

2014

Town of Holden, Maine Independent Auditors' Report and Financial Statement June 30, 2014

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TOWN OF HOLDEN, MAINE

INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

JUNE 30, 2014

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Maine Municipal Audit Services, PA

Mindy J. Cyr, CPA

Independent Auditors' Report

To the Town Council
Town of Holden
Holden, Maine

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Town of Holden, Maine, as of and for the year ended June 30, 2014, 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 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 from material misstatement.

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Town of Holden, Maine, as of June 30, 2014, and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

The Town has not presented the Management's Discussion and Analysis that the accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

The budgetary comparison information on page 18 is required by accounting principles generally accepted in the United States of America. This 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. The budgetary comparison schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements.

Other Information

The other supplemental information section is the responsibility of management and the schedules were derived from and relate 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 to the basic financial statements. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maine Municipal Audit Services, PA

Levant, Maine
January 9, 2015

Town of Holden, Maine
Statement of Net Position
June 30, 2014

		<u>Total Governmental Activities</u>
ASSETS:		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 1,435,882.09	
Investments	718,252.50	
Accounts receivable	36,849.05	
Inventory	5,140.00	
Taxes receivable	5,682.14	
Tax liens receivable	143,931.67	
Tax acquired property	<u>4,081.76</u>	
<i>Total current assets</i>		\$ 2,349,819.21
<i>Non-current assets:</i>		
Capital assets, net of accumulated depreciation	<u>3,904,478.00</u>	
<i>Total non-current assets</i>		<u>3,904,478.00</u>
TOTAL ASSETS		<u>\$ 6,254,297.21</u>
LIABILITIES:		
<i>Current liabilities:</i>		
Accounts payable	\$ 52,524.98	
Accrued liabilities	2,699.72	
Accrued interest	9,155.49	
Current portion of long-term debt	<u>119,459.23</u>	
<i>Total current liabilities</i>		\$ 183,839.42
<i>Non-current liabilities:</i>		
<i>Non-current portion of long-term debt:</i>		
Bonds payable	927,498.75	
Accrued compensated absences	<u>32,650.70</u>	
<i>Total non-current liabilities</i>		<u>960,149.45</u>
TOTAL LIABILITIES		1,143,988.87
DEFERRED INFLOWS OF RESOURCES:		
Prepaid property taxes	<u>7,511.78</u>	
TOTAL DEFERRED INFLOWS OF RESOURCES		7,511.78
NET POSITION:		
Invested in capital assets, net of related debt	2,848,364.53	
Restricted	71,314.10	
Unrestricted	<u>2,183,117.93</u>	
TOTAL NET POSITION		<u>5,102,796.56</u>
TOTAL LIABILITIES AND NET POSITION		<u>\$ 6,254,297.21</u>

The accompanying notes are an integral part of this statement.

Town of Holden, Maine
Statement of Activities
For the Year Ended June 30, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
<i>Governmental activities:</i>						
General government	\$ 128,733.24	\$ 19,126.50	\$ -	\$ -	\$ (109,606.74)	\$ (109,606.74)
Administration	329,120.28	-	-	-	(329,120.28)	(329,120.28)
Public safety	752,473.71	-	-	-	(752,473.71)	(752,473.71)
Sanitation	136,686.47	-	-	-	(136,686.47)	(136,686.47)
Public works	390,118.26	-	37,168.00	-	(352,950.26)	(352,950.26)
Municipal building	2,574.49	-	-	-	(2,574.49)	(2,574.49)
Health and welfare	19,928.33	-	-	10,772.06	(9,156.27)	(9,156.27)
Education	2,664,187.56	-	-	-	(2,664,187.56)	(2,664,187.56)
County tax	337,731.75	-	-	-	(337,731.75)	(337,731.75)
Other	57,310.36	-	1,522.60	9,457.25	(46,330.51)	(46,330.51)
Interest on long-term debt	48,896.44	-	-	-	(48,896.44)	(48,896.44)
Depreciation	217,073.00	-	-	-	(217,073.00)	(217,073.00)
Total governmental activities	\$ 5,084,833.89	\$ 19,126.50	\$ 38,690.60	\$ 20,229.31	(5,006,787.48)	(5,006,787.48)

