non-employer contributing entity allocations. 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. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2016, this was 4 years for the PLD Consolidated Plan.

Differences between Projected and Actual Investment Earnings on Pension Plan Investments

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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. The actuarial assumptions used for the year ended June 30, 2016 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the Actuarial Methods and Assumptions section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - 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. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. 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' 2016 Comprehensive Annual Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 12 - DEFINED CONTRIBUTION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION –
RETIREMENT CORPORATION

Plan Description

The Town offers its employees a defined contribution plan created in accordance with Internal Revenue Code Section 401. The plan, available to the Town Manager, permits them to defer a portion of their salary until retirement. The employer contribution is not available to the employee until retirement or death, or in case of other life events as allowed by law. The plan is administered by ICMA Retirement Corporation.

Funding Policy

Plan provisions and contribution requirements are established and may be amended by the Board of Selectmen. Under the 401 plan, the Town Manager may elect to participate. The Town is required to contribute 15% of the Town Manager's annual compensation. The Town Manager is immediately vested in Town contributions and earnings on Town contributions. The Town's contribution vests 100% with the employee when contributed. For the year ended June 30, 2017, the Town recognized pension expense of \$10,291.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION –
RETIREMENT CORPORATION

Plan Description

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and maintained by International City Managers Association Retirement Corporation (ICMA). The plan, available to employees who negotiate for such benefits as a condition of employment, permits them to defer a portion of their salary 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.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Board of Selectmen. The Town will match a full time and eligible part-time employee's contribution to the ICMA-RC Plan up to a maximum of 6% of the employee's gross annual wages. The employee's and the Town's matching contribution vests 100% with the employee when contributed.

The Town's contributions to the plan including employee contributions for 2017, 2016 and 2015 were \$345,040, \$344,669 and \$377,754, respectively.

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2017, the Town's share was approximately:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of York	\$ 5,053,463	10.16%	\$ 513,193
Wells-Ogunquit CSD	30,106,318	77.88%	<u>23,446,758</u>
			<u><u>\$ 23,959,952</u></u>

NOTE 15 - LANDFILL CLOSURE

The Wells landfill is at 100% capacity to date. Therefore, the estimated remaining landfill life is zero years. Federal and state laws require that certain postclosure care be met. The Town estimates that on an annual basis, some immaterial costs will be incurred for postclosure care. The annual amount will be paid for within the Town's annual operating budget.

NOTE 16 - CONTINGENCIES

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

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

NOTE 17 - 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 through the Cole Harrison Agency and the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to

TOWN OF WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 17 - RISK MANAGEMENT (CONTINUED)

be insufficient to enable the pool to discharge its legal obligations, other obligations, and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2017.

The Town is a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for worker’s compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker’s compensation coverage. The Town’s agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies’ reinsurance contracts, coverage for claims in excess of \$1,000,000.

The Town is also a member of the Maine Municipal Association – Unemployment Compensation Group Fund (“MMA UC Fund”). The MMA UC Fund was created to assist in meeting members’ obligations under the Employment Security Act in an efficient and cost-effective manner. The Fund is composed of individual municipalities and other public and related non-profit entities that are individually self-insured but administered as a group. Within the Fund, each member has a separate account. As such, the Town makes quarterly payments into their account, based on rates developed by MMA’s consulting actuary. Claims, if any, are paid out of the Town’s own account. The Maine Department of Labor classifies MMA’s UC Fund members as Direct Reimbursement Employers. In other words, the Fund reimburses the Maine DOL on the Town’s behalf only when the Town has unemployment claims from present or former employees.

Occasionally, the Town may have layoffs or resignations or even a part-time employee losing a primary job, that lead to larger claims payments than anticipated. When claims exceed the balance of the Town’s account, the UC Fund continues to pay the Town’s claims with no regard for the negative balance. Repayment of a negative balance is spread out over a period of years to avoid a financial hardship to the Town.

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 WELLS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 18 - LETTERS OF CREDIT

At June 30, 2017, the Town has three outstanding irrevocable stand-by letters of credit issued by the Federal Home Loan Bank of Boston serving as collateral for its deposits held at Peoples United Bank. These letters of credit, which all expire at the close of business on July 14, 2017, authorize one draw each only up to the amount of \$500,000, \$15,700,000 and \$1,000,000, respectively. There were no draws for the year ended June 30, 2017.

NOTE 19 - RELATED PARTY TRANSACTIONS

One of the Town's Selectmen owns a business that provides trash hauling services for the Town. During the fiscal year ended June 30, 2017, payments to this vendor for trash hauling totaled \$179,345. Another member of the Town's Board of Selectmen is related to someone that owns a business that provides services to the Town's highway department. During the fiscal year ended June 30, 2017, payments to this vendor for these services totaled \$6,901. The Town requests contract proposals for these services annually. The Selectmen recuse themselves from the contract award process in those matters pertaining to their respective related parties.

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 WELLS, 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	\$ 8,247,867	\$ 8,247,867	\$ 8,247,867	\$ -
Resources (Inflows):				
Taxes	32,582,894	32,582,894	33,444,371	861,477
Intergovernmental revenue	728,327	728,327	698,388	(29,939)
Charges for services	534,475	534,475	764,612	230,137
Investment income	25,000	25,000	39,148	14,148
Other income	229,500	229,500	317,133	87,633
Transfers from other funds	10,105	10,105	10,105	-
Amounts Available for Appropriation	<u>42,358,168</u>	<u>42,358,168</u>	<u>43,521,624</u>	<u>1,163,456</u>
Charges to Appropriations (Outflows):				
General government	4,482,583	4,540,368	4,260,261	280,107
Public safety	4,408,206	4,484,091	4,011,217	472,874
Recreation and culture	329,755	341,583	320,945	20,638
Education	18,779,602	18,779,602	18,779,602	-
Public works	1,140,973	1,142,942	1,148,161	(5,219)
Beach and harbors	100,841	104,567	85,288	19,279
Library	408,356	426,552	408,452	18,100
County tax	1,658,722	1,658,722	1,658,722	-
Unclassified	856,028	856,028	477,279	378,749
Debt service:				
Principal	430,000	430,000	430,000	-
Interest	95,338	95,338	95,338	-
Overlay	781,115	781,115	29,517	751,598
Transfers to other funds	2,193,782	2,193,782	2,193,782	-
Total Charges to Appropriations	<u>35,665,301</u>	<u>35,834,690</u>	<u>33,898,564</u>	<u>1,936,126</u>
Budgetary Fund Balance, June 30	<u>\$ 6,692,867</u>	<u>\$ 6,523,478</u>	<u>\$ 9,623,060</u>	<u>\$ 3,099,582</u>
Use of unassigned fund balance	\$ 1,555,000	\$ 1,555,000	\$ -	\$ (1,555,000)
Use of assigned fund balance	-	169,389	-	(169,389)
	<u>\$ 1,555,000</u>	<u>\$ 1,724,389</u>	<u>\$ -</u>	<u>\$ (1,724,389)</u>

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

TOWN OF WELLS, MAINE

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>			
Proportion of the net pension liability (asset)	0.83%	0.39%	0.42%
Proportionate share of the net pension liability (asset)	\$ 4,834,276	\$ 1,229,379	\$ 639,438
Covered-employee payroll	\$ 2,104,769	\$ 1,976,829	\$ 1,835,357
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	229.68%	62.19%	34.84%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	88.27%	94.10%

* 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 WELLS, MAINE

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>			
Contractually required contribution	\$ 149,327	\$ 153,652	\$ 157,509
Contributions in relation to the contractually required contribution	<u>(149,327)</u>	<u>(153,652)</u>	<u>(157,509)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,084,381	\$ 2,104,769	\$ 1,976,829
Contributions as a percentage of covered- employee payroll	7.16%	7.30%	7.97%

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

TOWN OF WELLS, 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.

