

TOWN OF LIBERTY, MAINE

*FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT*

*FOR THE FISCAL YEAR
ENDED JUNE 30, 2016*

TOWN OF LIBERTY
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2016

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INDEPENDENT AUDITOR'S REPORT

September 1, 2016

Members of the Board of Selectmen
Town of Liberty
P.O. Box 116
Liberty, ME 04949

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Town of Liberty, Maine (the Town) as of and for the fiscal year ended June 30, 2016, and related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 and the aggregate remaining fund information of the Town of Liberty, Maine as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 24, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Liberty, Maine's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA

TOWN OF LIBERTY, MAINE
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Management of the Town of Liberty, Maine provides this *Management's Discussion and Analysis* of the Town's financial performance for readers of the Town's financial statements. This narrative overview and analysis of the financial activities of the Town is for the year ended June 30, 2016. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

The financial statements herein include all of the activities of the Town of Liberty, Maine (the Town) using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net Position – The assets of the Town exceeded its liabilities at year ending June 30, 2016 by \$3,259,325 (presented as “net position”). Of this amount, \$974,492 was reported as “unrestricted net position”. Unrestricted net position represents the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position – The Town's total net position increased by \$82,566 (a 2.6% increase) for the year ended June 30, 2016.

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the year ended June 30, 2016; the Town's governmental funds reported a combined ending fund balance of \$1,032,819 with \$726,475 being general unassigned fund balance. This unassigned fund balance represents approximately 34% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations decreased by \$9,858 (15%) during the current fiscal year. Existing debt obligations were retired according to schedule.

Additional information on the Town's long-term debt can be found in Note 3E of the notes to the financial statements on page 22-23 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison) and other supplementary information. These components are described below:

Government-wide Financial Statements

The Government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities (if applicable) separately. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain elimination entries have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The government-wide financial statements can be found on pages 8-9 of this report.

Fund Financial Statements

The fund financial statements include statements for each of the three categories of activities – governmental, business-type and fiduciary (if applicable). The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not

available to support the Town's own programs. Reconciliation of the fund financial statements to the Government-wide financial statements is provided to explain the differences created by the integrated approach.

The basic governmental fund financial statements can be found on pages 10-12 of this report.

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 the financial statements can be found immediately following the fund financial statements. The notes to the financial statements can be found on pages 13-23 of this report.

Required Supplementary Information

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary). Required supplementary information can be found on page 24 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

67% of the Town's net position reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges and other immovable assets); less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

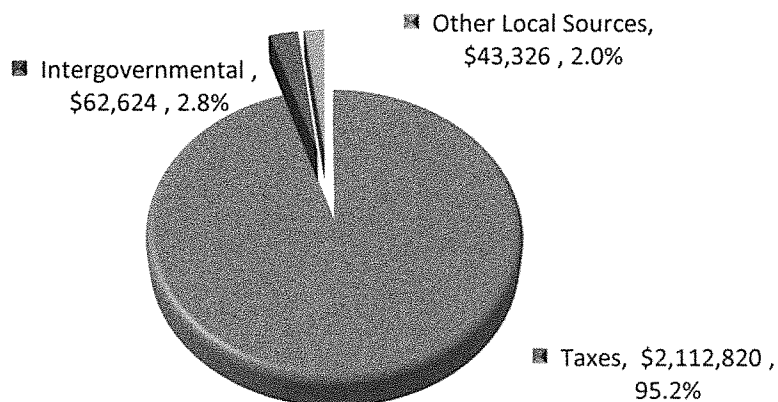
	<i>Governmental Activities</i>	
	<i>Total 2016</i>	<i>Total 2015</i>
Current Assets	1,303,387	1,137,630
Capital Assets	2,228,299	2,116,689
Total Assets	3,531,686	3,254,319
Current Liabilities	215,153	13,888
Other Liabilities	46,016	55,874
Total Liabilities	261,169	69,762
Prepaid Taxes	11,192	7,798
Total Deferred Inflows of Resources	11,192	7,798
Net Position:		
Net Investment in Capital Assets	2,172,425	2,050,957
Restricted	112,408	108,915
Unrestricted	974,492	1,016,887
Total Net Position	3,259,325	3,176,759
Total Liabilities and Net Position	3,531,686	3,254,319

