

***TOWN OF HAMPDEN, MAINE***

***FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORTS***

***FOR THE FISCAL YEAR  
ENDED JUNE 30, 2017***

**TOWN OF HAMPDEN  
FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2017**

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# James W. Wadman

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**CERTIFIED PUBLIC ACCOUNTANT**

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## *INDEPENDENT AUDITOR'S REPORT*

March 27, 2018

Members of the Town Council  
Town of Hampden  
Hampden, ME

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Hampden, Maine (the Town) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Hampden, Maine as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal 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, budgetary comparison information, and pension disclosure schedules on pages 3-8, 41-43, 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 Hampden, Maine's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining and individual nonmajor fund financial statements are 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 HAMPDEN, MAINE**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**

Management of the Town of Hampden, 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 fiscal year ended June 30, 2017. 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 Hampden, 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 fiscal year ending June 30, 2017 by \$18,574,144 for governmental activities and \$3,232,781 for business-type activities (presented as “net position”). Of this amount, \$2,744,753 was reported as “unrestricted net position” for governmental activities and (\$728,427) for business-type activities. 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 \$458,907 (a 2% increase) for the fiscal year ended June 30, 2017. Net position of governmental activities increased by \$452,481 (a 2% increase), while net position of business-type activities showed an increase of \$6,426 (a .2% increase).

**Fund Highlights:**

*Governmental Funds – Fund Balances* – As of the close of the fiscal year ended June 30, 2017; the Town's governmental funds reported a combined ending fund balance of \$4,223,649 with \$1,498,682 being general unassigned fund balance and \$503,523 being host community benefit unassigned fund balance. The general unassigned fund balance represents approximately 10% of the total general fund expenditures for the year.

**Long-term Debt:**

The Town's total long-term debt obligations decreased by \$265,550 (11%) 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 3G of the notes to the financial statements on pages 32-33 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 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 inter-fund activity, payables and receivables. The government-wide financial statements can be found on pages 9-10 of this report.

**Fund Financial Statements**

The fund financial statements include statements for each of the three categories of activities – governmental, proprietary and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The proprietary 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 11-14 of this report. The basic proprietary fund financial statements can be found on pages 15-17 of this report. The fiduciary fund financial statements can be found on pages 18-19 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 on pages 20-40 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 41-43 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

87% 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 are 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.

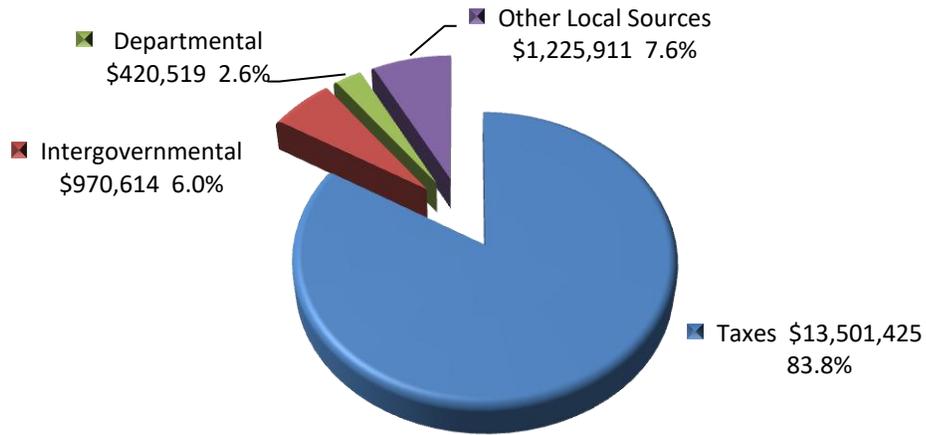
	<b>Governmental Activities</b>	<b>Business-like Activities</b>	<b>Total 2017</b>	<b>Total 2016</b>
Current Assets	4,868,779	(384,561)	4,484,218	3,091,702
Capital Assets	17,590,735	7,048,455	24,639,190	25,755,511
<b>Total Assets</b>	<b>22,459,514</b>	<b>6,663,894</b>	<b>29,123,408</b>	<b>28,847,213</b>
<b>Total Deferred Outflows of Resources</b>	<b>543,387</b>		<b>543,387</b>	<b>483,103</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>23,002,901</b>	<b>6,663,894</b>	<b>29,666,795</b>	<b>29,330,316</b>
Current Liabilities	1,003,189	435,015	1,438,204	1,683,110
Other Liabilities	2,934,685	2,996,098	5,930,783	5,758,940
<b>Total Liabilities</b>	<b>3,937,874</b>	<b>3,431,113</b>	<b>7,368,987</b>	<b>7,442,050</b>
<b>Total Deferred Inflows of Resources</b>	<b>490,883</b>		<b>490,883</b>	<b>540,248</b>
<b>Net Position:</b>				
Net Investment in Capital Assets	15,318,821	3,661,251	18,980,072	20,201,111
Restricted	510,570	299,957	810,527	817,853
Unrestricted	2,744,753	(728,427)	2,016,326	329,054
<b>Total Net Position</b>	<b>18,574,144</b>	<b>3,232,781</b>	<b>21,806,925</b>	<b>21,348,018</b>
<b>Total Liabilities and Net Position</b>	<b>23,002,901</b>	<b>6,663,894</b>	<b>29,666,795</b>	<b>29,330,316</b>

**Changes in Net Position**

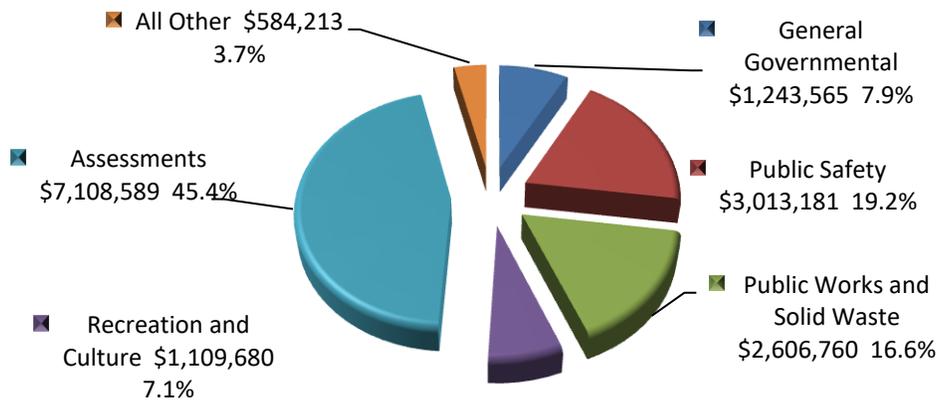
Approximately 79 percent of the Town's total revenue came from property and excise taxes, approximately 6 percent came from State subsidies and grants, and approximately 15 percent came from services, investment earnings and other sources. Depreciation expense on the Town's governmental and business-like activity assets represents \$1,667,722 of the total expenses for the fiscal year.

	<b>Governmental Activities</b>	<b>Business-like Activities</b>	<b>Total 2017</b>	<b>Total 2016</b>
<b>Revenues:</b>				
Taxes	13,501,425		13,501,425	12,815,444
Intergovernmental Revenues	970,614		970,614	887,896
Departmental Revenues	420,519	941,240	1,361,759	955,699
Investment Income	22,910	12,201	35,111	22,586
Fair Value Increase (Decrease)	31,295	(160)	31,135	(7,514)
Other Local Sources	1,171,706	1,418	1,173,124	869,984
<b>Total</b>	<b>16,118,469</b>	<b>954,699</b>	<b>17,073,168</b>	<b>15,544,095</b>
<b>Expenses:</b>				
General Government	1,243,565		1,243,565	1,218,582
Public Safety	3,013,181		3,013,181	2,722,449
Public Works	2,240,298		2,240,298	2,242,227
Solid Waste	366,462		366,462	414,755
Recreation and Culture	1,109,680		1,109,680	1,104,509
The Bus	83,496		83,496	90,991
Buildings and Grounds	182,797		182,797	83,276
Outside Agencies & Gen. Asst.	4,457		4,457	488
Debt Service & Capital Outlay	155,035		155,035	114,895
Assessments and TIF	7,267,017		7,267,017	7,110,850
Sewer Enterprise		948,273	948,273	700,345
<b>Total</b>	<b>15,665,988</b>	<b>948,273</b>	<b>16,614,261</b>	<b>15,803,367</b>
<b>Changes in Net Position</b>	<b>452,481</b>	<b>6,426</b>	<b>458,907</b>	<b>(259,272)</b>

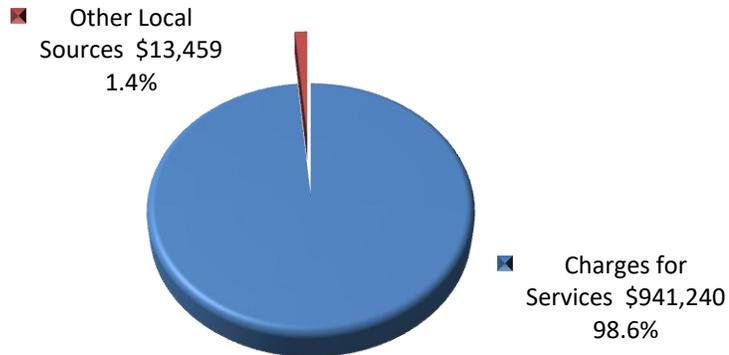
## Revenues By Source - Governmental Activities



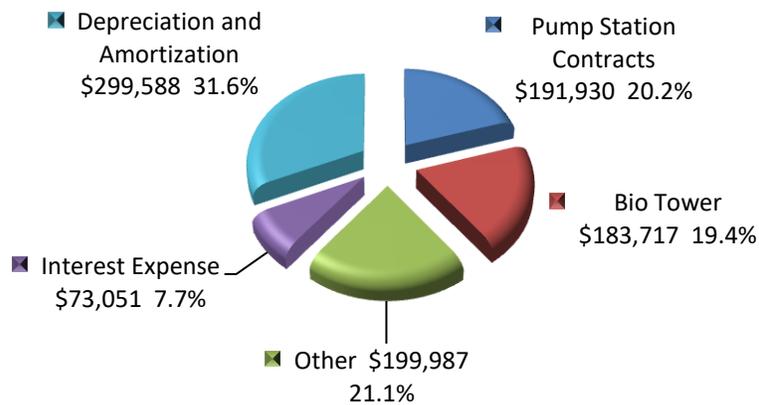
## Expenditures By Source - Governmental Activities



## Revenues By Source - Business-type Activities



## Expenditures By Source - Business-type 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 fiscal year.

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of \$4,223,649, an increase of \$1,206,469 in comparison with the prior year. Approximately 47 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 fiscal year or for a variety of other purposes.