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 WELLS, MAINE

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 30,607,894	\$ 30,607,894	\$ 30,839,635	\$ 231,741
Excise taxes	1,975,000	1,975,000	2,604,736	629,736
Intergovernmental revenues:				
State revenue sharing	210,000	210,000	202,376	(7,624)
Homestead exemption	222,154	222,154	191,961	(30,193)
LRAP	200,000	200,000	201,424	1,424
General assistance	2,000	2,000	3,005	1,005
Tree growth	29,000	29,000	37,618	8,618
Other	65,173	65,173	62,004	(3,169)
Charges for services:				
Planning and CEO	211,000	211,000	380,034	169,034
Beaches/harbors	82,550	82,550	83,287	737
Administration	36,825	36,825	39,582	2,757
Town clerk	74,600	74,600	81,604	7,004
Police department	120,500	120,500	170,275	49,775
Fire department	-	-	95	95
Library	9,000	9,000	9,735	735
Investment income	25,000	25,000	39,148	14,148
Other revenue:				
Interest/fees on taxes	80,000	80,000	78,758	(1,242)
Cable TV fees	140,000	140,000	218,948	78,948
Other income	9,500	9,500	19,427	9,927
Transfers from other funds:				
Capital projects funds	10,105	10,105	10,105	-
TOTAL REVENUES	<u>\$ 34,110,301</u>	<u>\$ 34,110,301</u>	<u>\$ 35,273,757</u>	<u>\$ 1,163,456</u>

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

TOWN OF WELLS, MAINE

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

	Original Appropriations	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
General government:					
Administration salaries	\$ 282,959	\$ 5,473	\$ 288,432	\$ 267,756	\$ 20,676
Personnel salaries	123,548	5,119	128,667	80,142	48,525
Code enforcement salaries	278,708	1,535	280,243	282,125	(1,882)
Assessing salaries	174,040	4,028	178,068	178,131	(63)
Town clerk salaries	186,150	-	186,150	188,250	(2,100)
Town manager salaries	172,189	3,014	175,203	171,651	3,552
Office of planning salaries	122,516	2,387	124,903	123,586	1,317
Building department salaries	65,726	2,229	67,955	67,919	36
Benefits/insurances/taxes	1,803,607	-	1,803,607	1,768,996	34,611
Property/liability insurance	468,000	-	468,000	383,300	84,700
Town manager expenses	131,600	-	131,600	125,594	6,006
Office of planning expenses	18,978	-	18,978	11,597	7,381
Administration expenses	81,592	-	81,592	65,790	15,802
Town clerk expenses	38,550	-	38,550	28,110	10,440
Assessing expenses	14,700	4,000	18,700	9,659	9,041
Conservation committee	3,700	-	3,700	3,344	356
Code enforcement expenses	18,800	-	18,800	15,994	2,806
Building department expenses	213,881	12,000	225,881	213,312	12,569
Personnel department expenses	36,530	-	36,530	27,845	8,685
IT Infrastructure	246,809	18,000	264,809	247,160	17,649
	<u>4,482,583</u>	<u>57,785</u>	<u>4,540,368</u>	<u>4,260,261</u>	<u>280,107</u>

TOWN OF WELLS, MAINE

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

	Original Appropriations	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
Public safety:					
Police department salaries	1,878,972	5,496	1,884,468	1,755,610	128,858
Fire department salaries	923,203	-	923,203	865,335	57,868
Dispatch center salaries	333,327	-	333,327	334,942	(1,615)
Animal control salaries	47,533	-	47,533	44,798	2,735
Police department operations	438,284	44,600	482,884	309,000	173,884
EMA	21,000	-	21,000	18,004	2,996
Ambulance service	220,000	-	220,000	220,000	-
Fire department operations	276,670	22,789	299,459	215,423	84,036
Dispatch operations	108,670	3,000	111,670	106,327	5,343
Animal control operations	15,547	-	15,547	14,550	997
Hydrant rental	145,000	-	145,000	127,228	17,772
	<u>4,408,206</u>	<u>75,885</u>	<u>4,484,091</u>	<u>4,011,217</u>	<u>472,874</u>
Recreation and culture:					
Recreation salaries	236,672	11,828	248,500	242,528	5,972
Recreation operations	70,007	-	70,007	61,057	8,950
R Jorgensen activity center	23,076	-	23,076	17,360	5,716
	<u>329,755</u>	<u>11,828</u>	<u>341,583</u>	<u>320,945</u>	<u>20,638</u>
Education	<u>18,779,602</u>	<u>-</u>	<u>18,779,602</u>	<u>18,779,602</u>	<u>-</u>

TOWN OF WELLS, MAINE

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

	Original Appropriations	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
Public works:					
Highway salaries	587,973	1,969	589,942	594,977	(5,035)
Highway operations	520,000	-	520,000	519,945	55
Building	33,000	-	33,000	33,239	(239)
	<u>1,140,973</u>	<u>1,969</u>	<u>1,142,942</u>	<u>1,148,161</u>	<u>(5,219)</u>
Beach and harbors:					
Harbor master salaries	68,937	3,726	72,663	64,859	7,804
Harbor master operating	31,904	-	31,904	20,429	11,475
	<u>100,841</u>	<u>3,726</u>	<u>104,567</u>	<u>85,288</u>	<u>19,279</u>
Library	<u>408,356</u>	<u>18,196</u>	<u>426,552</u>	<u>408,452</u>	<u>18,100</u>
County tax	<u>1,658,722</u>	<u>-</u>	<u>1,658,722</u>	<u>1,658,722</u>	<u>-</u>
Debt service:					
Principal	430,000	-	430,000	430,000	-
Interest	95,338	-	95,338	95,338	-
	<u>525,338</u>	<u>-</u>	<u>525,338</u>	<u>525,338</u>	<u>-</u>

TOWN OF WELLS, MAINE

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

	Original Appropriations	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
Unclassified:					
Info center	37,000	-	37,000	37,000	-
Warrant articles - net	690,000	-	690,000	316,879	373,121
Outside agencies	129,028	-	129,028	123,400	5,628
	<u>856,028</u>	<u>-</u>	<u>856,028</u>	<u>477,279</u>	<u>378,749</u>
Overlay	<u>781,115</u>	<u>-</u>	<u>781,115</u>	<u>29,517</u>	<u>751,598</u>
Transfers to other funds:					
Special revenue funds	873,782	-	873,782	873,782	-
Capital projects funds	1,220,000	-	1,220,000	1,220,000	-
Enterprise funds	100,000	-	100,000	100,000	-
	<u>2,193,782</u>	<u>-</u>	<u>2,193,782</u>	<u>2,193,782</u>	<u>-</u>
Total Expenditures	<u>\$ 35,665,301</u>	<u>\$ 169,389</u>	<u>\$ 35,834,690</u>	<u>\$ 33,898,564</u>	<u>\$ 1,936,126</u>