Changes in Net Position

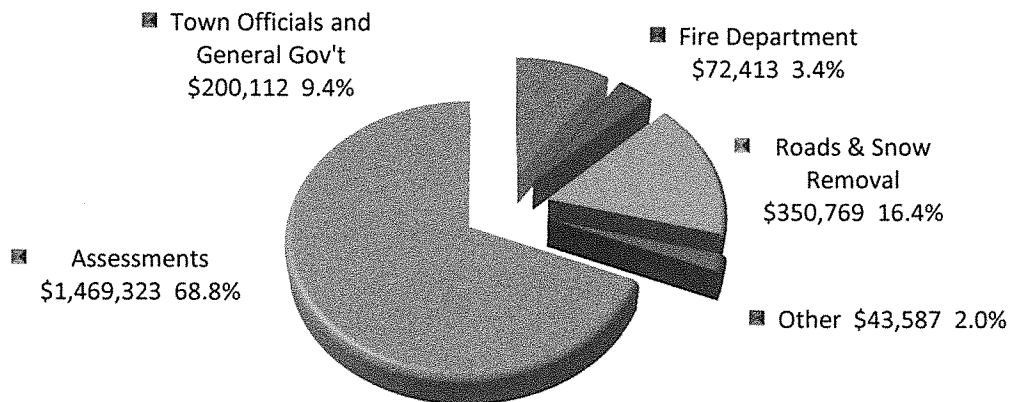
Approximately 95 percent of the Town's total revenue came from property and excise taxes, approximately 3 percent came from State subsidies and grants, and approximately 2 percent came from services, investment earnings and other sources. Depreciation expense on the Town's governmental activity assets represents \$94,533 of the total expenses for the year.

	<i><u>Total 2016</u></i>	<i><u>Total 2015</u></i>
Revenues:		
Taxes	2,112,820	2,003,871
Intergovernmental Revenues	62,624	60,391
Departmental Revenues	33,495	36,548
Other Local Sources	9,831	8,202
Total	2,218,770	2,109,012
Expenses:		
Town Officials	87,568	59,947
General Government	112,544	116,139
Roads & Bridges	196,869	186,161
Lake St. George Dam Mechanism	-	8,148
Snowplowing	153,900	153,900
Volunteer Fire Department	72,413	71,166
Culture and Recreation	34,606	35,764
Scholarships	-	248
Emergency Fund	6,146	-
Debt	2,835	3,452
Assessments	1,469,323	1,355,816
Total	2,136,204	1,990,741
Changes in Net Position	82,566	118,271

Revenues By Source - Governmental Activities



Expenditures By Source - Governmental Activities



FINANCIAL ANALYSIS OF THE TOWN'S INDIVIDUAL FUNDS

Governmental Funds

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

At the end of the year, the Town's governmental funds reported ending fund balances of \$1,032,819, an increase of \$80,735 in comparison with the prior year. Approximately 70 percent of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for spending because it has been committed to liquidate contracts and commitments of the prior year or for a variety of other purposes.

GENERAL FUND BUDGETARY HIGHLIGHTS

Variances between actual General Fund revenues and expenditures and the final amended budget included the following:

- \$14,673 positive variance in auto excise. The variance is due to more vehicles registered than anticipated.
- \$11,969 positive variance in town administrator. The variance is due to administrator not hired until half way thru year.
- 32,114 positive variance in legal fees. The variance is due to carrying over budget line for ongoing legal issues.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities amounts to \$5,176,867, net of accumulated depreciation of \$2,948,568, leaving a net book value of 2,228,299. Current year additions included \$8,853 for library roof and \$197,290 in paving.

Additional information on the Town's capital assets can be found in Note 3D of the notes to the financial statements on page 21 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Liberty, P.O. Box 116 Liberty, Maine 04949.

TOWN OF LIBERTY
STATEMENT OF NET POSITION
JUNE 30, 2016

Exhibit A

Assets	Governmental Activities
Cash and Equivalents	991,255
Receivables	
Taxes	225,824
Tax Liens	66,591
Tax Acquired Property	1,828
Prepaid Expenditures	5,435
Due from Other Governments	12,454
Capital Assets:	
Land and Art Work	48,000
Other Capital Assets, Net of Depreciation	2,180,299
Total Assets	3,531,686
Liabilities, Deferred Inflows of Resources, and Net Position	
Liabilities	
Accounts Payable	205,295
Long-term Liabilities:	
Due Within One Year	9,858
Due in More Than One Year	46,016
Total Liabilities	261,169
Deferred Inflows of Resources:	
Prepaid Taxes	11,192
Total Deferred Inflows of Resources	11,192
Net Position	
Net Investment in Capital Assets	2,172,425
Restricted	112,408
Unrestricted	974,492
Total Net Position	3,259,325
Total Liabilities, Deferred Inflows of Resources, and Net Position	3,531,686

The notes to financial statements are an integral part of this statement.