<i>General revenues:</i>		
Property taxes, levied for general purposes	4,343,455.15	4,343,455.15
Excise taxes	653,875.15	653,875.15
Interest and lien fees	16,979.83	16,979.83
Licenses and permits	43,783.20	43,783.20
<i>Grants and contributions not restricted to specific programs:</i>		
State revenue sharing	138,100.59	138,100.59
Other	79,413.92	79,413.92
Unrestricted investment earnings	4,558.96	4,558.96
Miscellaneous revenues	188,497.72	188,497.72
Total general revenues and transfers	5,468,664.52	5,468,664.52
<i>Changes in net position</i>	461,877.04	461,877.04
NET POSITION - BEGINNING	4,640,919.52	4,640,919.52
NET POSITION - ENDING	\$ 5,102,796.56	\$ 5,102,796.56

The accompanying notes are an integral part of this statement.

Town of Holden, Maine
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,435,882.09	\$ -	\$ 1,435,882.09
Investments	718,252.50	-	718,252.50
Accounts receivable	35,500.05	1,349.00	36,849.05
Due from other funds	1,349.00	66,174.10	67,523.10
Inventory	5,140.00	-	5,140.00
Tax acquired property	4,081.76	-	4,081.76
Taxes receivable, net	5,682.14	-	5,682.14
Tax liens receivable	143,931.67	-	143,931.67
TOTAL ASSETS	\$ 2,349,819.21	\$ 67,523.10	\$ 2,417,342.31
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts payable	\$ 52,524.98	\$ -	\$ 52,524.98
Due to other funds	66,174.10	1,349.00	67,523.10
Accrued liabilities	2,699.72	-	2,699.72
<i>Total liabilities</i>	<i>121,398.80</i>	<i>1,349.00</i>	<i>122,747.80</i>
<i>Deferred inflows of resources:</i>			
Prepaid property taxes	7,511.78	-	7,511.78
Deferred property tax revenue	119,690.00	-	119,690.00
<i>Total deferred inflows of resources</i>	<i>127,201.78</i>	<i>-</i>	<i>127,201.78</i>
<i>Fund balances:</i>			
Non-spendable	5,140.00	-	5,140.00
Restricted	-	66,174.10	66,174.10
Assigned	671,001.48	-	671,001.48
Unassigned	1,425,077.15	-	1,425,077.15
<i>Total fund balances</i>	<i>2,101,218.63</i>	<i>66,174.10</i>	<i>2,167,392.73</i>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,349,819.21	\$ 67,523.10	
<i>Amounts reported for governmental activities in the statement of net position (Stmt. 1) are different because</i>			
Depreciable and non-depreciable capital assets as reported in Stmt. 1			3,904,478.00
Long-term liabilities, including bonds payable, as reported on Stmt. 1			(1,046,957.98)
Accrued interest on long-term debt as reported on Statement 1			(9,155.49)
Accrued compensated absences			(32,650.70)
Deferred property taxes not reported on Stmt. 1			119,690.00
NET POSITION OF GOVERNMENTAL ACTIVITIES			\$ 5,102,796.56