**Proprietary Funds**

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

- \$234,933 positive variance in auto excise. The variance is due to conservative budgeting.
- \$20,533 positive variance in planning/zoning fees. The variance is due to partial reconciliation of developer escrow account balance.
- \$16,263 negative variance in PERC revenues. The variance is due to projected revenue of \$65,000 was reduced from FY 15 budgeted revenue (\$85,000) based on FY 16 revenue of \$61,130 and FY 15 revenue of \$71,842.
- \$29,622 negative variance in fire department. Wages, retirement expenses and health insurance were above budget. Wages and retirement overages were due to wage budgeting based on 40 hour work-week instead of actual 42 hour work week (manager error). Health insurance overage was due to budgeting lower cost increase than actual.
- \$351,591 positive variance in public works department. Wages, FICA, worker's comp, health insurance, and fuel were under budget. Wage and related expenses were lower due to conservative budgeting and lower staffing part of year due to worker (non-workplace) injury and reduced hours. We contracted for a lower fuel price in FY 17'. Paving expenses shown to be under budget because repaving contract awarded late in FY 17' so balance was carried forward and paid in FY 18'.
- \$45,051 negative variance in solid waste. Wages, health insurance, and solid waste disposal costs were over budget. Wages were over budget because overtime for plow drivers was paid from this account instead of from highway/DPW wages; change from prior years due to management personnel changes (DPW Director, Town Manager). Health insurance was over due to budgeting lower cost increase than actual.
- \$105,905 positive variance in overlay. The variance is due to conservative budgeting.

**CAPITAL ASSET ADMINISTRATION**

**Capital Assets**

The Town's investment in capital assets for its governmental and business-like activities amounts to \$56,505,415, net of accumulated depreciation of \$31,866,225 leaving a net book value of \$24,639,190. Current year additions include \$9,986 public works lighting, \$6,180 John Deere aerator, \$27,053 for a police vehicle, \$17,196 for extrication equipment, \$170,500 for a public works truck, \$12,858 for a flail mower, \$142,308 for a public works front loader, \$143,176 for 2016 paving, \$28,024 storm drain slip lining, \$26,495 for storm drain, and \$13,132 sewer pump and cam.

Additional information on the Town's capital assets can be found in Note 3D of the notes to the financial statements on pages 29-30 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 Hampden, 106 Western Ave., Hampden, ME 04444.

**TOWN OF HAMPDEN**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

*Exhibit A*

	<i>Governmental</i>	<i>Business-Type</i>	<i>Total</i>
	<i>Activities</i>	<i>Activities</i>	
<b>Assets</b>			
Cash and Equivalents	2,858,671	106,209	2,964,880
Investments	753,613	8,092	761,705
Receivables			
Taxes	321,248		321,248
Liens	81,227		81,227
Sewer User Fees/Liens		51,581	51,581
Solid Waste	14,480		14,480
Ambulance	181,403		181,403
Other	107,694		107,694
Internal Balances	550,443	(550,443)	-
Capital Assets:			
Land	1,656,858		1,656,858
Other Capital Assets, Net of Depreciation	15,933,877	7,048,455	22,982,332
<b>Total Assets</b>	<b>22,459,514</b>	<b>6,663,894</b>	<b>29,123,408</b>
 <b>Deferred Outflows of Resources:</b>			
Related to Pensions	543,387		543,387
<b>Total Deferred Outflow of Resources</b>	<b>543,387</b>	<b>-</b>	<b>543,387</b>
 <b>Total Assets and Deferred Outflows of Resources</b>	<b>23,002,901</b>	<b>6,663,894</b>	<b>29,666,795</b>
 <b>Liabilities</b>			
Accounts Payable and TIF Payable	169,216	43,909	213,125
Accrued Salaries Payable	66,739		66,739
Accrued Interest Payable		14,541	14,541
Project Escrows	89,365		89,365
Due to Other Governments	26,837		26,837
Compensated Absences Payable	334,917		334,917
Long-term Liabilities:			
Net Pension Liability	978,886		978,886
Due Within One Year	316,115	376,565	692,680
Due in More Than One Year	1,955,799	2,996,098	4,951,897
<b>Total Liabilities</b>	<b>3,937,874</b>	<b>3,431,113</b>	<b>7,368,987</b>
 <b>Deferred Inflows of Resources:</b>			
Property Taxes Collected in Advance	12,531		12,531
Related to Pensions	478,352		478,352
<b>Total Deferred Inflows of Resources</b>	<b>490,883</b>	<b>-</b>	<b>490,883</b>
 <b>Net Position</b>			
Net Investment in Capital Assets	15,318,821	3,661,251	18,980,072
Restricted	510,570	299,957	810,527
Unrestricted	2,744,753	(728,427)	2,016,326
<b>Total Net Position</b>	<b>18,574,144</b>	<b>3,232,781</b>	<b>21,806,925</b>
 <b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>23,002,901</b>	<b>6,663,894</b>	<b>29,666,795</b>

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

**TOWN OF HAMPDEN**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

*Exhibit B*

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>	<u>Business-like Activities</u>	<u>Total</u>
<u>Primary Government</u>						
<u>Governmental Activities</u>						
General Government	1,243,565	91,173		(1,152,392)		(1,152,392)
Public Safety	3,013,181	213,094	161,411	(2,638,676)		(2,638,676)
Public Works	2,240,298	7,432		(2,232,866)		(2,232,866)
Solid Waste	366,462	40,932		(325,530)		(325,530)
Recreation and Culture	1,109,680	615,986		(493,694)		(493,694)
The Bus	83,496			(83,496)		(83,496)
Buildings and Grounds	182,797			(182,797)		(182,797)
General Assistance	4,457		2,932	(1,525)		(1,525)
Debt Service & Capital Outlay	155,035			(155,035)		(155,035)
RSU #22 Assessment	6,308,862			(6,308,862)		(6,308,862)
Assessments and TIF	958,155			(958,155)		(958,155)
<u>Total Governmental Activities</u>	<u>15,665,988</u>	<u>968,617</u>	<u>164,343</u>	<u>(14,533,028)</u>		<u>(14,533,028)</u>
<u>Business-type Activities</u>						
Sewer Department	948,273	941,240			(7,033)	(7,033)
<u>Total Business-type Activities</u>	<u>948,273</u>	<u>941,240</u>	<u>-</u>		<u>(7,033)</u>	<u>(7,033)</u>
<u>Total Primary Government</u>	<u>16,614,261</u>	<u>1,909,857</u>	<u>164,343</u>	<u>(14,533,028)</u>	<u>(7,033)</u>	<u>(14,540,061)</u>
<u>General Revenues:</u>						
Taxes						
Property				11,475,015		11,475,015
Auto				2,014,933		2,014,933
Boat				11,477		11,477
Intergovernmental Revenues				806,271		806,271
Departmental Revenues				60,769		60,769
Investment Income				22,910	12,201	35,111
Fair Value Increases/(Decreases)				31,295	(160)	31,135
Other Local Sources				562,839	1,418	564,257
<u>Total Revenues, Special Items and Transfers</u>				<u>14,985,509</u>	<u>13,459</u>	<u>14,998,968</u>
<u>Changes in Net Position</u>				452,481	6,426	458,907
<u>Net Position - Beginning</u>				18,121,663	3,226,355	21,348,018
<u>Net Position - Ending</u>				<u>18,574,144</u>	<u>3,232,781</u>	<u>21,806,925</u>

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

**TOWN OF HAMPDEN**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

*Exhibit C*  
*Page 1 of 2*

<i>Assets</i>	<i>General Fund</i>	<i>Other Governmental Funds</i>	<i>Total</i>
Cash and Equivalents	2,450,387	408,284	2,858,671
Investments	198,880	554,733	753,613
Receivables			
Taxes	321,248		321,248
Liens	81,227		81,227
Solid Waste	14,480		14,480
Ambulance	181,403		181,403
Other	107,694		107,694
Due from Other Funds	551,363	200,445	751,808
<b><i>Total Assets</i></b>	<b><u>3,906,682</u></b>	<b><u>1,163,462</u></b>	<b><u>5,070,144</u></b>
 <i>Liabilities</i>			
Accounts Payable	89,689	1,694	91,383
TIF Payable	77,833		77,833
Accrued Salaries Payable	66,739		66,739
Project Escrows	89,365		89,365
Due to Other Funds	193,749	7,616	201,365
Due to Other Governments	26,837		26,837
<b><i>Total Liabilities</i></b>	<b><u>544,212</u></b>	<b><u>9,310</u></b>	<b><u>553,522</u></b>
 <i>Deferred Inflows of Resources:</i>			
Property Taxes Collected in Advance	12,531		12,531
Advanced Recreation Summer Fees	41,952		41,952
Unavailable Property Tax Revenue	238,490		238,490
<b><i>Total Deferred Inflows of Resources</i></b>	<b><u>292,973</u></b>	<b><u>-</u></b>	<b><u>292,973</u></b>
 <i>Fund Balances</i>			
Nonspendable		314,360	314,360
Restricted	155,344	40,866	196,210
Committed	733,008	626,402	1,359,410
Assigned	178,940	173,492	352,432
Unassigned	2,002,205	(968)	2,001,237
<b><i>Total Fund Balances</i></b>	<b><u>3,069,497</u></b>	<b><u>1,154,152</u></b>	<b><u>4,223,649</u></b>
 <b><i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i></b>	<b><u>3,906,682</u></b>	<b><u>1,163,462</u></b>	<b><u>5,070,144</u></b>

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

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

Total Fund Balance	4,223,649
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$25,489,325	17,590,735
Deferred outflows of resources related to pension plans	543,387
Deferred inflows of resources related to pension plans	(478,352)
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Net Pension Liability	(978,886)
Advanced Recreation Summer Fees	41,952
Unavailable Property Tax Revenue	238,490
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(2,059,000)
Leases Payable	(212,914)
Accrued Compensated Absences	(334,917)
	<hr/>
Net Position of Governmental Activities	<hr/> <hr/> 18,574,144