TOWN OF LIBERTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Fees, Fines, and Charges for Services	Operating Grants	Total	
Functions/Programs				
Primary Government				
<u>Governmental Activities</u>				
Town Officials	87,568	482	(87,086)	
General Government	112,544		(112,544)	
Roads and Bridges	196,869	24,564	(172,305)	
Snowplowing	153,900		(153,900)	
Volunteer Fire Department	72,413	4,168	(68,245)	
Culture and Recreation	34,606	3,131	(31,475)	
Emergency Fund	6,146		(6,146)	
Debt	2,835		(2,835)	
Assessments	1,469,323		(1,469,323)	
Total Governmental Activities	2,136,204	7,781	(2,103,859)	
Total Primary Government	2,136,204	7,781	(2,103,859)	
<u>General Revenues:</u>				
Taxes				1,959,834
Property				152,986
Auto Excise				62,624
Intergovernmental Revenues				10,981
Other Local Sources				
Total Revenues, Special Items and Transfers				2,186,425
<u>Changes in Net Position</u>				82,566
<u>Net Position - Beginning</u>				3,176,759
<u>Net Position - Ending</u>				3,259,325

The notes to financial statements are an integral part of this statement.

TOWN OF LIBERTY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2016

Exhibit C

<i>Assets</i>	<i>General Fund</i>	<i>Other Governmental Funds</i>	<i>Total</i>
Cash and Equivalents	825,954	165,301	991,255
Receivables			
Taxes	225,824		225,824
Tax Liens	66,591		66,591
Tax Acquired Property	1,828		1,828
Prepaid Expenditures	102,725		102,725
Due from Other Governments	12,454		12,454
Due from Other Funds	3,900	711	4,611
Total Assets	1,239,276	166,012	1,405,288
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable	205,295		205,295
Due to Other Funds	711	3,900	4,611
Total Liabilities	206,006	3,900	209,906
Deferred Inflows of Resources:			
Prepaid Taxes	11,192		11,192
Unavailable Property Tax Revenue	151,371		151,371
Total Deferred Inflows of Resources	162,563	-	162,563
Fund Balances			
Restricted	24,690	87,718	112,408
Assigned	119,542	74,394	193,936
Unassigned	726,475		726,475
Total Fund Balances	870,707	162,112	1,032,819
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	1,239,276	166,012	1,405,288

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balance	1,032,819
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of 2,948,568	2,228,299
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unavailable Taxes	54,081
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(55,874)
Net Position of Governmental Activities	3,259,325

The notes to financial statements are an integral part of this statement.

TOWN OF LIBERTY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit D
Page 1 of 2

	<i>General Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues			
Taxes	2,135,167		2,135,167
Intergovernmental Revenues	62,624		62,624
Departmental Revenues	33,495		33,495
Other Local Sources	8,800	1,031	9,831
Total Revenues	2,240,086	1,031	2,241,117
Expenditures			
Town Officials	87,568		87,568
General Government	107,869		107,869
Roads and Bridges	225,830		225,830
Snowplowing	153,900		153,900
Volunteer Fire Department	59,933		59,933
Culture and Recreation	37,120		37,120
Emergency Fund	6,146		6,146
Debt	12,693		12,693
Assessments	1,469,323		1,469,323
Total Expenditures	2,160,382	-	2,160,382
Excess of Revenues Over (Under) Expenditures	79,704	1,031	80,735
Other Financing Sources (Uses)			
Transfers from Other Funds		2,500	2,500
Transfers to Other Funds	(2,500)		(2,500)
Total Other Financing Sources (Uses)	(2,500)	2,500	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	77,204	3,531	80,735
Fund Balance - July 1	793,503	158,581	952,084
Fund Balance - June 30	870,707	162,112	1,032,819

(Continued)

The notes to financial statements are an integral part of this statement.

TOWN OF LIBERTY
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, 2016

Exhibit D
Page 2 of 2

Net change in fund balances - total governmental funds	80,735
Amounts reported for governmental activities in the Statement of Activities 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:	
Fixed Asset additions	206,143
Depreciation expense	(94,533)
	<u>111,610</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unavailable Taxes	(119,637)
	<u>(119,637)</u>
Bond proceeds provided current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:	
General obligation bond principal payments	<u>9,858</u>
Change in net position of governmental activities	<u><u>82,566</u></u>

The notes to financial statements are an integral part of this statement.