The accompanying notes are an integral part of this statement

Town of Holden, Maine
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Property taxes	\$ 4,329,375.15	\$ -	\$ 4,329,375.15
Excise taxes	653,875.15	-	653,875.15
Intergovernmental revenue	266,977.17	9,457.25	276,434.42
Charges for services	19,126.50	-	19,126.50
Investment income	7,590.55	881.99	8,472.54
Interest and lien fees	16,979.83	-	16,979.83
Licenses and permits	43,783.20	-	43,783.20
Other revenue	188,497.72	-	188,497.72
<i>Total revenues</i>	5,526,205.27	10,339.24	5,536,544.51
EXPENDITURES:			
General government	135,316.60	-	135,316.60
Administration	329,120.28	-	329,120.28
Public safety	752,473.71	-	752,473.71
Sanitation	136,686.47	-	136,686.47
Public works	630,717.26	-	630,717.26
Municipal building	2,574.49	-	2,574.49
Health and welfare	19,928.33	-	19,928.33
Education	2,664,187.56	-	2,664,187.56
County tax	337,731.75	-	337,731.75
Debt service	172,074.78	-	172,074.78
Grant expenditures	-	10,217.25	10,217.25
Unclassified	602.50	-	602.50
Reserve accounts	150,036.61	-	150,036.61
<i>Total expenditures</i>	5,331,450.34	10,217.25	5,341,667.59
<i>Excess (deficiency) of revenues over expenditures</i>	194,754.93	121.99	194,876.92
OTHER FINANCING SOURCES (USES):			
Operating transfers in	7,460.00	2,160.00	9,620.00
Operating transfers (out)	(2,160.00)	(7,460.00)	(9,620.00)
Issuance of long-term debt	75,000.00	-	75,000.00
Unrealized gain (loss)	(3,913.58)	-	(3,913.58)
<i>Total other financing sources (uses)</i>	76,386.42	(5,300.00)	71,086.42
<i>Net change in fund balances</i>	271,141.35	(5,178.01)	265,963.34
FUND BALANCES - BEGINNING	1,830,077.28	71,352.11	1,901,429.39
FUND BALANCES - ENDING	\$ 2,101,218.63	\$ 66,174.10	\$ 2,167,392.73

The accompanying notes are an integral part of this statement.

Town of Holden, Maine
**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014**

Net change in fund balances - total governmental funds (Stmt. 4)		\$ 265,963.34
<p>Amounts reported for governmental activities in the Statement of Activities (Stmt. 2) are different due to the following items:</p>		
Depreciation expense recorded on Statement of Activities, yet not required to be recorded as expenditures on governmental funds		(217,073.00)
Capital outlays expensed on the Governmental Funds report (Stmt. 4), yet not considered an expense for the purposes of Statement of Activities (Stmt. 2)		344,145.00
Issuance of long-term debt recognized as revenue on the Governmental Funds report (Stmt. 4), yet not considered a revenue for the purposes of the Statement of Activities (Stmt. 2)		(75,000.00)
Revenues in the Statement of Activities (Stmt. 2) that do not provide current financial resources are not reported as revenues in the funds. More specifically, this amount represents the change in deferred property taxes.		14,080.00
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. More specifically, this represents the net amount of principal reduction in debt service made during the fiscal year.		123,276.39
Change in accrued compensated absences		6,583.36
Change in accrued interest expense		(98.05)
<hr/>		
Changes in net position of governmental activities (see Stmt. 2)		\$ 461,877.04

The accompanying notes are an integral part of this statement.

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Holden, Maine (the Town) was incorporated on April 13, 1852. The Town operates under a town council – town manager form of government and is incorporated under the laws of the State of Maine.

The accounting policies of the Town conform to U.S. generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*, and its amendments, established new financial reporting requirements for governments and caused the Town to restructure much of the information presented in the past. The more significant of the government’s accounting policies are described below.

In evaluating how to define the Town for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GASB Statement No. 14 *The Financial Reporting Entity* as amended by GASB Statement No. 39. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. Based on the criteria, it was determined that no other entities should be included in the Town’s financial statements.

B. Basis of Presentation

The Town’s basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

Government-Wide Financial Statements

The Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities and reports information on all of the non-fiduciary activities of the Town as a whole.

The Statement of Net Position reports all financial and capital resources of the Town and reports the difference between assets and liabilities, as “net position” not fund balance or equity. The Statement of Activities shows the degree to which the direct expenses of a given function or segment are offset by program revenue and reflects the “net (expense) revenue” of the Town’s individual functions before applying general revenues. The Town has elected not to allocate indirect costs among programs. Program revenues include 1) charges to customers for services and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

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. The focus of governmental and proprietary fund financial statements is on major funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being aggregated and displayed in a single column. The General Fund is always a major fund.