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

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 31,406	\$ -	\$ 3,771	\$ 35,177
Due from other funds	3,673,705	1,086,838	-	4,760,543
TOTAL ASSETS	<u><u>\$ 3,705,111</u></u>	<u><u>\$ 1,086,838</u></u>	<u><u>\$ 3,771</u></u>	<u><u>\$ 4,795,720</u></u>
LIABILITIES				
Accounts payable	\$ 174,525	\$ 65,551	\$ -	\$ 240,076
Due to other funds	54,391	-	-	54,391
TOTAL LIABILITIES	<u>228,916</u>	<u>65,551</u>	<u>-</u>	<u>294,467</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	2,695,689	-	3,771	2,699,460
Committed	780,865	1,021,287	-	1,802,152
Assigned	61,798	-	-	61,798
Unassigned	(62,157)	-	-	(62,157)
TOTAL FUND BALANCES	<u>3,476,195</u>	<u>1,021,287</u>	<u>3,771</u>	<u>4,501,253</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 3,705,111</u></u>	<u><u>\$ 1,086,838</u></u>	<u><u>\$ 3,771</u></u>	<u><u>\$ 4,795,720</u></u>

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

TOWN OF WELLS, 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 revenue	\$ 187,062	\$ -	\$ -	\$ 187,062
Charges for services	1,725,580	-	-	1,725,580
Interest income	14	-	2	16
Other income	52,085	297	-	52,382
TOTAL REVENUES	1,964,741	297	2	1,965,040
EXPENDITURES				
General government	1,463,976	-	-	1,463,976
Public safety	54,805	-	-	54,805
Recreation and culture	110,762	-	-	110,762
Public works	396,022	-	-	396,022
Beach and harbors	222,251	-	-	222,251
Library	43,939	-	-	43,939
Unclassified	380,923	99,296	20	480,239
Capital outlay	-	1,348,287	-	1,348,287
TOTAL EXPENDITURES	2,672,678	1,447,583	20	4,120,281
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(707,937)	(1,447,286)	(18)	(2,155,241)
OTHER FINANCING SOURCES (USES)				
Transfers in	873,782	1,220,000	-	2,093,782
Transfers (out)	-	(10,105)	-	(10,105)
TOTAL OTHER FINANCING SOURCES (USES)	873,782	1,209,895	-	2,083,677
NET CHANGE IN FUND BALANCES	165,845	(237,391)	(18)	(71,564)
FUND BALANCES - JULY 1	3,310,350	1,258,678	3,789	4,572,817
FUND BALANCES - JUNE 30	\$ 3,476,195	\$ 1,021,287	\$ 3,771	\$ 4,501,253

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

Special Revenue Funds

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

1. Drug Seizure (0002) – This fund is used to account for transactions related to drug related education as specified by the federal government.
2. Drug Forfeiture (0008) – This fund is used to account for transactions related to drug related education as specified by the federal government.
3. Harbor, Moorings & Floats (0012) – This fund is used to account for transactions related to the building of the moorings and floats.
4. Town Clerk Animal Control (0201) – Used to account for transactions related to animal registration licenses. A portion of these funds are remitted to the State and a portion is retained in the Town per State regulations to pay for local animal shelter requirements.
5. Shellfish Control (0210) – Used to account for transactions related to shellfish licenses issued by the Town Clerk. A portion of these funds are remitted to the State and a portion is retained in the Town per State regulations to pay for local shellfish needs.
6. Town Clerk State (0215) – Pass through account for State portion of Town Clerk Moses transactions.
7. State Clerk Dogs (0220) – Pass through account for State portion of dog fees.
8. State Clerk Vitals (0255) – Pass through account for State portion of vital fees.
9. State Plumbing Permits (0415) – Pass through account for State portion of Plumbing Permits.
10. Water Control Improvement (0416) – Pass through account. Related to State portion of Plumbing Permits.
11. Admin State Auto Reg (0435) – Pass through account for State portion of vehicle registrations, i.e. Sales tax, Title and Plates.
12. Background Checks (0470) – Fees required when business applications involved massage, taxi or an ice cream vendor.
13. Fuel Donations (0475) – To account for transactions related to donations made by Wells citizens and businesses to assist town residents with heating fuel needs. This is in addition to the State General Assistance Program but we can not be reimbursed for these expenditures by the State.

14. Smoke Detector/Carbon Monoxide Program (0480) – To account for the purchase of smoke detectors/carbon monoxide detectors for Wells citizens that meet income guidelines from donated funds.
15. Recreation Program (0500) – This fund is used to account for transactions related to recreation program.
16. Wells Activity Center (0522) – Used to account for transactions related to all the special functions held at the Wells Activity Center. The transactions include but are not limited to dances, dinners, musical performances, etc as fund raising events for Town or other organizations.
17. Recreation Equip/Vehicle (0527) – This fund is used to account for transactions related to the repairs and maintenance of recreation equipment and vehicles.
18. Central Area Dev Beautification (0550) – This fund is used to account for transactions related to beautification of town owned properties.
19. Boat Tank Pumpout System Grant (0570) – This fund is used to account for transactions relating to the maintenance of the pumpout system.
20. Sidewalk & Bicycle Reserve (0704) – This fund is used to account for transactions related to repair and construction of sidewalks & bicycle paths.
21. Open Space Reserve (0705) – This fund is used to account for transactions related to the purchase of land for conservation and open space.
22. Municipal Land Reserve (0706) – This fund is used to account for transactions related to the purchase of property for municipal facilities and to capitalize on real estate opportunities.
23. Infrastructure Reserve (0708) – This fund is used to account for transactions related to the eventual replacement of seawalls and bridges. It is also used for drainage projects, harbor improvements and road improvements.
24. Inland Golf (0713) – To account for fees related to the Old Marsh Golf Course and residential community located on Route 9B.
25. Ambulance (0715) – This fund is used to account for transactions related to ambulance replacement in conjunction with the Wells Emergency Services.
26. Wells Transport Center (0717) – This fund is used to account for transactions related to the operational shortfalls at the transportation center.
27. Beautification Reserve (0727) – Originally approved at the FY 2005 Town meeting with subsequent additions in FY 06 and FY 07 for beautification projects on town-owned land and facilities.

28. Activity Center Parking (0729) – Approved at the FY 2005 Town Meeting for parking lot improvements and enlargement.
29. Library Beautification Fund (0731) – Approved at the FY 2006 Town Meeting to improve landscaping and signage.
30. Rec Site Plan (0732) – Approved at the FY 2007 Town Meeting to develop a site plan for the Recreation Department as part of its long range strategic plan.
31. Town Wide Misc (0739) – Approved at FY 2011 Town Meeting for unknown daily maintenance throughout the Town.
32. Technology/Workstation Refresh (0740) – Rotating three-year program to refresh/update Town computers. Also used to account for technology improvements, upgrades and additions.
33. Sans 2 (0741) – Upgrades for Town servers to stabilize domain.
34. PD Recorder (0742) – Used to record the emergency and business phones in Dispatch and the Police, Fire and EMS radio traffic.
35. Solar Panel Buyout (0745) – This fund is used to account for transactions related to the buyout of solar panels.
36. Eastern Trail Design Work (0746) – This fund is used to account for transactions related to the design work of the Eastern Trail.
37. Pay Classification (0803) – This fund is used to account for transactions related to pay scale studies at the Town Office.
38. Beach Erosion Reserve (0804) – This fund is used to account for transactions related to beach erosion.
39. Future Beach Sand Purchase (0806) – To account for funds that will be used to purchase dredge sand to re-nourish the eroded beach system in Wells with new sand from another dredge community.
40. Cable Studio Upgrades (0807) – To account for funds that will be used to upgrade the cable studio.
41. Sick Leave (0808) – This fund is used to account for transactions related to sick leave.
42. Traffic Study (0814) – This fund is used to account for transactions related to the traffic impact study.
43. Wells Conservation (0816) – This fund is used to account for transactions related to the special conservation projects or improvements.