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

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

*Exhibit D*  
*Page 1 of 2*

	<i>General Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues			
Taxes	13,468,411		13,468,411
Intergovernmental Revenues	952,789	17,825	970,614
Departmental Revenues	420,519		420,519
Investment Income	13,016	9,894	22,910
Fair Value Increases (Decreases)	28,161	3,134	31,295
Other Local Sources	1,155,725	33,839	1,189,564
<b>Total Revenues</b>	<b>16,038,621</b>	<b>64,692</b>	<b>16,103,313</b>
Expenditures			
Current:			
General Government	1,202,091	2,009	1,204,100
Public Safety	2,804,570	21,657	2,826,227
Public Works	1,242,047		1,242,047
Solid Waste	405,079		405,079
Recreation and Culture	1,016,277	42,437	1,058,714
The Bus	83,496		83,496
Buildings and Grounds	182,546		182,546
General Assistance	4,457		4,457
TIF	158,428		158,428
Assessments	7,108,589		7,108,589
Debt Service	339,973		339,973
Capital Outlay		283,188	283,188
<b>Total Expenditures</b>	<b>14,547,553</b>	<b>349,291</b>	<b>14,896,844</b>
Excess of Revenues Over (Under) Expenditures	1,491,068	(284,599)	1,206,469
Other Financing Sources (Uses)			
Transfers from Other Funds	5,000	437,964	442,964
Transfers to Other Funds	(433,964)	(9,000)	(442,964)
<b>Total Other Financing Sources (Uses)</b>	<b>(428,964)</b>	<b>428,964</b>	<b>-</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	1,062,104	144,365	1,206,469
Fund Balance - July 1	2,007,393	1,009,787	3,017,180
<b>Fund Balance - June 30</b>	<b>3,069,497</b>	<b>1,154,152</b>	<b>4,223,649</b>

(Continued)

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

**TOWN OF HAMPDEN  
 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	1,206,469
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:	
Capital asset purchases capitalized	583,777
Capital asset disposals	(45,508)
Depreciation expense	(1,368,134)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unavailable Property Taxes	33,014
Advanced Recreation Summer Fees	(17,858)
Bond proceeds proved 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:	
Lease principal payments	115,535
New Lease	(267,320)
General obligation bond principal payments	265,550
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:	
Deferred Outflows of Pension Expense	60,284
Deferred Inflows of Pension Expense	47,342
Net Pension Liability	(143,985)
Accrued compensated absences	(16,685)
	<hr/>
Change in net position of governmental activities	<u><u>452,481</u></u>

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

**TOWN OF HAMPDEN**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
**JUNE 30, 2017**

**Exhibit E**

	<b><i>Sewer Enterprise</i></b>
<b>Assets</b>	
<b>Current Assets:</b>	
Cash and Equivalents	106,209
Investments	8,092
User Fees/Liens Receivable	51,581
Capital Assets:	
Other Capital Assets, Net of Depreciation	7,048,455
<b>Total Assets</b>	<b>7,214,337</b>
<b>Liabilities</b>	
<b>Current Liabilities:</b>	
Accounts Payable	43,909
Accrued Interest Payable	14,541
Retainage Payable	
Due to Other Funds	550,443
Long-term Liabilities:	
Due Within One Year	376,565
Due in More Than One Year	2,996,098
<b>Total Liabilities</b>	<b>3,981,556</b>
<b>Net Position</b>	
Net Investment in Capital Assets	3,661,251
Restricted	299,957
Unrestricted	(728,427)
<b>Total Net Position</b>	<b>3,232,781</b>
<b>Total Liabilities and Net Position</b>	<b>7,214,337</b>

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

**TOWN OF HAMPDEN**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PROPRIETARY NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

*Exhibit F*

	<i>Budget</i>	<i>Sewer Enterprise</i>	<i>Variance Favorable (Unfavorable)</i>
<b>Operating Revenues:</b>			
Charges for Services	943,845	941,240	(2,605)
<b>Total Operating Revenues:</b>	943,845	941,240	(2,605)
<b>Operating Expenses:</b>			
Repairs	52,000	44,209	7,791
Utilities/Fuel	43,000	35,927	7,073
Pump Station Contracts	43,878	54,451	(10,573)
Treatment Service Charges	262,494	137,479	125,015
Special Projects	15,500	13,166	2,334
O&M Contingency		3,391	(3,391)
Liens/Transfers	5,600	7,948	(2,348)
Abatements		4,377	(4,377)
Wages	60,000	60,000	-
Supplies	18,400	26,043	(7,643)
Legal Fees		4,926	(4,926)
Bio Tower - City of Bangor		183,717	(183,717)
Depreciation and Amortization		299,588	(299,588)
<b>Total Operating Expenses</b>	500,872	875,222	(374,350)
<b>Net Operating Income (Loss)</b>	442,973	66,018	(376,955)
<b>Non-operating Revenues (Expenses)</b>			
Interest Revenue	12,015	12,201	186
Change in Fair Market Value		(160)	(160)
Miscellaneous Income		1,418	1,418
Interest Expense	(381,465)	(73,051)	308,414
<b>Total Non-operating Revenues (Expenses)</b>	(369,450)	(59,592)	309,858
<b>Net Income (Loss)</b>	73,523	6,426	(67,097)
<b>Total Net Position - Beginning</b>		3,226,355	
<b>Total Net Position - Ending</b>		<b>3,232,781</b>	

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

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

**Exhibit G**

	<u>Sewer Enterprise</u>
<b>Cash Flows from Operating Activities;</b>	
Received from Customers	941,240
Payments to Suppliers	(503,309)
Payments to Employees	(60,000)
Other Receipts (Payments)	<u>(429,717)</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>(51,786)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchases of Capital Assets	(13,132)
New Capital Debt	521,746
Principal Paid on Capital Debt	(325,307)
Interest Paid on Capital Debt	<u>(73,051)</u>
<b>Net Cash Used in Capital and Related Financing Activities</b>	<u>110,256</u>
<b>Cash Flows from Investing Activities</b>	
Net Purchases / Sales of Investments	6,737
Interest and Dividends	<u>12,201</u>
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>18,938</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	77,408
<b>Balances - beginning of the year</b>	<u>28,801</u>
<b>Balances - end of the year</b>	<u><u>106,209</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>	
Operating Income (Loss)	66,018
Adjustment to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	299,588
Changes in Assets and Liabilities;	
Receivables, net	(22,370)
Accounts Payable	(286,345)
Accrued Interest	(7,504)
Due to Other Funds	<u>(101,173)</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u><u>(51,786)</u></u>

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

**TOWN OF HAMPDEN**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2017**

**Exhibit H**

	<u><i>Private Purpose Trust Fund Environmental Trust</i></u>
<b>Assets</b>	
Cash and Equivalents	81,855
Investments	<u>3,639,800</u>
<b>Total Assets</b>	<u><u>3,721,655</u></u>
<b>Net Position</b>	
Restricted	<u>3,721,655</u>
<b>Total Net Position</b>	<u><u>3,721,655</u></u>

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



**TOWN OF HAMPDEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Hampden have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Council (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 Hampden operates under an elected Town Council and Town Manager 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 activities of the Town. Fiduciary activities, whose resources are not available to finance the Town's programs, are excluded from the government-wide statements. 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the respective 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 transactions occur 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 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.

**TOWN OF HAMPDEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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.

The Town reports the following major enterprise fund:

The sewer fund accounts for the activities of the sewerage operations. The Town operates the sewer collection system and related administrative costs.

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.

In the Statement of Activities, 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 HAMPDEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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 result in outstanding balances are reported as due to/from other funds.

Property taxes receivable not expected to be collected within 60 days from year-end are classified as unavailable property tax revenue. At June 30, \$238,490 has been so classified and reported on the general fund balance sheet.

Property taxes were levied on August 20 on property values assessed on April 1. Taxes were due in two installments due on October 5 and April 5, with interest at 7% beginning October 6 and April 6. 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 fiscal year levy on August 24, 2016. 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.

Certain grants received from other governments require that eligible expenditures be made in order to earn the grant. Revenue for these grants is recorded for the period in which eligible expenditures are made.

**3. Inventories**

Inventories are valued at cost using the first in, first out method.

**4. 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 \$5,000 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. 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.

**TOWN OF HAMPDEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**4. Capital Assets (continued)**

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	50
Infrastructure	18-50
Equipment	5-50

**5. Deferred Inflows/Outflows of Resources**

In addition to assets and liabilities, the statement of net position and the governmental fund balance sheet will report a separate section for deferred outflows and/or inflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period(s) and therefore will not be recognized as an expense/expenditure until then. Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and therefore will not be recognized as revenue until that time. The Town has an item that qualifies as deferred outflows of resources, and it has an item that qualifies as a deferred inflow. Both items are related to pensions. These amounts are considered unavailable and will be recognized as an outflow of resources (expenditure) and an inflow of resources (revenue) in the period that the amounts become available.

**6. 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 Maine Employees Retirement System (System) and additions to/deductions from MPERS' fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable pursuant to formal commitments or statutory requirements. Investments are reported at fair value. Investment income is recognized when earned and investment expenses are recorded when incurred.

**7. Compensated Absences**

Town employees generally earn vacation days at a variable rate based on years of service. In the event of termination, an employee is reimbursed for all accumulated vacation time.

Employees earn sick leave at a rate of one work day for each full calendar month of service, accumulative to a maximum of one 120 working days. Upon retirement or resignation, an employee in good standing is entitled to payment for 25% of accrued sick time up to a maximum of 30 days.

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.

**TOWN OF HAMPDEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**8. 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.

Under State Law, no municipality can incur debt, which would cause its total outstanding debt, exclusive of debt incurred for Town, 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 Towns 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 Hampden is in compliance with the above requirements.

**9. 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 council 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 Town Manager.

*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 HAMPDEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The Town has identified June 30, 2017 fund balances on the balance sheet as follows:

	<b>General</b>	<b>Other</b>			
	<b>Fund</b>	<b>Governmental</b>			
		<b>Funds</b>	<b>Total</b>		
<u><i>Nonspendable</i></u>					
Dyer Library Principal		257,242	257,242		
Cemetery Principal		56,918	56,918		
Diane Marshall Book Fund Principal		200	200		
<u><i>Restricted</i></u>					
Pool Donations		285	285		
Public Safety Donation		2,014	2,014		
Library		4,569	4,569		
Children's Day Raffle		240	240		
Lura Hoit Pool Scholarship		33,087	33,087		
Maine Community Foundation		12	12		
Pink Garden		431	431		
Katahdin Trust Partnership		96	96		
EVOC Equipment Grant		3	3		
Maine Community Heritage Grant		129	129		
Municipal Revenue Sharing	155,344		155,344		
<u><i>Committed</i></u>					
Mayo Road Project		109,881	109,881		
Capital Improvement Program		516,521	516,521		
Town Reserves	122,250		122,250		
Voting Machine	18,492		18,492		
Recreation	341,209		341,209		
Bronco Youth Football	11,028		11,028		
Bronco Travel Basketball	15,655		15,655		
Bronco Little League	23,420		23,420		
Lura Hoit Pool	200,954		200,954		
<u><i>Assigned</i></u>					
Dyer Library		140,324	140,324		
Cemetery		32,892	32,892		
Diane Marshall Book Fund		276	276		
Encumbrances	178,940		178,940		
<u><i>Unassigned</i></u>					
General Fund	1,498,682		1,498,682		
Host Community Benefit	503,523		503,523		
Flag Project		(580)	(580)		
Rescue Equipment		(67)	(67)		
Wellness Fund		(321)	(321)		
<b>Total Fund Balance</b>	<b>3,069,497</b>	<b>1,154,152</b>	<b>4,223,649</b>		

**TOWN OF HAMPDEN  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**9. Fund Balances/Net Position (continued)**

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 are 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.”