Because of the basis of accounting and reporting differences, summary reconciliations to the Government-wide financial statements are presented at the end of each applicable fund financial statement.

C. Measurement Focus and Basis of Accounting

Governmental Fund Types

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

Special Revenue Fund – Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for a specified purpose.

Permanent Fund – This fund is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs. A permanent fund would be used, for example, to account for the perpetual care endowment of a municipal cemetery.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is a conceptual description of the timing of the accounting measurements made.

The Government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, in accordance with GASB #34. Revenues are recorded when earned, 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 which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a general rule, the effect of interfund activity has been eliminated from the Government-wide financial statements.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis concept, revenues are recognized when they become measurable (estimable as to the net amount to be collected) and available as current assets. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

D. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for the general fund only. Annual operating budgets are adopted each fiscal year by the registered voters of the Town at their annual Town meeting. Budgets are established in accordance with generally accepted accounting principles. Budgetary control is exercised at the town council level. All unencumbered budget appropriations lapse at the end of the year unless specifically designated by the Town Council or required by law.

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses

Cash and Cash Equivalents

Cash and cash equivalents include currency on hand, demand deposits with financial institutions, and other accounts with an original maturity of three months or less when purchased. Investments are recorded at fair value.

Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town defines capital assets 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 costs or estimated historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20-40
Infrastructure	30-50
Machinery and Equipment	3-15

Net Position and Fund Balances

In the Government-wide financial statements, the difference between the Town's total assets and total liabilities represents net position. Net position displays three components – invested in capital assets, net of related debt; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net assets available for future operations.

In the Fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. These designations are categorized as follows:

Non-spendable – Funds that are not in spendable form, such as funds that are legally required to be maintained in tact (corpus of a permanent fund).

Restricted – Funds that are restricted for use by an external group, the federal government, or other governing documents.

Assigned – Funds intended to be used for specific purposes set by the Town Council.

Unassigned – Funds available for any purpose.

Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue arises when the Town receives resources before it has legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes for the current year were committed on August 1, 2013, on the assessed value listed as of April 1, 2013, for all real and personal property located in the Town. Payment of taxes was due on September 7, 2013 and March 2, 2014, with interest at 7% on all tax bills unpaid as of the due date.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$60,476.42 for the year ended June 30, 2014.

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

Risk Management

The Town pays insurance premiums to certain agencies to cover risks that may occur in normal operations. The Town purchases employee fidelity bond coverage. There have been no significant reductions in insurance coverage from the prior year. No settlements of claims have exceeded insurance coverage in the current year.

The Town is a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for worker compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the Fund for its workers compensation coverage. The Town’s agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will provide, through commercial companies reinsurance contracts, individual stop loss coverage for member Towns’ claims in excess of \$400,000, with an excess limit of \$2,000,000.

The Town is a member of the Maine Municipal Association – Property Casualty Pool (“Pool”). The Pool was created to obtain lower rates for its members. The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the Pool, coverage is provided, after the deductible is met, to \$200,000,000. Under the liability portion of the Pool, coverage is provided, after the deductible is met, to \$1,000,000.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used to determine depreciation expense. Actual results could differ from those estimates.

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

2. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk of deposits is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal policy with respect to custodial credit risk.

GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized or collateralized by securities held by the pledging financial institution's trust department but not in the Town's name. At June 30, 2014, cash deposits totaled \$1,459,924.15 and had a carrying value of \$1,435,882.09. Of the deposited amounts, \$250,000 per bank was protected by depository insurance with additional protection provided by securities held in the Town's name through the financial institution. Accordingly, the Town was not exposed to custodial credit risk at June 30, 2014.

Investments

The Town's investment policies follow state statutes. At June 30, 2014, the Town had invested funds of \$718,252.50, all of which were US Government Obligations through People's United Bank.