TOWN OF LIBERTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Liberty have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

The Town of Liberty operates under an elected Board of Selectmen form of government. The Town's major operations include public works, public safety, and general administrative services.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. The material effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and various intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust fund financial statements. Revenues are recognized when received and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Agency funds, reporting only assets and liabilities, have no measurement focus but use the accrual basis of accounting.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded

TOWN OF LIBERTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, as well as expenditure related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, sales taxes, interdepartmental charges and intergovernmental revenues are considered susceptible to accrual. Special assessments are recorded as revenues in the year the assessment become current. Annual installments not yet due are reflected as special assessment receivables and deferred revenues. Other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The General Fund is used to account for all or most of the Town's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the servicing of general long-term debt (debt service fund). The General Fund is used to account for all activities of the general government not accounted in some other fund.

Additionally, the Town reports the following fund types:

Nonexpendable trust funds account for monies held in trust by the Town, the investment earnings from which may only be used for the operation of the program.

Fiduciary funds are used to account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the Town's own programs.

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and charges between the business-type functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, fines and forfeitures, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

TOWN OF LIBERTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Fund Equity

1. 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. These investments are not specifically identified with any one fund. Interest is allocated to the individual funds on the basis of average cash balances.

The Town may invest in certificates of deposit, in time deposits, and in any securities in which the state investment officer is authorized to invest pursuant to the Maine Statute 5705 Title 30-A and as provided in the authorized investment guidelines of the Maine Statutes 5711 through 5719 in effect on the date the investment is made.

Investments in the Pension Trust Fund are carried at fair value. Investments in other funds are carried at fair value, except for short-term investments, which are reported at amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value, based on relevant market information of similar financial instruments. Income from investments held by the individual funds is recorded in the respective funds as it is earned.

2. Receivables and Payables

Transactions between funds that results in outstanding balances are reported as due to/from other funds.

Property taxes receivable not expected to be collected within 60 days from year's end are classified as unavailable revenue. At June 30, \$151,371 has been so classified and reported on the general fund balance sheet.

Property taxes were levied on September 23, 2015 on property values assessed on April 1. Taxes were due on October 24, 2015 and May 5, 2016, with interest at 5% beginning October 25, 2015 and May 6, 2016.

Tax liens are placed on real property within 12 months following the tax commitment date if taxes remain delinquent. Liens were placed on the 2015 taxes on September 18, 2015.

The Town has the authority to foreclose on property eighteen months after the filing of the liens if the lien amount and associated costs remain unpaid.

3. Capital Assets

Capital assets, which property, plant, equipment, and infrastructure (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

TOWN OF LIBERTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Fund Equity (continued)

3. Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Infrastructure	75
Equipment	10-15

4. Compensated Absences

In the fund financial statements, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave in the government-wide financial statements is recorded as an expense and liability of the fund as the benefits accrue to employees. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulated right to receive sick pay benefits.

5. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the bonds-outstanding method. For current and advance refunding of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

TOWN OF LIBERTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Fund Equity (continued)

5. Long-term Obligations (continued)

Under State Law, no municipality can incur debt, which would cause its total outstanding debt, exclusive of debt incurred for school, storm or sanitary sewer, energy facilities, or municipal airports, to exceed 7.50% of its last full state valuation. A municipality may incur debt for schools not exceeding 10%, storm or sanitary sewers 7.50%, and municipal airports, water districts and special purpose districts 3% of its last full state valuation. In no event can the total debt exceed 15% of its last full valuation. Full state valuation is the valuation of taxable property as certified by the State Tax Assessor, adjusted to 100%.

At June 30, the Town of Liberty is in compliance with the above requirements.

6. Fund Balances/Net Position

Fund Balances

In accordance with Government Accounting Standards Board 54, fund balance reporting and governmental fund type definitions, the Town classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through town meeting voting and does not lapse at year-end.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Selectmen.

Unassigned – includes positive fund balance within the general fund which has not been classified within the above mentioned categories and negative fund balance in other governmental funds.

The Town considers restricted, committed, assigned, and unassigned amounts to be spent in that order when expenditures for which any of those amounts are available.

The Town does not have a formal minimum fund balance policy.