44. Building Improvements (0817) – This fund is used to account for transactions related to repairs and maintenance of Town facilities.
45. Recycling (0820) – This fund is used to account for transactions related to a recycling grant for the purchase of buckets.
46. Walter Marsh Field Area (0824) – This fund is used to account for transactions related to repairs and maintenance of the recreation field on 9A.
47. Revolving Vehicle Loan (0827) – This fund is used to account for transactions related to the purchase and refunding for new vehicles.
48. Computer Mapping Town Hall (0830) – This fund is used to account for transactions related to computer mapping project as part of the GIS master plan.
49. Library (0851) – This fund is used to account for transactions related to the library building expansion.
50. Library Board (0852) – Used for disbursements/donations for the library.
51. Library Donations (0853) – This fund is used to account for transactions relating to the library.
52. Town Maps (0901) – This fund is used to account for transactions involved with repairs and replacement of the engineering copier.
53. School House 9 (0903) – This fund is used to account for transactions related to the upkeep of the school house.
54. 1710 Restoration (0906) – Originally approved at the FY 2005 Town Meeting with an addition in FY 06 for restoration work in conjunction the Town Historic Preservation Commission at the 1710 Cape (located adjacent to the Town Hall). The Town acquired the house in 1999.
55. Harbor Park Project (0907) – This fund is used to account for transactions related to improvements and repairs at the harbor park.
56. Harbor Park Burke Memorial (0909) – Funds used to maintain the Joan Burke path.
57. Joseph Bednarz Memorial (0910) – This fund is used to account for transactions related to a park bench.
58. Harbor Park Concerts (0914) – This fund is used to account for transactions related to summer concerts in the park.
59. Harbor Park Pavilion (0915) – This fund is used to account for transactions related to the building or the pavilion by the Rotary Club.

60. Dry Hydrants (0922) – This fund is used to account for transactions related to installation and maintenance of dry hydrants.
61. Wells Police Association (0925) – This fund is used to account for transactions related to employee to employee concerns.
62. Fire Grants (0940) – Used to account for transactions related to grants applied for and subsequently received by the Fire Department.
63. Police Grants (0941) – Used to account for transactions related to grants applied for and subsequently received by the Police Department.
64. Wellness Works (0942) – Grants related to activities of the Town's safety committee.
65. Harbor Plan Update Grant (0944) – Grant related to the update of the Town's harbor master plan.
66. Dispatch (0947) – This fund was established in FY 2013 to account for transactions related to shared dispatch services with Ogunquit.
67. Ship Grant (0949) – This fund was established in FY 2013 to account for matching grant funds used for small harbor improvements.
68. FEMA Map Study (0950) – Used to account for transactions related to the Town's appeal of the 2013 FEMA Flood Maps for the Town.
69. Harbor Grants (0951) – To account for transactions related to grants applied for and subsequently received by the Harbor Master.
70. Rental Properties – Cole (0955) – To account for transactions related to the rental of the apartment units that the Town acquired when it purchased 13 Main Street and 29 Main Street.

TOWN OF WELLS, MAINE

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

	Drug Seizure (0002)	Drug Forfeiture (0008)	Harbor Moorings & Floats (0012)	Town Clerk Animal Control (0201)	Shellfish Control (0210)	Town Clerk State (0215)	State Clerk Dogs (0220)
ASSETS							
Cash and cash equivalents	\$ 9,659	\$ 17,905	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	193,940	79,832	36,168	13,824	96
TOTAL ASSETS	\$ 9,659	\$ 17,905	\$ 193,940	\$ 79,832	\$ 36,168	\$ 13,824	\$ 96
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 2,975	\$ -	\$ 204	\$ 13,824	\$ 96
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	2,975	-	204	13,824	96
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	9,659	17,905	190,965	79,832	35,964	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	9,659	17,905	190,965	79,832	35,964	-	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 9,659	\$ 17,905	\$ 193,940	\$ 79,832	\$ 36,168	\$ 13,824	\$ 96

TOWN OF WELLS, MAINE

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

	State Clerk Vitals (0255)	State Plumbing Permits (0415)	Water Control Improvement (0416)	Admin State Auto Reg (0435)	Background Checks (0470)	Fuel Donations (0475)	Smoke Detector/Carbon Monoxide (0480)
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	294	5,057	7,563	125,083	315	44,611	809
TOTAL ASSETS	<u>\$ 294</u>	<u>\$ 5,057</u>	<u>\$ 7,563</u>	<u>\$ 125,083</u>	<u>\$ 315</u>	<u>\$ 44,611</u>	<u>\$ 809</u>
LIABILITIES							
Accounts payable	\$ 294	\$ 5,057	\$ 15	\$ 125,083	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>294</u>	<u>5,057</u>	<u>15</u>	<u>125,083</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	809
Assigned	-	-	7,548	-	315	44,611	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>-</u>	<u>7,548</u>	<u>-</u>	<u>315</u>	<u>44,611</u>	<u>809</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 294</u>	<u>\$ 5,057</u>	<u>\$ 7,563</u>	<u>\$ 125,083</u>	<u>\$ 315</u>	<u>\$ 44,611</u>	<u>\$ 809</u>

TOWN OF WELLS, MAINE

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

	Recreation Program (0500)	Wells Activity Center (0522)	Recreation Equip/Vehicle (0527)	Central Area Dev. Beautification (0550)	Boat Tank Pumpout System Grant (0570)	Sidewalk & Bicycle Reserve (0704)	Open Space Reserve (0705)
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	33,669	-	20,111	6,022	137,979	477,861
TOTAL ASSETS	\$ -	\$ 33,669	\$ -	\$ 20,111	\$ 6,022	\$ 137,979	\$ 477,861
LIABILITIES							
Accounts payable	\$ -	\$ 160	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	160	-	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	33,509	-	20,111	6,022	137,979	477,861
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	-	33,509	-	20,111	6,022	137,979	477,861
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ 33,669	\$ -	\$ 20,111	\$ 6,022	\$ 137,979	\$ 477,861

TOWN OF WELLS, MAINE

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

	Municipal Land Reserve (0706)	Infrastructure Reserve (0708)	Inland Golf (0713)	Ambulance (0715)	Wells Transport Center (0717)	Beautification Reserve (0727)	Activity Center Parking (0729)
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	89,909	553,151	430,700	60,176	-	55,994	3,780
TOTAL ASSETS	<u>\$ 89,909</u>	<u>\$ 553,151</u>	<u>\$ 430,700</u>	<u>\$ 60,176</u>	<u>\$ -</u>	<u>\$ 55,994</u>	<u>\$ 3,780</u>
LIABILITIES							
Accounts payable	\$ -	\$ 8,830	\$ -	\$ -	\$ 1,161	-	\$ -
Due to other funds	-	-	-	-	22,181	-	-
TOTAL LIABILITIES	<u>-</u>	<u>8,830</u>	<u>-</u>	<u>-</u>	<u>23,342</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	89,909	-	430,700	-	-	55,994	3,780
Committed	-	544,321	-	60,176	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(23,342)	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>89,909</u>	<u>544,321</u>	<u>430,700</u>	<u>60,176</u>	<u>(23,342)</u>	<u>55,994</u>	<u>3,780</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 89,909</u>	<u>\$ 553,151</u>	<u>\$ 430,700</u>	<u>\$ 60,176</u>	<u>\$ -</u>	<u>\$ 55,994</u>	<u>\$ 3,780</u>