3. CAPITAL ASSETS

Governmental activities:	Balance 7/1/13	Additions	Deletions	Balance 6/30/14
Capital assets not being depreciated:				
Land	\$ 762,150.00	\$ -	\$ -	\$ 762,150.00
Capital assets being depreciated:				
Water lines	1,100,000.00	-	-	1,100,000.00
Buildings & improvements	1,021,269.00	5,965.00	-	1,027,234.00
Equipment	396,057.00	9,990.00	-	406,047.00
Vehicles	1,234,746.00	158,619.00	(107,798.00)	1,285,567.00
Roads & bridges	1,280,789.00	169,571.00	-	1,450,360.00
Total capital assets	5,795,011.00	344,145.00	(107,798.00)	6,031,358.00
Less accumulated depreciation				
Water lines	(206,557.00)	(14,667.00)	-	(221,224.00)
Buildings/impr.	(480,137.00)	(27,142.00)	-	(507,279.00)
Equipment	(186,943.00)	(40,527.00)	-	(227,470.00)
Vehicles	(890,165.00)	(76,723.00)	107,798.00	(859,090.00)
Roads & bridges	(253,803.00)	(58,014.00)	-	(311,817.00)
Total accumulated depreciation	(2,017,605.00)	(217,073.00)	-	(2,126,880.00)
Total capital assets, net	3,777,406.00	127,072.00	-	3,904,478.00
Governmental activities Capital assets, net	\$ 3,777,406.00	\$ 127,072.00	\$ -	\$ 3,904,478.00

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

3. CAPITAL ASSETS (CONTINUED)

Depreciation expense can be allocated to departments as follows:

Public safety	\$ 51,446.00
Public works	146,355.00
Town wide	4,605.00
Water lines	<u>14,667.00</u>
	<u>\$ 217,073.00</u>

4. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2014, was as follows:

Description	Balance 7/1/2013	Additions	(Reductions)	Balance 6/30/2014
Governmental activities:				
General obligation bonds payable:				
People's United Bank, 4.476% dated 7/21/03, payable annually qualified tax exempt obligation	\$ 33,065.39	\$ -	\$ (33,065.39)	\$ -
Bond issued 5/27/99, annual payments, varied interest 4.039%-5.289%	790,442.00	-	(32,462.00)	757,980.00
People's United Bank, 2.8%, dated 2010, due monthly until 2019	79,887.16	-	(11,211.67)	68,675.49
People's United Bank, 2.25%, dated 2/28/2012, due annually until 2016	191,839.82	-	(46,537.33)	145,302.49
People's United Bank, 1.68%, 3-year Dated 7/24/13, annually	-	75,000.00	-	75,000.00
Total	<u>\$ 1,095,234.37</u>	<u>\$ 75,000.00</u>	<u>\$ (123,276.39)</u>	<u>\$ 1,046,957.98</u>

The annual future principal payment requirement for bonds payable outstanding as of June 30, 2014, is as follows:

Year ending June 30,	Governmental Activities
2015	\$ 119,459.23
2016	123,838.57
2017	124,744.69
2018	55,491.00
2019	55,608.49
2020-2024	246,855.00
2025-2029	<u>320,961.00</u>
Total	<u>\$ 1,046,957.98</u>

**TOWN OF HOLDEN, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

5. PENDING LITIGATION

According to Town management, there are no matters that would result in adverse losses, claims, or assessments against the Town through the date of the audit report.