TOWN OF LIBERTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Fund Equity (continued)

The Town has identified for the year ended June 30, 2016 fund balances on the balance sheet as follows:

	<i>General Fund</i>	<i>Other Governmental Funds</i>	<i>Total</i>
<u>Restricted</u>			
Municipal Revenue Sharing	24,690		24,690
Hoit Fund		87,718	87,718
<u>Assigned</u>			
Legal Fees	32,114		32,114
Community Hall	1,278		1,278
Paving	8,388		8,388
Lake St. George Dam Mechanism	6,210		6,210
Fire Capital Reserve	59,547		59,547
Library	1,147		1,147
Emergency Fund	10,858		10,858
Environmental Fund		4,356	4,356
Willard Overlook Scholarship		61,597	61,597
Cemetery Fund		8,441	8,441
<u>Unassigned</u>			
General Fund	726,475		726,475
<u>Total Fund Balance</u>	<u>870,707</u>	<u>162,112</u>	<u>1,032,819</u>

Net Position

Net position are required to be classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portions of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

Restricted – This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

TOWN OF LIBERTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the government's general fund and school department operating fund except the Town does not budget for the revenues and expenditures associated with the employer's teacher retirement contribution made by the State of Maine on behalf of the town to the Maine State Retirement System; and encumbrances which are considered to be expenditures for budgetary purposes.

Management may transfer appropriations between operating categories as they deem necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at fiscal year-end to the extent that they have not been encumbered.

State statutes require balanced budgets, but provide for the use of beginning unreserved fund balance to achieve that end. In 2016, \$107,004 of the beginning General Fund fund balance was applied for this purpose.

Reserve funds, once established by the Town Meeting, may be expended with approval of management for the purpose for which the reserve was established.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments are carried forward to supplement appropriations of the subsequent year.

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State Statute 5706 require banks to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the Town Treasurer in the amount of the Town's deposits. The Statutes allow pledged securities to be reduced by the amount of Federal Deposit Insurance Corporation (FDIC).

One or more of the financial institutions holding the Town's cash accounts are participating in the FDIC Transaction Account Guarantee Program. Under the program, all noninterest bearing checking accounts include demand deposit accounts and any transaction account that has unlimited withdrawals and cannot earn interest are fully guaranteed by the FDIC for the entire amount. For interest bearing accounts, the Town's cash deposits, including certificates of deposits, are insured up to \$250,000 per custodian by the FDIC. Any cash deposits or certificates of deposits in excess of the \$250,000 FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent for the Town and thus no custodial risk exists.

At year-end, the carrying value of the Town's deposits was \$991,255 and the bank balance was \$1,017,158. Of the bank balances, \$321,518 was collateralized by Federal Deposit Insurance Town insurance. The remaining \$695,640 was uncollateralized.

TOWN OF LIBERTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

B. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value	115,726,705
Tax Rate (per \$1,000)	16.80
Commitment	<u>1,944,209</u>
Appropriations	2,147,795
Less:	
State Municipal Revenue Sharing	36,261
Estimated Revenues	145,317
Homestead Reimbursement	<u>22,008</u>
	203,586
Net Assessment for Commitment	<u>1,944,209</u>

Uncollected taxes at June 30 for the current year commitment totaled \$220,221. Unpaid liens at June 30 totaled \$66,591.

C. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at for the year ended June 30, 2016 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	3,900	711
Environmental Fund	711	
Willard Overlock Scholarship		3,500
Hoit Fund		<u>400</u>
Totals	<u>4,611</u>	<u>4,611</u>

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. On the Governmental Fund financial statements, payables are classified as Due to Other Funds with offsetting receivables on the Governmental Fund financial statements classified as Due from Other Funds. All balances are expected to be repaid during the current year.

Transfers To/From Other Funds at for the year ended June 30, 2016, were as follows:

	<u>Transfers From</u>	<u>Transfers To</u>
General Fund		2,500
Willard Overlock Scholarship Fund	2,500	
Totals	<u>2,500</u>	<u>2,500</u>

TOWN OF LIBERTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

C. Interfund Receivables and Payables (continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) transfer funds to general fund to cover expenditures voted on per Selectmen.