TOWN OF WELLS, MAINE

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

	Library Beautification Fund (0731)	Rec Site Plan (0732)	Town Wide Misc (0739)	Technology/ Workstation Refresh (0740)	Sans 2 (0741)	PD Recorder (0742)
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	20,000	5,000	35,060	208,506	61,849	13,690
TOTAL ASSETS	<u>\$ 20,000</u>	<u>\$ 5,000</u>	<u>\$ 35,060</u>	<u>\$ 208,506</u>	<u>\$ 61,849</u>	<u>\$ 13,690</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 6,701	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,701</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	201,805	61,849	13,690
Committed	20,000	5,000	35,060	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>20,000</u>	<u>5,000</u>	<u>35,060</u>	<u>201,805</u>	<u>61,849</u>	<u>13,690</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 20,000</u>	<u>\$ 5,000</u>	<u>\$ 35,060</u>	<u>\$ 208,506</u>	<u>\$ 61,849</u>	<u>\$ 13,690</u>

TOWN OF WELLS, MAINE

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

	Solar Panel Buyout (0745)	Eastern Trail Design Work (0746)	Pay Classification (0803)	Beach Erosion Reserve (0804)	Future Beach Sand Purchase (0806)	Cable Studio Upgrades (0807)
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	10,000	-	5,624	167,800	192,830	46,754
TOTAL ASSETS	\$ 10,000	\$ -	\$ 5,624	\$ 167,800	\$ 192,830	\$ 46,754
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 425	\$ -
Due to other funds	-	891	-	-	-	-
TOTAL LIABILITIES	-	891	-	-	425	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	10,000	-	5,624	167,800	192,405	46,754
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	(891)	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	10,000	(891)	5,624	167,800	192,405	46,754
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 10,000	\$ -	\$ 5,624	\$ 167,800	\$ 192,830	\$ 46,754

TOWN OF WELLS, MAINE

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

	Sick Leave (0808)	Traffic Study (0814)	Wells Conservation (0816)	Building Improvements (0817)	Recycling (0820)	Walter Marsh Field Area (0824)
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	35,596	16,281	17,493	4,676	1,389
TOTAL ASSETS	\$ -	\$ 35,596	\$ 16,281	\$ 17,493	\$ 4,676	\$ 1,389
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	3,728	-	-	-	-	-
TOTAL LIABILITIES	3,728	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	35,596	16,281	-	4,676	1,389
Committed	-	-	-	17,493	-	-
Assigned	-	-	-	-	-	-
Unassigned	(3,728)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	(3,728)	35,596	16,281	17,493	4,676	1,389
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ 35,596	\$ 16,281	\$ 17,493	\$ 4,676	\$ 1,389

TOWN OF WELLS, MAINE

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

	Revolving Vehicle Loan (0827)	Computer Mapping Town Hall (0830)	Library (0851)	Library Board (0852)	Library Donations (0853)	Town Maps (0901)
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	62,049	92,545	969	-	10,188	5,895
TOTAL ASSETS	\$ 62,049	\$ 92,545	\$ 969	\$ -	\$ 10,188	\$ 5,895
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 7,574	\$ -	\$ 916	\$ -
Due to other funds	-	-	-	44	-	-
TOTAL LIABILITIES	-	-	7,574	44	916	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	92,545	-	-	-	5,895
Committed	62,049	-	-	-	-	-
Assigned	-	-	-	-	9,272	-
Unassigned	-	-	(6,605)	(44)	-	-
TOTAL FUND BALANCES (DEFICITS)	62,049	92,545	(6,605)	(44)	9,272	5,895
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 62,049	\$ 92,545	\$ 969	\$ -	\$ 10,188	\$ 5,895

TOWN OF WELLS, MAINE

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

	School House 9 (0903)	1710 Restoration (0906)	Harbor Park Project (0907)	Harbor Park Burke Memorial (0909)	Joseph Bednarz Memorial (0910)	Harbor Park Concerts (0914)
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	20,405	57	48,541	863	572	11,746
TOTAL ASSETS	<u>\$ 20,405</u>	<u>\$ 57</u>	<u>\$ 48,541</u>	<u>\$ 863</u>	<u>\$ 572</u>	<u>\$ 11,746</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 347	\$ -	\$ -	\$ 140
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>347</u>	<u>-</u>	<u>-</u>	<u>140</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	20,405	-	48,194	863	572	11,606
Committed	-	57	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>20,405</u>	<u>57</u>	<u>48,194</u>	<u>863</u>	<u>572</u>	<u>11,606</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 20,405</u>	<u>\$ 57</u>	<u>\$ 48,541</u>	<u>\$ 863</u>	<u>\$ 572</u>	<u>\$ 11,746</u>

TOWN OF WELLS, MAINE

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

	Harbor Park Pavilion (0915)	Dry Hydrants (0922)	Wells Police Association (0925)	Fire Grants (0940)	Police Grants (0941)	Wellness Works (0942)	Harbor Plan Update Grant (0944)
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 3,842	\$ -	\$ -	\$ -	\$ -
Due from other funds	4,535	17,737	-	20,747	-	615	-
TOTAL ASSETS	\$ 4,535	\$ 17,737	\$ 3,842	\$ 20,747	\$ -	\$ 615	\$ -
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 563	\$ -
Due to other funds	-	-	-	-	-	-	2,502
TOTAL LIABILITIES	-	-	-	-	-	563	2,502
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	4,535	17,737	3,842	20,747	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	52	-
Unassigned	-	-	-	-	-	-	(2,502)
TOTAL FUND BALANCES (DEFICITS)	4,535	17,737	3,842	20,747	-	52	(2,502)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 4,535	\$ 17,737	\$ 3,842	\$ 20,747	\$ -	\$ 615	\$ -

TOWN OF WELLS, MAINE

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

	Dispatch (0947)	Ship Grant (0949)	FEMA Map Study (0950)	Harbor Grants (0951)	Rental Properties - Cole (0955)	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,406
Due from other funds	117,417	3,272	-	-	36,060	3,673,705
TOTAL ASSETS	\$ 117,417	\$ 3,272	\$ -	\$ -	\$ 36,060	\$ 3,705,111
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 160	\$ 174,525
Due to other funds	-	-	12,640	12,405	-	54,391
TOTAL LIABILITIES	-	-	12,640	12,405	160	228,916
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	117,417	3,272	-	-	-	2,695,689
Committed	-	-	-	-	35,900	780,865
Assigned	-	-	-	-	-	61,798
Unassigned	-	-	(12,640)	(12,405)	-	(62,157)
TOTAL FUND BALANCES (DEFICITS)	117,417	3,272	(12,640)	(12,405)	35,900	3,476,195
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 117,417	\$ 3,272	\$ -	\$ -	\$ 36,060	\$ 3,705,111