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements that govern the Town’s operations. At its annual meeting, the Town adopts a budget for the current year for the General Fund. Budgets are adopted on a basis consistent with generally accepted accounting principles.

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 2016-2017, \$0 of the beginning General Fund fund balance was applied for this purpose.

Reserve funds, once established by the Town Council, may be expended with approval of the Council 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.

**TOWN OF HAMPDEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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. For all 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 \$3,046,735 and the bank balance was \$3,340,784. Of the bank balance, \$377,476 was covered by federal depository insurance. The remaining \$2,963,308 was covered by a FHLB irrevocable letter of credit.

**B. Investments**

At June 30, 2017, the Town had the following investments, maturities, and credit ratings:

<i>Type</i>	<i>Fair Value</i>	<i>Maturities in Years</i>				<i>Credit Rating</i>	
		<i>&lt; 1</i>	<i>1-5</i>	<i>6-10</i>	<i>&gt; 10</i>	<i>S&amp;P</i>	<i>Moody's</i>
<b><i>General Town</i></b>							
Common Stock	106,583	106,583				BBB-	Ba1
Common Stock	115,374	115,374				AA3	AA-
U.S. Treasury Securities	195,859	36,058	159,801			AA	AA
Mutual Funds	343,889	343,889				NR	NR
	761,705	601,904	159,801	-	-		
<b><i>Environmental Trust</i></b>							
Government Securities	3,639,800	666,304	2,603,564	369,932		AAA	AAA
	3,639,800	666,304	2,603,564	369,932	-		

**Investment Policies**

Generally, the Town's investing activities are managed under the custody of the Town Treasurer. Investing is performed in accordance with the investment policy adopted by the Town Council complying with state statutes. The Town may invest in securities permitted under 30-A MRSA 5712, 5713, 5714, 5715, and 5716. Upon approval of the Town Council, the treasurer of the trustee(s) of a trust fund of the town, may enter into safekeeping and investment management agreements and/or investment advisory agreements in accordance with 30-A MRSA 5706(4) and the investment funds pursuant to any such agreements shall be governed by the rule prudence as set forth in 18-A MRSA 7-302.

**TOWN OF HAMPDEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**C. Property Taxes**

Property taxes were levied for the fiscal year as follows:

Assessed Value		628,065,400
Tax Rate (per \$1,000)		<u>18.20</u>
Commitment		<u><u>11,430,790</u></u>
Appropriations		14,948,801
Less:		
State Municipal Revenue Sharing	377,135	
Estimated Revenues	2,812,698	
BETE Reimbursement	80,321	
Homestead Reimbursement	<u>247,857</u>	
		<u><u>3,518,011</u></u>
Net Assessment for Commitment		<u><u>11,430,790</u></u>

Uncollected taxes at June 30 for the current year commitment totaled \$277,603. Unpaid liens at June 30 totaled \$81,227.

**TOWN OF HAMPDEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2017 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities;</b>				
<i>Capital assets not being depreciated</i>				
Land	1,656,858			1,656,858
 <i>Capital assets being depreciated</i>				
Buildings	6,018,493	9,986		6,028,479
Equipment	3,831,909	376,096	(127,000)	4,081,005
Infrastructure	31,116,022	197,695		31,313,717
<i>Total capital assets being depreciated</i>	40,966,424	583,777	(127,000)	41,423,201
 <i>Less accumulated depreciation for</i>				
Buildings	2,406,068	139,577		2,545,645
Equipment	1,863,810	294,891	(81,492)	2,077,209
Infrastructure	19,932,804	933,666		20,866,470
<i>Total accumulated depreciation</i>	24,202,682	1,368,134	(81,492)	25,489,324
<i>Net capital assets being depreciated</i>	16,763,742	(784,357)	(45,508)	15,933,877
<b>Governmental Activities Capital Assets, net</b>	<b>18,420,600</b>	<b>(784,357)</b>	<b>(45,508)</b>	<b>17,590,735</b>

**TOWN OF HAMPDEN  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**D. Capital Assets (continued)**

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<b><i>Business-type Activities;</i></b>				
<i>Capital assets being depreciated</i>				
Sewer System	13,412,223	13,132		13,425,355
<i>Total capital assets being depreciated</i>	<u>13,412,223</u>	<u>13,132</u>	<u>-</u>	<u>13,425,355</u>
 <i>Less accumulated depreciation for</i>				
Sewer System	6,077,313	299,586		6,376,899
<i>Total accumulated depreciation</i>	<u>6,077,313</u>	<u>299,586</u>	<u>-</u>	<u>6,376,899</u>
<i>Net capital assets being depreciated</i>	<u>7,334,910</u>	<u>(286,454)</u>	<u>-</u>	<u>7,048,456</u>
<b><i>Business-type Activities Capital Assets, net</i></b>	<u><u>7,334,910</u></u>	<u><u>(286,454)</u></u>	<u><u>-</u></u>	<u><u>7,048,456</u></u>

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

Governmental Activities

General Government	45,918
Public Safety	134,752
Recreation and Culture	55,788
Public Works, including depreciation of general infrastructure assets	<u>1,131,676</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>1,368,134</u></u>

**TOWN OF HAMPDEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**E. Interfund Receivables and Payables**

Individual fund interfund receivable and payable at June 30, 2017, were as follows:

	<b><i>Interfund Receivable</i></b>	<b><i>Interfund Payable</i></b>
General Fund	551,363	193,749
Special Revenue Funds	7,779	968
Capital Projects	192,616	
Permanent Funds		
Dyer Library		1,648
Cemetery	50	5,000
Enterprise Fund		
Sewer		550,443
	<u>751,808</u>	<u>751,808</u>
Totals	<u><u>751,808</u></u>	<u><u>751,808</u></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, the payables are classified as Due to Other Funds with offsetting receivables on the Governmental Fund financial statements classified as Due from Other Funds. The above balances represent cash that has been deposited into the general fund checking account for those funds. The Town Council and Town Manager are aware of the interfund balances and are working on a multi-year payback plan.

Transfers To/From Other Funds at June 30, 2017, were as follows:

	<b><i>Transfers From</i></b>	<b><i>Transfers To</i></b>
General Fund	5,000	433,964
Special Revenue Funds	5,447	
Capital Projects	432,517	
Trust Funds		9,000
Totals	<u>442,964</u>	<u>442,964</u>

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 Council.

**TOWN OF HAMPDEN  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**F. Capital Leases**

The town is obligated under certain leases accounted for as capital leases. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30:

<i>Year Ended June 30,</i>	<i>Minimum Lease Payment</i>
2018	57,471
2019	57,472
2020	57,471
2021	57,472
Total Minimum Lease Payments	<u>229,886</u>
Less: Amount Representing Interest	<u>(16,972)</u>
Present Value of Future Minimum Lease Payments	<u><u>212,914</u></u>

**G. 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>Purpose Proprietary</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Amount</i>
1996 Sewer SRF	10/1/2017	3.02%	93,448
2006 Sewer Construction Bond	11/1/2025	2.55-6.00%	710,530
2010 Rt 1A Sewer Bond	7/29/2029	0-1.13%	1,249,216
2014 Sewer Project	11/1/2034	.41-4.02	811,845
2017 Sewer Bill Loan	1/23/2024	2.61%	244,688
2017 Sewer Project	5/16/2024	2.47%	262,936
			<u>3,372,663</u>

<i>General Obligation</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Amount</i>
2000 Road Construction & Line Extensions	11/1/2020	4.676-5.751%	360,000
2002 Fire Station	11/1/2021	3.25-5.125%	421,500
2011 Mayo Rd Bond	11/1/2030	.831-5.094%	1,277,500
			<u>2,059,000</u>

**TOWN OF HAMPDEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**G. Long-Term Debt (continued)**

**1. General Obligation Bonds and Notes (continued)**

Annual debt service requirements to maturity for general obligation and proprietary bonds and notes, including interest of \$844,124 are as follows:

<b>Year Ended</b> <b>June 30,</b>	<b>General</b>		
	<b>Obligation</b>	<b>Proprietary</b>	<b>Total</b>
2018	332,914	454,619	787,533
2019	321,741	355,342	677,083
2020	310,446	350,977	661,423
2021	299,100	347,252	646,352
2022	200,266	343,130	543,396
2023-2027	537,410	1,309,886	1,847,296
2028-2032	385,847	583,436	969,283
2033-2035		143,421	143,421
<b>Total</b>	<b>2,387,724</b>	<b>3,888,063</b>	<b>6,275,787</b>

**2. Changes in Long-Term Liabilities**

The following summary of long-term debt transactions of the Town of Hampden for the fiscal year ended June 30, 2017:

	<b>General</b>	<b>Proprietary</b>	<b>Capital</b>
	<b>Fund</b>	<b>Fund</b>	<b>Leases</b>
<i>Long-term Debt payable July 1, 2016</i>	2,324,550	3,168,721	61,129
Debt Issued		521,746	267,320
Debt Retired	(265,550)	(317,804)	(115,535)
<i>Long-term Debt payable June 30, 2017</i>	<u>2,059,000</u>	<u>3,372,663</u>	<u>212,914</u>

**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:

<b>Units</b>	<b>Net debt</b> <b>outstanding</b> <b>June 30, 2016</b>	<b>Percentage</b> <b>applicable</b> <b>to the Town</b>	<b>Town's</b> <b>proportionate</b> <b>share of debt</b>
Regional School Unit No. 22	35,563,147	58.14%	20,676,414
Penobscot County	-	5.60%	-
<b>Totals</b>	<u>35,563,147</u>		<u>20,676,414</u>

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

**TOWN OF HAMPDEN  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**H. Reserve Funds**

The Town has authorized various reserve funds primarily for future acquisitions. At June 30 these funds total \$638,771 and are detailed in Exhibits A-6 and C-3.