D. Capital Assets

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

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Governmental Activities;</i>				
<i>Capital assets not being depreciated</i>				
Land	48,000			48,000
<i>Capital assets being depreciated</i>				
Buildings	850,577	8,853		859,430
Equipment	307,000			307,000
Infrastructure	3,765,147	197,290		3,962,437
<i>Total capital assets being depreciated</i>	<u>4,922,724</u>	<u>206,143</u>	<u>-</u>	<u>5,128,867</u>
<i>Less accumulated depreciation for</i>				
Buildings	298,093	21,353		319,446
Equipment	259,868	5,467		265,335
Infrastructure	2,296,074	67,713		2,363,787
<i>Total accumulated depreciation</i>	<u>2,854,035</u>	<u>94,533</u>	<u>-</u>	<u>2,948,568</u>
<i>Net capital assets being depreciated</i>	<u>2,068,689</u>	<u>111,610</u>	<u>-</u>	<u>2,180,299</u>
<i>Governmental Activities</i>				
<i>Capital Assets, net</i>	<u>2,116,689</u>	<u>111,610</u>	<u>-</u>	<u>2,228,299</u>

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

Governmental Activities

General Government	4,675
Volunteer Fire Department	12,480
Roads and Bridges	71,039
Culture and Recreation	<u>6,339</u>
Total Depreciation Expense - Governmental Activities	<u>94,533</u>

TOWN OF LIBERTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

E. Long-Term Debt

1. General Obligation Bonds and Notes.

The government issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and notes currently outstanding are as follows:

<i>General Obligation</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Amount</i>
1999 Stevens Pond Dam	11/1/2018	4.039-5.239%	9,474
2007 Valley Bridge	10/5/2022	4.44%	<u>46,400</u>
			<u>55,874</u>

Annual debt service requirements to maturity for general obligation bonds and notes, including interest of \$8,913 are as follows:

<i>Year Ended June 30</i>	<i>General Obligation Debt</i>
2017	12,323
2018	11,863
2019	11,403
2020	7,867
2021	7,572
2022	7,277
2023	<u>6,482</u>
Total	<u>64,787</u>

2. Changes in Long-Term Liabilities

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

<i>Long-term Debt payable July 1, 2015</i>	65,732
Debt Issued	
Debt Retired	<u>(9,858)</u>
<i>Long-term Debt payable June 30, 2016</i>	<u>55,874</u>

TOWN OF LIBERTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

E. Long-Term Debt (continued)

3. Overlapping Debt

The Town's proportionate share of debt of all local government units which provide services within the Town's boundaries, and which must be borne by properties in the Town is summarized as follows:

<i>Units</i>	<i>Net debt outstanding June 30, 2016</i>	<i>Percentage applicable to the Town</i>	<i>Town's proportionate share of debt</i>
RSU No. 3	9,641,181	16.09%	1,551,645
Waldo County	-	5.60%	-
	<hr/>		<hr/>
Totals	<u>9,641,181</u>		<u>1,551,645</u>

The Town's proportionate share of the above debt is paid through annual assessments by the receptive units.

NOTE 4 - OTHER INFORMATION

A. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time, although the government expects such amount, if any to be immaterial.

There are various claims and suits pending against the Town that arise in the normal course of the Town's activities. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the management that resolution of these matters will not have a material adverse effect on the financial condition of the government.

TOWN OF LIBERTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit E

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues				
Taxes	2,082,522	2,082,522	2,135,167	52,645
Intergovernmental Revenues	22,008	22,008	23,414	1,406
Other Local Sources	-	-	8,800	8,800
Total Revenues	<u>2,104,530</u>	<u>2,104,530</u>	<u>2,167,381</u>	<u>62,851</u>
Expenditures (Net of Departmental Revenues)				
Town Officials	91,725	91,725	79,086	12,639
General Government	138,889	138,889	133,126	5,763
Roads and Bridges	192,000	192,000	199,220	(7,220)
Lake St. George Dam Mechanism	2,000	2,000	2,000	-
Snowplowing	153,900	153,900	153,900	-
Volunteer Fire Department	70,000	70,000	70,000	-
Culture and Recreation	36,205	36,205	34,780	1,425
Emergency Fund	7,004	7,004	7,004	-
Debt	13,088	13,088	12,693	395
Assessments	1,540,484	1,540,484	1,469,323	71,161
Total Expenditures	<u>2,245,295</u>	<u>2,245,295</u>	<u>2,161,132</u>	<u>84,163</u>
Excess Revenues Over Expenditures	(140,765)	(140,765)	6,249	147,014
Other Financing Sources				
Transfers from Other Funds	36,261	36,261	36,261	-
Transfers to Other Funds	(2,500)	(2,500)	(2,500)	-
Total Other Financing Sources	<u>33,761</u>	<u>33,761</u>	<u>33,761</u>	<u>-</u>
Net Change in Fund Balance	<u>(107,004)</u>	<u>(107,004)</u>	40,010	<u>147,014</u>
Beginning Fund Balances - Budgetary Basis			<u>686,465</u>	
Ending Fund Balances - Budgetary Basis			726,475	
Adjustments to Conform to GAAP:				
Elimination of Encumbrances			<u>119,542</u>	
Ending Fund Balances - GAAP Basis			<u>846,017</u>	