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

TOWN OF WELLS, MAINE

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

	Drug Seizure (0002)	Drug Forfeiture (0008)	Harbor Moorings & Floats (0012)	Town Clerk Animal Control (0201)	Shellfish Control (0210)	Town Clerk State (0215)	State Clerk Dogs (0220)
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	76,672	8,988	2,610	75,969	7,024
Interest income	5	9	-	-	-	-	-
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	5	9	76,672	8,988	2,610	75,969	7,024
EXPENDITURES							
General government	-	-	-	-	-	75,969	-
Public safety	-	-	-	1,178	-	-	7,024
Recreation and culture	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Beach and harbors	-	-	69,202	-	4,025	-	-
Library	-	-	-	-	-	-	-
Unclassified	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	69,202	1,178	4,025	75,969	7,024
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5	9	7,470	7,810	(1,415)	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	5	9	7,470	7,810	(1,415)	-	-
FUND BALANCES (DEFICITS) - JULY 1	9,654	17,896	183,495	72,022	37,379	-	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ 9,659	\$ 17,905	\$ 190,965	\$ 79,832	\$ 35,964	\$ -	\$ -

TOWN OF WELLS, MAINE

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

	State Clerk Vitals (0255)	State Plumbing Permits (0415)	Water Control Improvement (0416)	Admin State Auto Reg (0435)	Background Checks (0470)	Fuel Donations (0475)	Smoke Detector/Carbon Monoxide (0480)
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	2,026	14,794	1,255	1,256,047	45	-	-
Interest income	-	-	-	-	-	-	-
Other income	-	-	-	-	-	8,620	-
TOTAL REVENUES	2,026	14,794	1,255	1,256,047	45	8,620	-
EXPENDITURES							
General government	1,884	11,863	-	1,256,047	-	-	-
Public safety	-	-	-	-	-	-	108
Recreation and culture	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Beach and harbors	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
Unclassified	-	-	-	-	-	6,017	-
TOTAL EXPENDITURES	1,884	11,863	-	1,256,047	-	6,017	108
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES							
	142	2,931	1,255	-	45	2,603	(108)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)							
	142	2,931	1,255	-	45	2,603	(108)
FUND BALANCES (DEFICITS) - JULY 1							
	(142)	(2,931)	6,293	-	270	42,008	917
FUND BALANCES (DEFICITS) - JUNE 30							
	\$ -	\$ -	\$ 7,548	\$ -	\$ 315	\$ 44,611	\$ 809

TOWN OF WELLS, MAINE

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

	Recreation Program (0500)	Wells Activity Center (0522)	Recreation Equip/Vehicle (0527)	Central Area Dev. Beautification (0550)	Boat Tank Pumpout System Grant (0570)	Sidewalk & Bicycle Reserve (0704)	Open Space Reserve (0705)
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	10,127	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	185
TOTAL REVENUES	-	10,127	-	-	-	-	185
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Recreation and culture	88,530	2,074	20,158	-	-	-	-
Public works	-	-	-	-	-	187,770	-
Beach and harbors	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
Unclassified	-	-	-	-	-	-	244,994
TOTAL EXPENDITURES	88,530	2,074	20,158	-	-	187,770	244,994
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(88,530)	8,053	(20,158)	-	-	(187,770)	(244,809)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	90,000	100,000
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	90,000	100,000
NET CHANGE IN FUND BALANCES (DEFICITS)	(88,530)	8,053	(20,158)	-	-	(97,770)	(144,809)
FUND BALANCES (DEFICITS) - JULY 1	88,530	25,456	20,158	20,111	6,022	235,749	622,670
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ 33,509	\$ -	\$ 20,111	\$ 6,022	\$ 137,979	\$ 477,861

TOWN OF WELLS, MAINE

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

	Municipal Land Reserve (0706)	Infrastructure Reserve (0708)	Inland Golf (0713)	Ambulance (0715)	Wells Transport Center (0717)	Beautification Reserve (0727)	Activity Center Parking (0729)
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -
Charges for services	-	-	210,000	-	-	-	-
Interest income	-	-	-	-	-	-	-
Other income	-	-	-	-	458	500	-
TOTAL REVENUES	-	-	210,000	-	25,458	500	-
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-
Public works	-	198,252	-	-	-	-	-
Beach and harbors	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
Unclassified	35,118	-	-	-	39,557	39,794	-
TOTAL EXPENDITURES	35,118	198,252	-	-	39,557	39,794	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(35,118)	(198,252)	210,000	-	(14,099)	(39,294)	-
OTHER FINANCING SOURCES (USES)							
Transfers in	75,000	125,000	-	60,000	-	60,000	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	75,000	125,000	-	60,000	-	60,000	-
NET CHANGE IN FUND BALANCES (DEFICITS)	39,882	(73,252)	210,000	60,000	(14,099)	20,706	-
FUND BALANCES (DEFICITS) - JULY 1	50,027	617,573	220,700	176	(9,243)	35,288	3,780
FUND BALANCES (DEFICITS) - JUNE 30	\$ 89,909	\$ 544,321	\$ 430,700	\$ 60,176	\$ (23,342)	\$ 55,994	\$ 3,780

TOWN OF WELLS, MAINE

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

	Library Beautification Fund (0731)	Rec Site Plan (0732)	Town Wide Misc (0739)	Technology/ Workstation Refresh (0740)	Sans 2 (0741)	PD Recorder (0742)
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Other income	-	-	20	-	-	-
TOTAL REVENUES	-	-	20	-	-	-
EXPENDITURES						
General government	-	-	9,139	6,298	6,410	-
Public safety	-	-	-	11,602	-	180
Recreation and culture	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Beach and harbors	-	-	-	-	-	-
Library	-	-	-	-	-	-
Unclassified	-	-	-	14,512	-	-
TOTAL EXPENDITURES	-	-	9,139	32,412	6,410	180
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES						
	-	-	(9,119)	(32,412)	(6,410)	(180)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	22,000	151,000	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	22,000	151,000	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	12,881	118,588	(6,410)	(180)
FUND BALANCES (DEFICITS) - JULY 1	20,000	5,000	22,179	83,217	68,259	13,870
FUND BALANCES (DEFICITS) - JUNE 30	\$ 20,000	\$ 5,000	\$ 35,060	\$ 201,805	\$ 61,849	\$ 13,690

TOWN OF WELLS, MAINE

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

	Solar Panel Buyout (0745)	Eastern Trail Design Work (0746)	Pay Classification (0803)	Beach Erosion Reserve (0804)	Future Beach Sand Purchase (0806)	Cable Studio Upgrades (0807)
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	44,267	-	-
Interest income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	44,267	-	-
EXPENDITURES						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Beach and harbors	-	-	-	-	2,247	-
Library	-	-	-	-	-	-
Unclassified	-	891	-	-	-	-
TOTAL EXPENDITURES	-	891	-	-	2,247	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES						
	-	(891)	-	44,267	(2,247)	-
OTHER FINANCING SOURCES (USES)						
Transfers in	10,000	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	10,000	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	10,000	(891)	-	44,267	(2,247)	-
FUND BALANCES (DEFICITS) - JULY 1	-	-	5,624	123,533	194,652	46,754
FUND BALANCES (DEFICITS) - JUNE 30	\$ 10,000	\$ (891)	\$ 5,624	\$ 167,800	\$ 192,405	\$ 46,754