**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 that may be disallowed by the grantor cannot be determined at this time, although the government expects such amount, if any to be immaterial.

**B. Permanent Funds and Fiduciary Funds**

The principal amount of all Nonexpendable Fiduciary Funds is restricted either by law or by terms of individual bequests in that only income earned may be expended. The government's Permanent Funds and Fiduciary Funds at June 30 are detailed as follows:

<i>Fiduciary Funds</i>	<i>Principal</i>	<i>Income</i>	<i>Total</i>
Hampden Environmental		3,721,655	3,721,655
<i>Permanent Funds</i>			
Dyer Library	257,242	140,324	397,566
Cemetery	56,918	32,892	89,810
Diane Marshall Book Fund	200	276	476
	<u>314,360</u>	<u>173,492</u>	<u>487,852</u>

**C. Defined Benefit Employee Pension Plan**

**Plan Description**

Qualifying personnel of the Town participate in the Maine Public Employees Retirement System (System) Participating Local District Consolidated (PLD) Plan. The plan is a multiple-employer, cost-sharing pension plan with a special funding situation. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of town employees, while towns contribute the normal cost, calculated actuarially, for their members.

**TOWN OF HAMPDEN  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 4 - OTHER INFORMATION (Continued)**

**C. Defined Benefit Employee Pension Plan (continued)**

***Pension Benefits***

Benefit terms are established in Maine Statute, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. The System’s retirement programs provide defined retirement benefits based on member’s average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occur upon the earning of five years of service credit for PLD employees (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for PLD employees is age 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 other participating 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%.

***Member and Employer 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. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or by the System’s Board of Trustees and depend on the terms of the Plan under which a member is covered. Employer contribution rates are determined through actuarial valuations. For the year ended June 30, 2016, the member contribution rate was 8% for regular – AC plan and 9.5% for special – 3C plan of applicable member compensation. The employer contribution rate was 9.5% for regular –AC plan and 11.4% for Special – 3C plan of applicable member compensation.

The required contributions paid into the System for the ended June 30, 2017 and the previous two years are as follows:

<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>Applicable</i>			
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Member</i>	<i>Compensation</i>		
2017	\$ 102,402	\$ 122,738	\$ 1,100,814			
2016	\$ 93,591	\$ 117,929	\$ 1,057,122			
2015	\$ 82,568	\$ 106,968	\$ 995,645			

***Revenue Recognition***

Employer contributions to the System are recognized as additions in the period when they become due pursuant to formal commitments or statutory requirements. Investment income is recognized when earned and investment expenses are recorded when incurred. For the PLD consolidated plan, total employer and non-employer

**TOWN OF HAMPDEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 4 - OTHER INFORMATION (Continued)**

**C. Defined Benefit Employee Pension Plan (continued)**

contributions were the basis for the allocation, adjusted to remove the normal cost contributions paid by the local employers on behalf of their employees. These leave contributions toward the net pension liability of the Plan as the basis of allocation. This method of allocation properly distributes the collective net pension liability between the State of Maine as the non-employer contributing entity and those employers contributing towards the net pension liability of the plan using grant funding.

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

As of June 30, 2017, the Town reported a net pension liability of \$978,886. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At June 30, 2016, the Town's proportion was .239080%, which was a decrease of 0.022607% from its proportion measured at June 30, 2015.

For the fiscal year ended June 30, 2017, the Town recognized pension expense of \$122,738. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience		47,029
Changes in Assumption	83,297	-
Net Difference between projected between projected and actual earnings on pension plan investments	337,352	364,270
Changes in proportion and differences between employer contributions and proportionate share of contributions		67,053
Employer Contributions made subsequent to measurement date	122,738	
	<u>543,387</u>	<u>478,352</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year ended June 30,</i>						
2018		<u>(61,185)</u>				
2019		<u>63,563</u>				
2020		<u>6,567</u>				
2021		<u>(66,646)</u>				

**TOWN OF HAMPDEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 4 - OTHER INFORMATION (Continued)**

**C. Defined Benefit Employee Pension Plan (continued)**

*Actuarial Assumptions*

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.75%-9%
Investment Rate of Return	6.875%, per annum, compounded annually
Cost of Living Benefit Increases	2.20%

For the Town employees, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females is used.

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 expected future salary. The normal cost of each employee is the product of his pay and his 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 liability.

The long-term expected rate of return on pension plan investments were 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 weighing 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 Plan's target asset allocation as of June 30, 2016 are summarized in the following table.

**TOWN OF HAMPDEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 4 - OTHER INFORMATION (Continued)**

**A. Defined Benefit Employee Pension Plan (continued)**

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term</i>
		<i>Expected Real Rate of Return</i>
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%
	<u>100%</u>	

*Discount Rate*

The discount rate used to measure the total pension liability was 6.875% for 2016. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made 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 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.

	<i>1% Decrease</i>	<i>Current Discount</i>	<i>1% Increase</i>
	<i>(5.875%)</i>	<i>Rate (6.875%)</i>	<i>(7.875%)</i>
Proportionate Share of the Net Pension Liability	\$ 1,963,947	\$ 978,886	\$ 237,288

*Pension Plan Financial and Actuarial Information*

Additional financial information and actuarial information can be found in the Maine PERS' 2016 Comprehensive Annual Financial Reports available online at [www.mainebers.org](http://www.mainebers.org) or contacting the System at (207) 512-3100.

**TOWN OF HAMPDEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 4 - OTHER INFORMATION (Continued)**

**B. Pension Plans**

The government's full-time employees have the option of coverage under the ICMA or Maine Public Employees Retirement Systems.

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan is administered by an independent company, and the Town remits all compensation deferred to this administrator for investment as requested by the participant employees. All assets and income of the plans are held in trust for the exclusive benefit of participants and their beneficiaries.

The Town offers its employees a Money Purchase Pension Plan and Trust, which is administered by an independent provider. The Town shall contribute on behalf of each participant 8.40% of earnings plus another .5% of earnings if the employee contributes an additional 2% to a 457 deferred compensation plan for the plan year. Each participant is not required but can make voluntary contributions up to 10% of earnings for the plan year. All full-time employees not on the Maine Public Employees Retirement System are eligible to participate. Normal retirement age shall be 55 (not to exceed age 65). Participant's vesting requirements are fulfilled as follows: 3 years-20%; 4 years-40%; 5 years-60%; 6 years-80%; and 7 years and over-100%.

A participant may direct the investment without restriction among various options available under the trust. Loans are not permitted under the plan.

Additionally, the Town participates in a retirement health savings plan. Employees are allowed to contribute pre-tax wages to this account. The town will contribute the value of one sick day per month to the program for employees who have reached the maximum allowable accrued sick time of 120 days. The Town's contribution to the health savings plan was \$36,800 for June 30, 2017, \$36,800 for June 30, 2016, and \$34,269 for June 30, 2015.

**C. Deficit Fund Balance**

As of June 30, 2017, the sewer fund has a negative unrestricted fund balance of \$728,427. The deficit is partially due to budgeting more expenses than revenues for the past several years. The Town Council did substantially raise sewer rates in February 2016 and adopted another rate increase in May 2017.

**D. Tax Abatements**

The Town of Hampden negotiates tax increment financing agreements on an individual basis. The Town has tax increment financing agreements with three entities as of June 30, 2017:

**TOWN OF HAMPDEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 4 - OTHER INFORMATION (Continued)**

**D. Tax Abatements (continued)**

<i>Purpose</i>	<i>Percentage of Taxes Returned during the Fiscal Year</i>	<i>Amount of Taxes Returned during the Fiscal Year</i>
Haverlock, Estey, & Curran built a new building in the business park and relocated to Hampden	50%	5,264.35
University Club/Dennis Paper is a grocery distributor located on the Mecaw Road. They have done two expansions over the last five years and now employ over 100 employee/owners	77%	9,357.15
Emera Maine - New facility for line workers relocated to Hampden in 2016 with the administrative offices to be relocated by 2019	50%	141,312.08

Each agreement was negotiated under a state law (the Economic Opportunity Act of 1964 as revised) allowing localities to rebate property taxes for a variety of economic development purposes, including business relocation, retention, and expansion. All Tax Increment Financing applications must be reviewed by and approved by the State of Maine Department of Economic Development and Community Development. The rebates may be granted to any business located within or promising to relocate to a government’s geographic area. Localities may grant rebates up to 100 percent of annual property taxes through a direct reimbursement of the entity’s property tax bill. The state law does provide for the recapture of the rebated taxes in the event that the recipient does not fulfill the commitment it makes in return for the reimbursement.

The Town of Hampden has adopted a Tax Increment Financing Policy. The Town of Hampden has not made any commitments as part of the agreements other than to reduce taxes. The Town is not subject to any tax rebate agreements entered into by other governmental agencies. The Town has chosen to disclose information about its tax rebate agreements individually.

**TOWN OF HAMPDEN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - UNASSIGNED FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Exhibit J**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<b>Revenues</b>				
Taxes	13,255,299	13,255,299	13,468,411	213,112
Intergovernmental Revenues	569,248	572,608	572,976	368
Departmental Revenues	382,895	382,895	420,519	37,624
Other Local Sources	259,232	259,232	277,734	18,502
<b>Total Revenues</b>	<b>14,466,674</b>	<b>14,470,034</b>	<b>14,739,640</b>	<b>269,606</b>
<b>Expenditures (Net of Departmental Revenues)</b>				
General Government	1,144,132	1,144,132	1,152,210	(8,078)
Public Safety	2,722,116	2,725,476	2,761,079	(35,603)
Public Works	1,525,387	1,525,387	1,348,624	176,763
Solid Waste	360,028	360,028	405,079	(45,051)
Recreation and Culture	593,115	593,115	587,177	5,938
The Bus	84,597	84,597	83,496	1,101
Buildings and Grounds	196,495	196,495	182,546	13,949
General Assistance	6,000	6,000	4,457	1,543
Debt Service	339,986	339,986	339,973	13
Tax Increment Financing	155,941	155,941	158,428	(2,487)
Assessments	7,214,495	7,214,495	7,108,589	105,906
<b>Total Expenditures</b>	<b>14,342,292</b>	<b>14,345,652</b>	<b>14,131,658</b>	<b>213,994</b>
<b>Excess Revenues Over Expenditures</b>	<b>124,382</b>	<b>124,382</b>	<b>607,982</b>	<b>483,600</b>
<b>Other Financing Sources</b>				
Transfer from Other Funds	382,135	382,135	382,135	-
Transfers to Other Funds	(506,517)	(506,517)	(506,517)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(124,382)</b>	<b>(124,382)</b>	<b>(124,382)</b>	<b>-</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</b>	<b>-</b>	<b>-</b>	<b>483,600</b>	<b>483,600</b>
<b>Unassigned Fund Balance - July 1</b>			<b>1,015,082</b>	
Host Community Benefit			503,523	
<b>Unassigned Fund Balance - June 30</b>			<b>2,002,205</b>	