TOWN OF LIBERTY
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-1

<i>Revenues</i>	<i>Estimated</i>	<i>Actual</i>	<i>Over (Under) Budget</i>
Taxes			
Property	1,944,209	1,968,344	24,135
Auto Excise	138,313	152,986	14,673
Interest on Taxes		13,837	13,837
	<u>2,082,522</u>	<u>2,135,167</u>	<u>52,645</u>
Intergovernmental			
Tree Growth Refund		1,128	1,128
Veterans Reimbursement		754	754
Snowmobile Reimbursement		470	470
Homestead Reimbursement	22,008	21,062	(946)
	<u>22,008</u>	<u>23,414</u>	<u>1,406</u>
Local Sources			
Clerk, Agent Fees, and Miscellaneous		8,800	8,800
	<u>-</u>	<u>8,800</u>	<u>8,800</u>
Transfers and Other Sources			
Municipal Revenue Sharing	36,261	36,261	-
	<u>36,261</u>	<u>36,261</u>	<u>-</u>
Total Revenues and Other			
Financing Sources	2,140,791	<u>2,203,642</u>	<u>62,851</u>
Fund Balance Used To Reduce Taxes	<u>107,004</u>		
Total	<u>2,247,795</u>		

TOWN OF LIBERTY
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-2
Page 1 of 2

	Encumbered from 2015	Appropriation	Receipts and Reimbursements	Expenditures	Balances (Over) Under	
					Lapsed	Encumbered
Town Officials						
Town Clerk/Tax Collector/Town Agent		26,000	482	25,999	483	
Selectmen		24,000		23,596	404	
Town Administrator	8,000	12,500		8,531	11,969	
Treasurer		6,500		6,500	-	
Code Enforcement		5,250		5,250	-	
Fire Chief		6,500		6,500	-	
Road Commissioner		6,500		6,500	-	
Animal Control Officer		1,800		2,017	(217)	
Registrar of Voters		850		850	-	
Tax Map Coordinator		800		800	-	
Plumbing Inspector		500		500	-	
Emergency Management Director		525		525	-	
	8,000	91,725	482	87,568	12,639	-
General Government						
Administration		35,000		38,440	(3,440)	
Legal Fees		40,000		7,886	-	32,114
Planning Board / Board of Appeals		3,000		1,690	1,310	
Tri County		18,839		20,238	(1,399)	
Animal Control		1,600		1,000	600	
Emergency Management		250			250	
Cemeteries		5,000		4,400	600	
Poor Account	2,913	3,500		528	5,885	
Street Lighting		3,200		3,082	118	
Insurance	3,664	17,000		18,094	2,570	
Payroll Taxes	408	7,500		8,283	(375)	1,278
Community Hall		4,000	1,150	4,228	(356)	
	6,985	138,889	1,150	107,869	5,763	33,392
Roads and Bridges						
Roads/Bridge/Dam Maintenance		60,000		67,304	(7,304)	
Paving	10,434	100,000	24,564	126,610	-	8,388
Salt and Sand		32,000		31,916	84	
	10,434	192,000	24,564	225,830	(7,220)	8,388

TOWN OF LIBERTY
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2016

	<i>Encumbered from 2015</i>	<i>Appropriation</i>	<i>Receipts and Reimbursements</i>	<i>Expenditures</i>	<i>Balances (Over) Under</i>		
					<i>Lapsed</i>	<i>Encumbered</i>	
Lake St. George Dam Mechanism	4,210	2,000			-	6,210	
Snowplowing		153,900		153,900	-		
Volunteer Fire Department							
Fire Department Expenditures		45,000	4,168	45,238	3,930		
Fire Department Wages		15,000		14,695	305		
Fire Capital Reserve	45,312	10,000			(4,235)	59,547	
	45,312	70,000	4,168	59,933	-	59,547	
Culture and Recreation							
Recreation		4,500		7,367	(2,867)		
Recreation Requests		2,625	3,131	1,820	3,936		
Tri Town Rescue		500		500	-		
Liberty Ambulance		4,000		4,000	-		
Library		14,700		13,553	-	1,147	
Social Requests		9,880		9,880	-		
Basketball Forever	356				356		
	356	36,205	3,131	37,120	1,425	1,147	
Emergency Fund	10,000	7,004		6,146	-	10,858	
Debt							
Bridge Loan		9,103		9,088	15		
Stevens Pond Dam		3,985		3,605	380		
		13,088		12,693	395	-	
Assessments							
RSU #3		1,236,624		1,236,624	-		
County Taxes		216,116		216,116	-		
Overlay		87,744		16,583	71,161		
		1,540,484		1,469,323	71,161		
Transfers to Other Funds							
Overlock Scholarship		2,500		2,500	-		
	85,297	2,247,795	33,495	2,162,882	84,163	119,542	