6. ASSIGNED BALANCES

The Town Council has the authority to assign amounts for specific future purposes. Approved assigned balances at June 30, 2014 consist of:

Account	Balance 7/1/2013	Total Revenue/ Receipts	Total Appropriations/Uses	Balance 6/30/2014
Fire department	\$ 43,272.23	\$ 40,746.97	\$ -	\$ 84,019.20
Revaluation	412.86	5.26	-	418.12
Admin equipment	5,303.42	1,574.77	-	6,878.19
Police equipment	50,743.78	12,305.02	(36,685.00)	26,363.80
Highway equipment	89,584.17	60,820.13	(48,310.26)	102,094.04
General equipment	75,184.59	946.57	(2,258.46)	73,872.70
Growth management	1,462.53	18.59	-	1,481.12
Municipal building	184,795.40	2,314.82	(6,975.00)	180,135.22
Municipal garage	38,632.30	490.89	-	39,123.19
Salt/sand storage	28,035.75	280.44	(5,965.00)	22,351.19
Conservation commission	4,017.54	51.05	-	4,068.59
Development park	99,645.12	1,266.14	-	100,911.26
Old town hall	2,600.89	4,518.25	-	7,119.14
Cemetery interest	3,302.00	41.96	-	3,343.96
Cemetery land	13,620.74	173.07	-	13,793.81
Open space	1,006.27	12.79	-	1,019.06
Holden veteran's memorial	3,368.05	640.84	-	4,008.89
Totals	<u>\$ 644,987.64</u>	<u>\$ 126,207.56</u>	<u>\$(100,193.72)</u>	<u>\$ 671,001.48</u>

7. EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2014, there were no expenditures that exceeded appropriations for the Town.

8. PERC JOINT VENTURE

The Town owns a minority interest in a joint venture managed by the Municipal Review Committee, Inc. (MRC). The assets of the joint venture include cash and future interests relating to the PERC plant in Orrington, Maine. The value of the Town's interest in the joint venture as of June 30, 2014, cannot be determined.

9. SUBSEQUENT EVENTS

Management has made an evaluation of subsequent events to and including the audit report date, which was the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

Town of Holden, Maine
General Fund
Budgetary Comparison Schedule
For the Year Ended June, 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 4,372,417.86	\$ 4,372,417.86	\$ 4,329,375.15	\$ (43,042.71)
Excise taxes	604,000.00	604,000.00	653,875.15	49,875.15
Intergovernmental revenue	250,338.56	250,338.56	266,977.17	16,638.61
Charges for services	17,450.00	17,450.00	19,126.50	1,676.50
Investment income	6,000.00	6,000.00	7,590.55	1,590.55
Interest and lien fees	18,000.00	18,000.00	16,979.83	(1,020.17)
Licenses and permits	17,650.00	17,650.00	43,783.20	26,133.20
Other revenues	165,850.00	165,850.00	188,497.72	22,647.72
<i>Total revenues</i>	5,451,706.42	5,451,706.42	5,526,205.27	74,498.85
EXPENDITURES:				
General government	184,690.00	184,690.00	135,316.60	49,373.40
Administration	334,070.00	334,070.00	329,120.28	4,949.72
Public safety	766,410.00	766,410.00	752,473.71	13,936.29
Sanitation	136,700.00	136,700.00	136,686.47	13.53
Public works	653,010.00	653,010.00	630,717.26	22,292.74
Municipal buildings	3,500.00	3,500.00	2,574.49	925.51
Health and welfare	23,230.00	23,230.00	19,928.33	3,301.67
Education	2,664,190.00	2,664,190.00	2,664,187.56	2.44
County tax	337,735.00	337,735.00	337,731.75	3.25
Debt service	172,095.00	172,095.00	172,074.78	20.22
Unclassified	1,600.00	1,600.00	602.50	997.50
Reserve accounts	114,000.00	758,987.64	150,036.61	608,951.03
<i>Total expenditures</i>	5,391,230.00	6,036,217.64	5,331,450.34	704,767.30
<i>Excess (deficiency) of revenues over (under) expenditures</i>	60,476.42	(584,511.22)	194,754.93	(630,268.45)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	7,460.00	7,460.00
Operating transfers (out)	-	-	(2,160.00)	(2,160.00)
Issuance of long-term debt	-	-	75,000.00	75,000.00
Unrealized gain (loss) on investments	-	-	(3,913.58)	(3,913.58)
<i>Total other financing sources</i>	-	-	76,386.42	76,386.42
<i>Net changes in fund balances</i>	60,476.42	(584,511.22)	271,141.35	(553,882.03)
FUND BALANCES - BEGINNING			1,830,077.28	
FUND BALANCES - ENDING			\$ 2,101,218.63	