TOWN OF WELLS, MAINE

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

	Sick Leave (0808)	Traffic Study (0814)	Wells Conservation (0816)	Building Improvements (0817)	Recycling (0820)	Walter Marsh Field Area (0824)
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
General government	-	-	-	59,753	-	-
Public safety	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Public works	-	10,000	-	-	-	-
Beach and harbors	-	-	-	-	-	-
Library	-	-	-	15,781	-	-
Unclassified	-	-	-	-	-	-
TOTAL EXPENDITURES	-	10,000	-	75,534	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES						
	-	(10,000)	-	(75,534)	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	30,000	-	99,100	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	30,000	-	99,100	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	20,000	-	23,566	-	-
FUND BALANCES (DEFICITS) - JULY 1	(3,728)	15,596	16,281	(6,073)	4,676	1,389
FUND BALANCES (DEFICITS) - JUNE 30	\$ (3,728)	\$ 35,596	\$ 16,281	\$ 17,493	\$ 4,676	\$ 1,389

TOWN OF WELLS, MAINE

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

	Revolving Vehicle Loan (0827)	Computer Mapping Town Hall (0830)	Library (0851)	Library Board (0852)	Library Donations (0853)	Town Maps (0901)
REVENUES						
Intergovernmental revenue	\$ 5,557	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	232
Interest income	-	-	-	-	-	-
Other income	5,078	-	-	-	11,828	-
TOTAL REVENUES	10,635	-	-	-	11,828	232
EXPENDITURES						
General government	1,015	24,843	-	-	-	-
Public safety	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Beach and harbors	1,457	-	-	-	-	-
Library	-	-	13,123	-	15,035	-
Unclassified	-	-	-	-	-	-
TOTAL EXPENDITURES	2,472	24,843	13,123	-	15,035	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,163	(24,843)	(13,123)	-	(3,207)	232
OTHER FINANCING SOURCES (USES)						
Transfers in	-	41,682	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	41,682	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	8,163	16,839	(13,123)	-	(3,207)	232
FUND BALANCES (DEFICITS) - JULY 1	53,886	75,706	6,518	(44)	12,479	5,663
FUND BALANCES (DEFICITS) - JUNE 30	\$ 62,049	\$ 92,545	\$ (6,605)	\$ (44)	\$ 9,272	\$ 5,895

TOWN OF WELLS, MAINE

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

	School House 9 (0903)	1710 Restoration (0906)	Harbor Park Project (0907)	Harbor Park Burke Memorial (0909)	Joseph Bednarz Memorial (0910)	Harbor Park Concerts (0914)
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	7,443	-	-	8,081
Interest income	-	-	-	-	-	-
Other income	-	-	-	-	2,400	-
TOTAL REVENUES	-	-	7,443	-	2,400	8,081
EXPENDITURES						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Beach and harbors	-	-	3,877	-	747	8,417
Library	-	-	-	-	-	-
Unclassified	-	40	-	-	-	-
TOTAL EXPENDITURES	-	40	3,877	-	747	8,417
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES						
	-	(40)	3,566	-	1,653	(336)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	10,000	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	10,000	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(40)	13,566	-	1,653	(336)
FUND BALANCES (DEFICITS) - JULY 1	20,405	97	34,628	863	(1,081)	11,942
FUND BALANCES (DEFICITS) - JUNE 30	\$ 20,405	\$ 57	\$ 48,194	\$ 863	\$ 572	\$ 11,606

TOWN OF WELLS, MAINE

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

	Harbor Park Pavilion (0915)	Dry Hydrants (0922)	Wells Police Association (0925)	Fire Grants (0940)	Police Grants (0941)	Wellness Works (0942)	Harbor Plan Update Grant (0944)
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 10,141	\$ 32,547	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Other income	-	-	1,696	-	-	1,800	-
TOTAL REVENUES	-	-	1,696	10,141	32,547	1,800	-
EXPENDITURES							
General government	-	-	-	-	-	2,321	-
Public safety	-	-	-	-	32,547	-	-
Recreation and culture	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Beach and harbors	374	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
Unclassified	-	-	-	-	-	-	-
TOTAL EXPENDITURES	374	-	-	-	32,547	2,321	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(374)	-	1,696	10,141	-	(521)	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(374)	-	1,696	10,141	-	(521)	-
FUND BALANCES (DEFICITS) - JULY 1	4,909	17,737	2,146	10,606	-	573	(2,502)
FUND BALANCES (DEFICITS) - JUNE 30	\$ 4,535	\$ 17,737	\$ 3,842	\$ 20,747	\$ -	\$ 52	\$ (2,502)

TOWN OF WELLS, MAINE

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

	Dispatch (0947)	Ship Grant (0949)	FEMA Map Study (0950)	Harbor Grants (0951)	Rental Properties - Cole (0955)	Total
REVENUES						
Intergovernmental revenue	\$ -	\$ 14,017	\$ -	\$ 99,800	\$ -	\$ 187,062
Charges for services	-	-	-	-	-	1,725,580
Interest income	-	-	-	-	-	14
Other income	-	-	-	-	19,500	52,085
TOTAL REVENUES	-	14,017	-	99,800	19,500	1,964,741
EXPENDITURES						
General government	-	-	-	-	8,434	1,463,976
Public safety	2,166	-	-	-	-	54,805
Recreation and culture	-	-	-	-	-	110,762
Public works	-	-	-	-	-	396,022
Beach and harbors	-	-	-	131,905	-	222,251
Library	-	-	-	-	-	43,939
Unclassified	-	-	-	-	-	380,923
TOTAL EXPENDITURES	2,166	-	-	131,905	8,434	2,672,678
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES						
	(2,166)	14,017	-	(32,105)	11,066	(707,937)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	873,782
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	873,782
NET CHANGE IN FUND BALANCES (DEFICITS)	(2,166)	14,017	-	(32,105)	11,066	165,845
FUND BALANCES (DEFICITS) - JULY 1	119,583	(10,745)	(12,640)	19,700	24,834	3,310,350
FUND BALANCES (DEFICITS) - JUNE 30	\$ 117,417	\$ 3,272	\$ (12,640)	\$ (12,405)	\$ 35,900	\$ 3,476,195

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 WELLS, MAINE

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

	Landfill Closure Reserve (0007)	Harbor Mooring Tender CIP (0013)	Public Works Equipment Reserve (0701)	Fire Truck Reserve (0703)	Paving/ Sidewalks Bridges (0723)	PW Building Replace Reserve (0733)
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	38,701	197,575	651,002	35,545	1,184
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 38,701</u>	<u>\$ 197,575</u>	<u>\$ 651,002</u>	<u>\$ 35,545</u>	<u>\$ 1,184</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 35,545	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,545</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	38,701	197,575	651,002	-	1,184
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>38,701</u>	<u>197,575</u>	<u>651,002</u>	<u>-</u>	<u>1,184</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 38,701</u>	<u>\$ 197,575</u>	<u>\$ 651,002</u>	<u>\$ 35,545</u>	<u>\$ 1,184</u>