**TOWN OF HAMPDEN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Exhibit K**

<u>Schedule 1 - Proportionate Share of the Net Pension Liability</u>	<b>Participating Local Districts Plan</b>		
	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Proportion of net pension liability	0.239080%	0.261687%	0.284342%
Proportionate share of net pension liability	\$978,886	\$834,901	\$437,549
Covered employee payroll	\$1,100,814	\$1,057,122	\$995,645
Proportionate share of the net pension liability as a percentage of its covered employee payroll	88.92%	78.98%	43.95%
Plan Total Pension Liability	\$2,889,740,634	\$2,720,936,009	\$2,609,657,845
Plan Fiduciary Net Position	<u>\$2,358,409,925</u>	<u>\$2,401,889,308</u>	<u>\$2,455,776,671</u>
Plan Net Pension Liability	<u><u>\$531,330,709</u></u>	<u><u>\$319,046,701</u></u>	<u><u>\$153,881,174</u></u>
Plan Fiduciary Net Position as a % Of the Total Pension Liability	81.613%	88.274%	94.103%
Plan Covered Employee Payroll	\$521,870,235	\$497,616,846	\$460,029,637
Plan Net Pension Liability as a % Of the Covered Employee Payroll	101.813%	64.115%	33.450%

\* Amounts presented for each fiscal year were determined as of June 30. A full year schedule will be displayed as it becomes available.

Schedule 2 - Schedule of Town Contributions:

	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Contractually required contribution	\$122,738	\$117,929	\$106,968
Contribution in relation to the contractually required contribution	<u>(\$122,738)</u>	<u>(\$117,929)</u>	<u>(\$106,968)</u>
Contribution deficiency	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
Covered employee payroll	\$1,100,814	\$1,057,122	\$995,645
Contributions as a percentage of covered employee payroll	11.15%	11.16%	10.74%

\* Amounts presented for each fiscal year were determined as of June 30. A full year schedule will be displayed as it becomes available.

**TOWN OF HAMPDEN  
NOTES TO HISTORICAL PENSION INFORMATION  
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 - Actuarial Methods and Assumptions**

The information in the historical pension information was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation date June 30, 2016, is as follows:

**A. 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 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 their expected future salary. The normal cost for each employee is the product of their pay and their normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

**B. 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 actual assumption for investment return.

**C. Amortization**

The net pension liability is amortized on a level percentage of payrolls over the amortization period then in effect in statutory and constitutional requirements. All other gains, losses, and changes are amortized over ten-year periods beginning on the date as of which they occur. 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:

	<u><b>PLD Plan</b></u>
Investment Rate of Return:	6.875% per annum, compounded annually
Inflation Rate	2.75%
Rates of Salary Increase	2.75% to 9.0%
Cost of Living Benefit:	2.20%

For Town employees, the mortality rate is based on the RP2014 Total Dataset Healthy Annuitant Mortality Table for males and females for both the SET Plan and PLD Plan. The actuarial assumptions used in the June 30, 2016 valuation were based on the Entry Age Normal actuarial funding method. Under this funding method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability rate.

**TOWN OF HAMPDEN  
GENERAL FUND  
STATEMENT OF ESTIMATED AND ACTUAL REVENUES  
FOR THE YEAR ENDED JUNE 30, 2017**

**Exhibit A-1  
Page 1 of 2**

	<i>Estimated</i>	<i>Actual</i>	<i>Over (Under) Budget</i>
Taxes			
Property	11,430,799	11,410,688	(20,111)
Auto Excise	1,780,000	2,014,933	234,933
Boat Excise	10,000	11,477	1,477
Lien Interest and Fees	23,500	19,801	(3,699)
Interest on Taxes	11,000	11,512	512
	<u>13,255,299</u>	<u>13,468,411</u>	<u>213,112</u>
Intergovernmental Revenues			
General Assistance	3,000	2,932	(68)
Tree Growth	3,400	4,015	615
Veterans Reimbursement	6,700	6,502	(198)
Homestead Reimbursement	247,857	247,857	-
Business Equipment Tax Reimbursement	80,321	80,405	84
State Road Assistance	65,316	65,316	-
DEA/School Reimb.	160,000	161,411	1,411
Highway Safety Grant	3,360	3,360	-
Snowmobile Reimbursement	2,654	1,178	(1,476)
	<u>572,608</u>	<u>572,976</u>	<u>368</u>
Departmental Revenues			
Ambulance Service	200,000	210,737	10,737
Police	2,500	1,126	(1,374)
Fire	2,000	1,231	(769)
Solid Waste Recycling	4,500	8,107	3,607
Transfer Station	31,795	32,825	1,030
Sewer	60,000	60,769	769
Plumbing Fees	8,500	8,188	(312)
Re-Registration Fees	20,500	25,706	5,206
Town Clerk Fees	14,500	13,086	(1,414)
Public Works/Cemetery Fees	6,100	7,432	1,332
Code Officer	20,500	18,160	(2,340)
Library	6,500	7,119	619
Animal Control	3,000	3,000	-
Planning/Zoning Fees	2,500	23,033	20,533
	<u>382,895</u>	<u>420,519</u>	<u>37,624</u>

**TOWN OF HAMPDEN  
GENERAL FUND  
STATEMENT OF ESTIMATED AND ACTUAL REVENUES  
FOR THE YEAR ENDED JUNE 30, 2017**

**Exhibit A-1  
Page 2 of 2**

	<i>Estimated</i>	<i>Actual</i>	<i>Over (Under) Budget</i>
Other Local Sources			
Interest on Investments	10,000	9,916	(84)
Fair Value Increases (Decreases)		26,742	26,742
Cable TV Franchise	39,000	33,644	(5,356)
Sale of Cemetery Lots	2,500	3,163	663
Rental Income	2,000	2,000	-
Fees and Permits	1,000	78	(922)
Service Charges	13,540	9,116	(4,424)
PERC Revenue	65,000	48,737	(16,263)
401 Forfeiture Funds	6,192	6,082	(110)
Environmental Trust	120,000	129,992	9,992
All Other		8,264	8,264
	<u>259,232</u>	<u>277,734</u>	<u>18,502</u>
Operating Transfers In			
Municipal Revenue Sharing	377,135	377,135	-
Cemetery Reserve	5,000	5,000	-
	<u>382,135</u>	<u>382,135</u>	<u>-</u>
Total Revenues and Transfers	14,852,169	<u><b>15,121,775</b></u>	<u><b>269,606</b></u>
Beginning Fund Balance Used To Reduce Tax Commitment	<u>-</u>		
<b>Total</b>	<u><b>14,852,169</b></u>		

**TOWN OF HAMPDEN  
GENERAL FUND  
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES  
FOR THE YEAR ENDED JUNE 30, 2017**

**Exhibit A-2  
Page 1 of 2**

	<i>Encumbered From 6/30/16</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered To 6/30/18</i>	<i>Under Budget</i>
General Government					
Administration		598,062	598,517		(455)
GIS/IT		108,031	106,608		1,423
Communications		19,483	18,606	1,889	(1,012)
Town Council		29,717	31,468		(1,751)
Municipal Building		95,561	99,326		(3,765)
Tax Collector		7,350	7,522		(172)
Elections		9,514	8,157		1,357
Planning/Assessing		274,164	278,850		(4,686)
Economic Development		2,250	1,267		983
	-	1,144,132	1,150,321	1,889	(8,078)
Public Safety					
Police Department		1,017,399	1,026,875		(9,476)
DARE Program	1,733				1,733
Fire Department		966,605	996,227		(29,622)
Public Safety		197,377	189,883		7,494
Non Department Utilities		544,095	549,827		(5,732)
	1,733	2,725,476	2,762,812	-	(35,603)
Public Works					
Public Works	52,491	1,367,867	1,068,767	171,811	179,780
Municipal Garage		34,090	37,440		(3,350)
Stormwater		123,430	117,857	5,240	333
	52,491	1,525,387	1,224,064	177,051	176,763
Solid Waste		360,028	405,079		(45,051)
Recreation and Culture					
Recreation		137,083	139,384		(2,301)
Dyer Library		250,008	251,818		(1,810)
Lura Hoit Pool		206,024	195,975		10,049
	-	593,115	587,177	-	5,938

**TOWN OF HAMPDEN**  
**GENERAL FUND**  
**STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

*Exhibit A-2*  
*Page 2 of 2*

	<i>Encumbered From 6/30/16</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered To 6/30/18</i>	<i>(Over) Under Budget</i>
The Bus		84,597	83,496		1,101
Buildings and Grounds		196,495	182,546		13,949
General Assistance		6,000	4,457		1,543
Debt Service		339,986	339,973		13
TIF		155,941	158,428		(2,487)
Assessments					
Regional School District		6,308,863	6,308,862		1
County Tax		792,558	792,558		-
Overlay		113,074	7,169		105,905
		<u>7,214,495</u>	<u>7,108,589</u>	-	<u>105,906</u>
Transfers To Other Funds					
Town Roads Reserve		4,498	4,498		-
Public Works Equipment Reserve		137,774	137,774		-
Municipal Building Reserve		20,000	20,000		-
Ambulance Reserve		77,245	77,245		-
Wage Study Reserve		40,000	40,000		-
Police Cruiser Reserve		34,000	34,000		-
Solid Waste Reserve		58,000	58,000		-
Recreation Area Reserve		80,000	80,000		-
Pool Facility Reserve		5,000	5,000		-
Fire Truck Reserve		50,000	50,000		-
		<u>506,517</u>	<u>506,517</u>		-
<b>Totals</b>	<b><u>54,224</u></b>	<b><u>14,852,169</u></b>	<b><u>14,513,459</u></b>	<b><u>178,940</u></b>	<b><u>213,994</u></b>

**TOWN OF HAMPDEN  
GENERAL FUND  
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

**Exhibit A-3**

Unassigned Fund Balance, July 1	1,015,082	
Unassigned Fund Balance, June 30	<u>1,498,682</u>	
<b>Increase (Decrease)</b>		<b><u><u>483,600</u></u></b>