Town of Holden, Maine
Combining Balance Sheet - All Other Non-Major Governmental Funds
June 30, 2014

	<i>Special Revenue Fund</i>	<i>Permanent Fund</i>	<i>Total Other Governmental Funds</i>
ASSETS:			
Grants receivable	\$ 1,349.00	\$ -	\$ 1,349.00
Interfund Receivables	-	66,174.10	66,174.10
TOTAL ASSETS	\$ 1,349.00	\$ 66,174.10	\$ 67,523.10
LIABILITIES AND FUND BALANCE:			
<i>Liabilities:</i>			
Interfund Payables	\$ 1,349.00	\$ -	\$ 1,349.00
<i>Total liabilities</i>	<u>1,349.00</u>	<u>-</u>	<u>1,349.00</u>
<i>Fund Balance:</i>			
Non-spendable	-	66,174.10	66,174.10
<i>Total fund balance</i>	<u>-</u>	<u>66,174.10</u>	<u>66,174.10</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,349.00	\$ 66,174.10	\$ 67,523.10

Town of Holden, Maine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
All Other Non-Major Governmental Funds
For the Year Ended June 30, 2014

	<i>Special Revenue Fund</i>	<i>Permanent Fund</i>	<i>Total Other Governmental Funds</i>
REVENUES:			
Intergovernmental	\$ 9,457.25	\$ -	\$ 9,457.25
Interest income	-	881.99	881.99
<i>Total revenues</i>	<u>9,457.25</u>	<u>881.99</u>	<u>10,339.24</u>
EXPENDITURES:			
Grant expenditures	10,217.25	-	10,217.25
<i>Total expenditures</i>	<u>10,217.25</u>	<u>-</u>	<u>10,217.25</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(760.00)</u>	<u>881.99</u>	<u>121.99</u>
OTHER FINANCING SOURCES (USES) OF FUNDS:			
Transfers in	\$ 760.00	\$ 1,400.00	\$ 2,160.00
Transfers (out)	-	(7,460.00)	(7,460.00)
<i>Total other financing sources (uses)</i>	<u>760.00</u>	<u>(6,060.00)</u>	<u>(5,300.00)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>-</u>	<u>(5,178.01)</u>	<u>(5,178.01)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>71,352.11</u>	<u>71,352.11</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 66,174.10</u>	<u>\$ 66,174.10</u>

Town of Holden, Maine
Schedule of Property Valuation, Assessment and Appropriations
For the Year Ended June 30, 2014

<i>Assessed Valuation:</i>	
Real estate valuation	\$ 277,794,387.00
Personal property valuation	<u>2,488,809.00</u>
Total valuation	<u>280,283,196.00</u>
<i>Tax Commitment:</i>	
Tax assessment at \$15.60 per thousand	<u>4,372,417.86</u>
<i>Reconciliation of Commitment with Appropriation:</i>	
Current year tax commitment, as above	4,372,417.86
Appropriated from fund balance	-
Estimated revenues	<u>1,079,288.56</u>
Appropriations per original budget	<u>5,451,706.42</u>
<i>Overlay</i>	<u>(60,476.42)</u>
TOTAL APPROPRIATIONS	<u>\$ 5,391,230.00</u>

Town of Holden, Maine
Schedule of Taxes and Tax Liens Receivable
June 30, 2014

Taxes receivable

2013	\$ 3,369.91	
2012	1,096.02	
2011	711.36	
2010	<u>504.85</u>	\$ 5,682.14

Tax liens receivable

2013	96,586.45	
2012	<u>47,345.22</u>	
		<u>143,931.67</u>

TOTAL TAXES AND TAX LIENS RECEIVABLE

\$ 149,613.81