TOWN OF WELLS, MAINE

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

	FD Misc Operating Equip Reserve (0734)	WEMS EKG/DEFIB Reserve (0735)	Town Clerk Voting Machines (0736)	PD Boat (0738)	Public Safety Facility (0840)	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	46,837	25,804	43,010	3,102	44,078	1,086,838
TOTAL ASSETS	<u>\$ 46,837</u>	<u>\$ 25,804</u>	<u>\$ 43,010</u>	<u>\$ 3,102</u>	<u>\$ 44,078</u>	<u>\$ 1,086,838</u>
LIABILITIES						
Accounts payable	\$ 30,006	\$ -	\$ -	\$ -	\$ -	\$ 65,551
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>30,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,551</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	16,831	25,804	43,010	3,102	44,078	1,021,287
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>16,831</u>	<u>25,804</u>	<u>43,010</u>	<u>3,102</u>	<u>44,078</u>	<u>1,021,287</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 46,837</u>	<u>\$ 25,804</u>	<u>\$ 43,010</u>	<u>\$ 3,102</u>	<u>\$ 44,078</u>	<u>\$ 1,086,838</u>

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

TOWN OF WELLS, MAINE

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

	Landfill Closure Reserve (0007)	Harbor Mooring Tender CIP (0013)	Public Works Equipment Reserve (0701)	Fire Truck Reserve (0703)	Paving/ Sidewalks Bridges (0723)	PW Building Replace Reserve (0733)
REVENUES						
Other income	\$ -	\$ -	\$ -	\$ -	\$ 297	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>297</u>	<u>-</u>
EXPENDITURES						
Capital outlay	-	5,270	19,007	324,540	929,766	-
Other	-	-	5,260	-	70,531	-
TOTAL EXPENDITURES	<u>-</u>	<u>5,270</u>	<u>24,267</u>	<u>324,540</u>	<u>1,000,297</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(5,270)</u>	<u>(24,267)</u>	<u>(324,540)</u>	<u>(1,000,000)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	15,000	175,000	-	1,000,000	-
Transfers (out)	(10,105)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,105)</u>	<u>15,000</u>	<u>175,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(10,105)	9,730	150,733	(324,540)	-	-
FUND BALANCES - JULY 1	<u>10,105</u>	<u>28,971</u>	<u>46,842</u>	<u>975,542</u>	<u>-</u>	<u>1,184</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ 38,701</u>	<u>\$ 197,575</u>	<u>\$ 651,002</u>	<u>\$ -</u>	<u>\$ 1,184</u>

SCHEDULE H (CONTINUED)

TOWN OF WELLS, MAINE

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

	FD Misc Operating Equip Reserve (0734)	WEMS EKG/DEFIB Reserve (0735)	Town Clerk Voting Machines (0736)	PD Boat (0738)	Public Safety Facility (0840)	Total
REVENUES						
Other income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 297
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>297</u>
EXPENDITURES						
Capital outlay	32,566	-	-	-	37,138	1,348,287
Other	8,682	-	2,608	-	12,215	99,296
TOTAL EXPENDITURES	<u>41,248</u>	<u>-</u>	<u>2,608</u>	<u>-</u>	<u>49,353</u>	<u>1,447,583</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(41,248)</u>	<u>-</u>	<u>(2,608)</u>	<u>-</u>	<u>(49,353)</u>	<u>(1,447,286)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	15,000	15,000	-	-	-	1,220,000
Transfers (out)	-	-	-	-	-	(10,105)
TOTAL OTHER FINANCING SOURCES (USES)	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,209,895</u>
NET CHANGE IN FUND BALANCES	(26,248)	15,000	(2,608)	-	(49,353)	(237,391)
FUND BALANCES - JULY 1	<u>43,079</u>	<u>10,804</u>	<u>45,618</u>	<u>3,102</u>	<u>93,431</u>	<u>1,258,678</u>
FUND BALANCES - JUNE 30	<u>\$ 16,831</u>	<u>\$ 25,804</u>	<u>\$ 43,010</u>	<u>\$ 3,102</u>	<u>\$ 44,078</u>	<u>\$ 1,021,287</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 Wells, 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.

TOWN OF WELLS, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2017

	Bayley Trust Scholarship	Total
ASSETS		
Cash and cash equivalents	\$ 3,771	\$ 3,771
Due from other funds	-	-
TOTAL ASSETS	<u>\$ 3,771</u>	<u>\$ 3,771</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	3,771	3,771
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>3,771</u>	<u>3,771</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,771</u>	<u>\$ 3,771</u>

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

TOWN OF WELLS, MAINE

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

	Bayley Trust Scholarship	Total
REVENUES		
Interest income	\$ 2	\$ 2
TOTAL REVENUES	<u>2</u>	<u>2</u>
EXPENDITURES		
Other	<u>20</u>	<u>20</u>
TOTAL EXPENDITURES	<u>20</u>	<u>20</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(18)</u>	<u>(18)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers (out)	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(18)	(18)
FUND BALANCES - JULY 1	<u>3,789</u>	<u>3,789</u>
FUND BALANCES - JUNE 30	<u>\$ 3,771</u>	<u>\$ 3,771</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 WELLS, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2017

	Land, Other Non- Depreciable Assets and Construction in Progress	Land Improvements, Buildings and Building Improvements	Equipment and Vehicles	Infrastructure	Total
Administration	\$ 1,083,740	\$ 889,414	\$ 731,262	\$ 21,621	\$ 2,726,037
Police	37,138	360,540	1,786,803	-	2,184,481
Fire	158,440	622,999	3,239,509	-	4,020,948
Ambulance	-	-	489,698	-	489,698
Public works	984,970	1,740,603	2,552,834	16,287,334	21,565,741
Library	367,200	1,054,378	832,054	-	2,253,632
Parks and recreation	308,060	781,134	163,279	22,393	1,274,866
Harbormaster	599,840	353,314	245,230	1,735,298	2,933,682
Transfer station	189,980	1,450,908	667,871	61,410	2,370,169
Town-wide	5,062,243	1,406,457	304,882	854,604	7,628,186
Beach operations	-	67,281	201,587	260,806	529,674
Total General Capital Assets	8,791,611	8,727,028	11,215,009	19,243,466	47,977,114
Less: Accumulated Depreciation	-	(4,272,403)	(8,114,155)	(7,002,567)	(19,389,125)
Net General Capital Assets	\$ 8,791,611	\$ 4,454,625	\$ 3,100,854	\$ 12,240,899	\$ 28,587,989

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

TOWN OF WELLS, 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
Administration	\$ 2,668,405	\$ 57,632	\$ -	\$ 2,726,037
Police	2,137,702	88,274	(41,495)	2,184,481
Fire	3,914,422	331,526	(225,000)	4,020,948
Ambulance	489,698	-	-	489,698
Public works	20,064,500	1,501,241	-	21,565,741
Library	2,239,609	14,023	-	2,253,632
Parks and recreation	1,269,773	5,093	-	1,274,866
Harbormaster	2,774,052	159,630	-	2,933,682
Transfer station	2,370,169	-	-	2,370,169
Town-wide	7,018,284	609,902	-	7,628,186
Beach operations	504,826	24,848	-	529,674
Total General Capital Assets	45,451,440	2,792,169	(266,495)	47,977,114
Less: Accumulated Depreciation	<u>(17,482,052)</u>	<u>(2,173,568)</u>	<u>266,495</u>	<u>(19,389,125)</u>
Net General Capital Assets	<u>\$ 27,969,388</u>	<u>\$ 618,601</u>	<u>\$ -</u>	<u>\$ 28,587,989</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 Wells
Wells, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wells, 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 Wells, Maine's basic financial statements, and have issued our report thereon dated December 15, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Wells, 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 Wells, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Wells, 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 Wells, 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
December 15, 2017