***Analysis of Change***

Budget Summary		
Revenue Surplus (Exhibit A-1)	269,606	
Unexpended Balance of Appropriations and Operating Transfers (Exhibit A-2)	<u>213,994</u>	
Budget Surplus		483,600
Deductions		
Beginning Fund Balance Used To Reduce Tax Commitment		<u>-</u>
<b>Increase (Decrease)</b>		<b><u><u>483,600</u></u></b>

**\*Reconciliation Between General Unassigned Fund Balance  
and Exhibit C Unassigned Fund Balance:**

General Fund Unassigned Fund Balance - Exhibit A-3	1,498,682	
Host Community Benefit	<u>503,523</u>	
Total Unassigned Fund Balance Exhibit C		<b><u><u>2,002,205</u></u></b>

**TOWN OF HAMPDEN  
ALL GENERAL RESERVES  
BALANCE SHEET  
JUNE 30, 2017**

<i>Assets</i>	<i>Municipal Revenue Sharing</i>	<i>Town Reserves</i>	<i>Voting Machine</i>	<i>Recreation</i>	<i>Bronco Youth Football</i>
Cash and Equivalents		53,742			
Investments		16,508			
Due from Other Funds	155,344	52,000	18,492	341,209	11,028
<b>Total Assets</b>	<b>155,344</b>	<b>122,250</b>	<b>18,492</b>	<b>341,209</b>	<b>11,028</b>
 <i>Liabilities &amp; Fund Balances</i>					
Liabilities					
Due to Other Funds					
Total Liabilities	-	-	-	-	-
Fund Balances					
Restricted	155,344				
Committed		122,250	18,492	341,209	11,028
Unassigned					
Total Fund Balances	155,344	122,250	18,492	341,209	11,028
<b>Total Liabilities &amp; Fund Balances</b>	<b>155,344</b>	<b>122,250</b>	<b>18,492</b>	<b>341,209</b>	<b>11,028</b>

**TOWN OF HAMPDEN  
ALL GENERAL RESERVES  
BALANCE SHEET  
JUNE 30, 2017**

*Exhibit A-4  
Page 2 of 2*

<i>Assets</i>	<i>Bronco Travel Basketball</i>	<i>Bronco Little League</i>	<i>Host Community Benefit</i>	<i>Lura Hoit Enterprise</i>	<i>Lura Hoit Pool</i>	<i>Totals</i>
Cash and Equivalents					36,801	90,543
Investments					91,438	107,946
Due from Other Funds	15,655	23,420	503,523	100,452		1,221,123
<b>Total Assets</b>	<b>15,655</b>	<b>23,420</b>	<b>503,523</b>	<b>100,452</b>	<b>128,239</b>	<b>1,419,612</b>
 <i>Liabilities &amp; Fund Balances</i>						
Liabilities						
Due to Other Funds					27,737	27,737
Total Liabilities	-	-	-	-	27,737	27,737
Fund Balances						
Restricted						155,344
Committed	15,655	23,420		100,452	100,502	733,008
Unassigned			503,523			503,523
Total Fund Balances	15,655	23,420	503,523	100,452	100,502	1,391,875
<b>Total Liabilities &amp; Fund Balances</b>	<b>15,655</b>	<b>23,420</b>	<b>503,523</b>	<b>100,452</b>	<b>128,239</b>	<b>1,419,612</b>

**TOWN OF HAMPDEN**  
**ALL GENERAL RESERVES**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<i>Municipal Revenue Sharing</i>	<i>Town Reserves</i>	<i>Fire Training School</i>	<i>Voting Machine Recreation</i>	<i>Bronco Youth Football</i>
Revenues					
Intergovernmental Revenues	379,813				
Investment Income		779			
Fair Value Increases (Decreases)		(508)			
Other Local Sources		818		360,809	7,940
<b>Total Revenues</b>	<b>379,813</b>	<b>1,089</b>	<b>-</b>	<b>-</b>	<b>360,809</b>
Expenditures					
General Government		50,609			
Public Safety		37,697	4,061		
Public Works		1,523			
Recreation and Culture				244,265	7,384
<b>Total Expenditures</b>		<b>89,829</b>	<b>4,061</b>	<b>-</b>	<b>244,265</b>
Excess of Revenues Over (Under) Expenditures	379,813	(88,740)	(4,061)	-	116,544
Other Financing Sources (Uses)					
Transfers from Other Funds		74,000			
Transfers to Other Funds	(377,135)	(1,447)			
<b>Total Other Financing Sources (Uses)</b>	<b>(377,135)</b>	<b>72,553</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	2,678	(16,187)	(4,061)	-	116,544
Fund Balance - July 1	152,666	138,437	4,061	18,492	224,665
<b>Fund Balance - June 30</b>	<b>155,344</b>	<b>122,250</b>	<b>-</b>	<b>18,492</b>	<b>341,209</b>

**TOWN OF HAMPDEN**  
**ALL GENERAL RESERVES**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

*Exhibit A-5*  
*Page 2 of 2*

	<i>Bronco Travel Basketball</i>	<i>Bronco Little League</i>	<i>Host Community Benefit</i>	<i>Lura Hoit Enterprise</i>	<i>Lura Hoit Pool</i>	<i>Totals</i>
Revenues						
Intergovernmental Revenues						379,813
Investment Income					2,321	3,100
Fair Value Increases (Decreases)					1,927	1,419
Other Local Sources	31,581	44,932	289,154	163,605	15,810	914,649
<b>Total Revenues</b>	<b>31,581</b>	<b>44,932</b>	<b>289,154</b>	<b>163,605</b>	<b>20,058</b>	<b>1,298,981</b>
Expenditures						
General Government			1,161			51,770
Public Safety						41,758
Public Works			16,460			17,983
Recreation and Culture	34,001	21,512		121,606	332	429,100
<b>Total Expenditures</b>	<b>34,001</b>	<b>21,512</b>	<b>17,621</b>	<b>121,606</b>	<b>332</b>	<b>540,611</b>
Excess of Revenues Over (Under) Expenditures	(2,420)	23,420	271,533	41,999	19,726	758,370
Other Financing Sources (Uses)						
Transfers from Other Funds						74,000
Transfers to Other Funds						(378,582)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(304,582)</b>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	(2,420)	23,420	271,533	41,999	19,726	453,788
Fund Balance - July 1	18,075		231,990	58,453	80,776	938,087
<b>Fund Balance - June 30</b>	<b>15,655</b>	<b>23,420</b>	<b>503,523</b>	<b>100,452</b>	<b>100,502</b>	<b>1,391,875</b>

**TOWN OF HAMPDEN  
GENERAL RESERVE FUNDS  
SCHEDULE OF ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2017**

**Exhibit A-6**

<i>Reserve Fund</i>	<i>Balance July 1</i>	<i>Revenues</i>	<i>Interest</i>	<i>Increase (Decrease) In Fair Value</i>	<i>Transfers In</i>	<i>Expenditures</i>	<i>Transfers Out</i>	<i>Balance June 30</i>
Boat Fund/Public Safety	1,478		10	(6)				1,482
Buildings/Grounds	3,306		21	(14)				3,313
Contingency	618		4	(2)				620
Copier	243		1	(1)				243
DEP/EPA Garage Improvement	17,805		114	(74)				17,845
Economic Development	1,560		10	(7)				1,563
EMS/Vaccine	1,195		8	(5)				1,198
Fire Department Building	1,640		10	(7)				1,643
Fire Training	2,352		15	(10)				2,357
Fire Truck Refurbishing	20,973		126	(82)		(1,333)		19,684
Fire Visual Aid	58							58
GIS Mapping	22,397		97	(63)		(8,295)		14,136
Library Grant	259		1	(1)				259
Matching Grants	14,563	818	76	(49)		(1,523)	(1,447)	12,438
Planning Board Development	120		1	(1)				120
Planning Board	752		4	(3)				753
Planning and Commissions	5,265		34	(22)				5,277
Police Cruiser/Communication	23,326		131	(86)	34,000	(36,364)		21,007
Town Properties Survey	7,590		49	(32)				7,607
Town Records Restoration	2		1					3
Wage Study and Implementation	12,935		66	(43)	40,000	(42,314)		10,644
	<b>138,437</b>	<b>818</b>	<b>779</b>	<b>(508)</b>	<b>74,000</b>	<b>(89,829)</b>	<b>(1,447)</b>	<b>122,250</b>

**TOWN OF HAMPDEN**  
**ALL SPECIAL REVENUE FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2017**

*Exhibit B-1*  
*Page 1 of 2*

<i>Assets</i>	<i>Pool Donation</i>	<i>Public Safety Donation</i>	<i>Library Fund</i>	<i>Library Grant</i>	<i>Flag Project</i>	<i>Rescue Equipment</i>	<i>Children's Day Raffle</i>
Cash and Equivalents							
Due from Other Funds	285	2,014	4,557	12			240
<b>Total Assets</b>	<b>285</b>	<b>2,014</b>	<b>4,557</b>	<b>12</b>	-	-	<b>240</b>
 <i>Liabilities &amp; Fund Balances</i>							
<i>Liabilities</i>							
Due to Other Funds					580	67	
Total Liabilities	-	-	-	-	580	67	-
 <i>Fund Balances</i>							
Restricted	285	2,014	4,557	12			240
Unassigned					(580)	(67)	
Total Fund Balances	285	2,014	4,557	12	(580)	(67)	240
<b>Total Liabilities &amp; Fund Balances</b>	<b>285</b>	<b>2,014</b>	<b>4,557</b>	<b>12</b>	-	-	<b>240</b>

**TOWN OF HAMPDEN**  
**ALL SPECIAL REVENUE FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2017**

**Exhibit B-1**  
**Page 2 of 2**

<i>Assets</i>	<i>Lura Hoit Pool Scholarship</i>	<i>Maine Community Foundation</i>	<i>Wellness Fund</i>	<i>Pink Garden</i>	<i>Katahdin Trust Partnership</i>	<i>EVOC Equipment Grant</i>	<i>Maine Community Heritage Grant</i>	<i>Totals</i>
Cash and Equivalents	33,087							33,087
Due from Other Funds		12		431	96	3	129	7,779
<b>Total Assets</b>	<b>33,087</b>	<b>12</b>	<b>-</b>	<b>431</b>	<b>96</b>	<b>3</b>	<b>129</b>	<b>40,866</b>
 <i>Liabilities &amp; Fund Balances</i>								
Liabilities								
Due to Other Funds			321					968
Total Liabilities	-	-	321	-	-	-	-	968
Fund Balances								
Restricted	33,087	12		431	96	3	129	40,866
Unassigned			(321)					(968)
Total Fund Balances	33,087	12	(321)	431	96	3	129	39,898
<b>Total Liabilities &amp; Fund Balances</b>	<b>33,087</b>	<b>12</b>	<b>-</b>	<b>431</b>	<b>96</b>	<b>3</b>	<b>129</b>	<b>40,866</b>