TOWN OF LIBERTY
GENERAL FUND
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-3

Unassigned Fund Balance -July 1		686,465
Budget Summary		
Revenue Surplus (Deficit) - Exhibit A-1	62,851	
Unexpended Balance (Overdraft) of		
Appropriations - Exhibit A-2	<u>84,163</u>	
Budget Surplus		<u>147,014</u>
Deductions		
Beginning Fund Balance Used		
to Reduce Tax Rate		<u>(107,004)</u>
Unassigned Fund Balance - June 30		<u><u>726,475</u></u>

TOWN OF LIBERTY
GENERAL RESERVE
BALANCE SHEET
June 30, 2016

Exhibit A-4

		<i>Municipal Revenue Sharing</i>
<i>Assets</i>		
Due from Other Funds		<u>24,690</u>
Total Assets		<u><u>24,690</u></u>
 <i>Liabilities and Fund Balances</i>		
Liabilities		
Due to Other Funds		<u> </u>
Total Liabilities		<u> -</u>
Fund Balances		
Restricted		<u>24,690</u>
Total Fund Balances		<u>24,690</u>
Total Liabilities and Fund Balances		<u><u>24,690</u></u>

TOWN OF LIBERTY
GENERAL RESERVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A-5

	<i>Municipal Revenue Sharing</i>
Revenues	
Intergovernmental	<u>39,210</u>
Total Revenues	<u>39,210</u>
Expenditures	
Miscellaneous	<u></u>
Total Expenditures	<u></u>
Excess of Revenues Over (Under) Expenditures	<u>39,210</u>
Other Financing Sources (Uses)	
Transfers from Other Funds	
Transfers to Other Funds	<u>(36,261)</u>
Total Other Sources (Uses)	<u>(36,261)</u>
Excess of Revenues Over (Under) Expenditures and Other Sources	2,949
Fund Balance -July 1	<u>21,741</u>
Fund Balance - June 30	<u><u>24,690</u></u>

TOWN OF LIBERTY
ALL SPECIAL REVENUE FUNDS
BALANCE SHEET
June 30, 2016

Exhibit B-1

<i>Assets</i>	<i>Environmental Fund</i>	<i>Willard Overlock Scholarship</i>	<i>Hoit Fund</i>	<i>Cemetery Fund</i>	<i>Total</i>
Cash and Equivalents	3,645	65,097	88,118	8,441	165,301
Due from Other Funds	711				711
Total Assets	4,356	65,097	88,118	8,441	166,012
<i>Liabilities and Fund Balances</i>					
Liabilities					
Due to Other Funds		3,500	400		3,900
Total Liabilities	-	3,500	400	-	3,900
Fund Balances					
Restricted			87,718		87,718
Assigned	4,356	61,597		8,441	74,394
Total Fund Balances	4,356	61,597	87,718	8,441	162,112
Total Liabilities and Fund Balances	4,356	65,097	88,118	8,441	166,012

TOWN OF LIBERTY

Exhibit B-2

ALL SPECIAL REVENUE FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2016

	<i>Environmental Fund</i>	<i>Willard Overlock Scholarship</i>	<i>Holt Fund</i>	<i>Cemetery Fund</i>	<i>Total</i>
Revenues					
Donations					-
Interest Income	34	374	544	79	1,031
Total Revenues	34	374	544	79	1,031
Expenditures					
Scholarships					-
Miscellaneous					-
Total Expenditures	-	-	-	-	-
Excess of Revenues Over (Under) Expenditures	34	374	544	79	1,031
Other Financing Sources (Uses)					
Transfers from Other Funds		2,500			2,500
Transfers to Other Funds					-
Total Other Sources (Uses)	-	2,500	-	-	2,500
Excess of Revenues Over (Under) Expenditures and Other Sources	34	2,874	544	79	3,531
Fund Balance - July 1	4,322	58,723	87,174	8,362	158,581
Fund Balance - June 30	4,356	61,597	87,718	8,441	162,112