**TOWN OF HAMPDEN**  
**ALL SPECIAL REVENUE FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Exhibit B-2**  
**Page 1 of 3**

	<i>Pool Donation</i>	<i>Public Safety Donation</i>	<i>Hampden Bus. Assoc. Fund</i>	<i>Scene Lights Grant</i>	<i>Trail Signs</i>	<i>Library Fund</i>	<i>Library Grant</i>
Revenues							
Intergovernmental Revenues							
Other Local Sources		50		2,318	1,000	12,527	1,000
<b>Total Revenues</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>2,318</b>	<b>1,000</b>	<b>12,527</b>	<b>1,000</b>
Expenditures							
General Government			1,065				
Public Safety				2,318			
Recreation and Culture					1,000	14,024	16,551
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>1,065</b>	<b>2,318</b>	<b>1,000</b>	<b>14,024</b>	<b>16,551</b>
Excess of Revenues Over (Under) Expenditures	-	50	(1,065)	-	-	(1,497)	(15,551)
Other Financing Sources (Uses)							
Transfers from Other Funds						4,000	
Transfers to Other Funds							
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,000</b>	<b>-</b>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	-	50	(1,065)	-	-	2,503	(15,551)
Fund Balance - July 1	285	1,964	1,065			2,054	15,563
<b>Fund Balance - June 30</b>	<b>285</b>	<b>2,014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,557</b>	<b>12</b>

**TOWN OF HAMPDEN**  
**ALL SPECIAL REVENUE FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Exhibit B-2**  
**Page 2 of 3**

	<i>Flag Project</i>	<i>Rescue Equipment</i>	<i>Children's Day Raffle</i>	<i>Turnout Gear Extractor</i>	<i>Lura Hoit Pool Scholarship</i>	<i>Maine Community Foundation</i>	<i>Wellness Fund</i>
<b>Revenues</b>							
Intergovernmental Revenues		1,447		16,378			
Other Local Sources			830		2,412	406	506
<b>Total Revenues</b>	<b>-</b>	<b>1,447</b>	<b>830</b>	<b>16,378</b>	<b>2,412</b>	<b>406</b>	<b>506</b>
<b>Expenditures</b>							
General Government							857
Public Safety		2,961		16,378			
Recreation and Culture			1,035		649	394	
<b>Total Expenditures</b>	<b>-</b>	<b>2,961</b>	<b>1,035</b>	<b>16,378</b>	<b>649</b>	<b>394</b>	<b>857</b>
Excess of Revenues Over (Under) Expenditures	-	(1,514)	(205)	-	1,763	12	(351)
<b>Other Financing Sources (Uses)</b>							
Transfers from Other Funds		1,447					
Transfers to Other Funds							
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>1,447</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	-	(67)	(205)	-	1,763	12	(351)
Fund Balance - July 1	(580)		445		31,324		30
<b>Fund Balance - June 30</b>	<b>(580)</b>	<b>(67)</b>	<b>240</b>	<b>-</b>	<b>33,087</b>	<b>12</b>	<b>(321)</b>

**TOWN OF HAMPDEN**  
**ALL SPECIAL REVENUE FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Exhibit B-2**  
**Page 3 of 3**

	<i>Pink Garden</i>	<i>Katahdin Trust Partnership</i>	<i>MRPA Tickets</i>	<i>EVOC Equipment Grant</i>	<i>Maine Community Heritage Grant</i>	<i>Totals</i>
Revenues						
Intergovernmental Revenues						17,825
Other Local Sources	73		8,019			29,141
<b>Total Revenues</b>	<b>73</b>	<b>-</b>	<b>8,019</b>	<b>-</b>	<b>-</b>	<b>46,966</b>
Expenditures						
General Government	87					2,009
Public Safety						21,657
Recreation and Culture			8,784			42,437
<b>Total Expenditures</b>	<b>87</b>	<b>-</b>	<b>8,784</b>	<b>-</b>	<b>-</b>	<b>66,103</b>
Excess of Revenues Over (Under) Expenditures	(14)	-	(765)	-	-	(19,137)
Other Financing Sources (Uses)						
Transfers from Other Funds						5,447
Transfers to Other Funds						-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,447</b>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	(14)	-	(765)	-	-	(13,690)
Fund Balance - July 1	445	96	765	3	129	53,588
<b>Fund Balance - June 30</b>	<b>431</b>	<b>96</b>	<b>-</b>	<b>3</b>	<b>129</b>	<b>39,898</b>

**TOWN OF HAMPDEN  
ALL CAPITAL PROJECTS FUNDS  
BALANCE SHEET  
JUNE 30, 2017**

*Exhibit C-1*

	<i>Mayo Road</i>	<i>Capital Improvement Program</i>	<i>Totals</i>
<i>Assets</i>			
Cash		350,974	350,974
Investments		84,506	84,506
Due from Other Funds	109,881	82,735	192,616
<b>Total Assets</b>	<b>109,881</b>	<b>518,215</b>	<b>628,096</b>
<i>Liabilities &amp; Fund Balances</i>			
<i>Liabilities</i>			
Accounts Payable		1,694	1,694
Due To Other funds			-
<b>Total Liabilities</b>	-	1,694	1,694
<i>Fund Balances</i>			
Committed	109,881	516,521	626,402
<b>Total Fund Balances</b>	<b>109,881</b>	<b>516,521</b>	<b>626,402</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>109,881</b>	<b>518,215</b>	<b>628,096</b>

**TOWN OF HAMPDEN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ALL CAPITAL PROJECT FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

*Exhibit C-2*

	<i>Mayo Road</i>	<i>Capital Improvement Program</i>	<i>Totals</i>
Revenues			
Investment Income		3,465	3,465
Fair Value Increases (Decreases)		(2,259)	(2,259)
Other Local Sources		4,698	4,698
<b>Total Revenues</b>	-	5,904	5,904
Expenditures			
Capital Outlay		283,188	283,188
<b>Total Expenditures</b>	-	283,188	283,188
Excess of Revenues Over Expenditures	-	(277,284)	(277,284)
Other Financing Sources (Uses)			
Transfers from Other Funds		432,517	432,517
Transfers to Other Funds		-	-
<b>Total Other Financing Uses</b>	-	432,517	432,517
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	-	155,233	155,233
Fund Balance - July 1	109,881	361,288	471,169
<b>Fund Balance - June 30</b>	<b>109,881</b>	<b>516,521</b>	<b>626,402</b>

**TOWN OF HAMPDEN  
CAPITAL IMPROVEMENT PROGRAM  
SCHEDULE OF ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2017**

*Exhibit C-3*

<i>Reserve Fund</i>	<i>Balance July 1</i>	<i>Revenues</i>	<i>Interest</i>	<i>Increase (Decrease) In Fair Value</i>	<i>Transfers In</i>	<i>Expenditures</i>	<i>Transfers Out</i>	<i>Balance June 30</i>
Ambulance	(47,636)		177	(115)	77,245			29,671
Bus	1,153		7	(4)				1,156
Cemetery	14,494	2,112	80	(52)		(6,405)		10,229
Communications	806		5	(3)				808
Computer	68,371	1,283	383	(250)		(12,290)		57,497
Equip. Replacement - Public Works	4,190	853	79	(52)	137,774	(129,281)		13,563
Fire Truck	87,274		812	(529)	50,000			137,557
Library	25,229		148	(97)		(1,462)		23,818
Marina	14,424		90	(58)		(477)		13,979
Municipal Building	15,586		150	(98)	20,000	(10,823)		24,815
Pool Facility	47,034		327	(213)	5,000			52,148
Recreation	51,981	450	(39)	25		(43,524)		8,893
Recreation Area			436	(284)	80,000	(15,215)		64,937
Solid Waste	18,608		412	(269)	58,000			76,751
Town Roads	59,774		398	(260)	4,498	(63,711)		699
	<b>361,288</b>	<b>4,698</b>	<b>3,465</b>	<b>(2,259)</b>	<b>432,517</b>	<b>(283,188)</b>	<b>-</b>	<b>516,521</b>

**TOWN OF HAMPDEN  
ALL PERMANENT FUNDS  
BALANCE SHEET  
JUNE 30, 2017**

**Exhibit D-1**

<i>Assets</i>	<i>Dyer Library</i>	<i>Cemetery</i>	<i>Diane Marshall Book Fund</i>	<i>Totals</i>
Cash and Equivalents	9,070	14,677	476	24,223
Investments	390,144	80,083		470,227
Due from Other Funds		50		50
<b>Total Assets</b>	<b>399,214</b>	<b>94,810</b>	<b>476</b>	<b>494,500</b>
 <i>Liabilities &amp; Fund Balances</i>				
Liabilities				
Due to Other Funds	1,648	5,000		6,648
Total Liabilities	1,648	5,000	-	6,648
Fund Balances				
Nonspendable	257,242	56,918	200	314,360
Assigned	140,324	32,892	276	173,492
Total Fund Balances	397,566	89,810	476	487,852
<b>Total Liabilities &amp; Fund Balances</b>	<b>399,214</b>	<b>94,810</b>	<b>476</b>	<b>494,500</b>

**TOWN OF HAMPDEN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ALL PERMANENT FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

*Exhibit D-2*

	<i>Dyer Library</i>	<i>Cemetery</i>	<i>Diane Marshall Book Fund</i>	<i>Totals</i>
Revenues				
Fair Value Increases (Decreases)	7,094	(1,701)		5,393
Investment Income	5,417	1,012		6,429
Other Local Sources				-
<b>Total Revenues</b>	<b>12,511</b>	<b>(689)</b>	<b>-</b>	<b>11,822</b>
Expenditures				
Cemetery Maintenance				-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues Over Expenditures	12,511	(689)	-	11,822
Other Financing Sources (Uses)				
Transfers to Other Funds	(4,000)	(5,000)		(9,000)
<b>Total Other Financing Uses</b>	<b>(4,000)</b>	<b>(5,000)</b>	<b>-</b>	<b>(9,000)</b>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	8,511	(5,689)	-	2,822
Fund Balance - July 1	389,055	95,499	476	485,030
<b>Fund Balance - June 30</b>	<b>397,566</b>	<b>89,810</b>	<b>476</b>	<b>487,852</b>