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Audited Financial Statements
and Other Financial Information

Town of Sabattus, Maine

June 30, 2014



Proven Expertise and Integrity

TOWN OF SABATTUS, MAINE

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JUNE 30, 2014

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Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Sabattus
Sabattus, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Sabattus, 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 the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 includes examining, on a test basis, evidence supporting 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 assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Sabattus, Maine as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and budgetary comparison information on page 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sabattus, Maine's basic financial statements. The combining and individual non-major 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 non-major fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R.H.R. Smith & Company

Buxton, Maine
November 26, 2014

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

(UNAUDITED)

The following management's discussion and analysis of the Town of Sabattus, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Sabattus' basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have one column for the Town's one type of activity. The type of activity presented for the Town of Sabattus is:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, highways and bridges, health and sanitation, social services, recreation, education, and other unclassified.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Sabattus, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Sabattus are categorized as one fund type: governmental funds.

Governmental funds: All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

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

The Town of Sabattus presents only two columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Nonmajor Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund.

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position increased by \$392,886 from \$2.81 million to \$3.20 million.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a balance of \$2,052,072 at the end of this year.

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

	Governmental Activities	
	2014	2013
Assets		
Current Assets	\$ 2,290,383	\$ 2,198,619
Other Assets	4,701,400	5,128,800
Noncurrent Assets	2,579,922	2,430,471
Total Assets	<u>9,571,705</u>	<u>9,757,890</u>
Liabilities		
Current Liabilities	607,081	640,166
Long-term Debt Outstanding	5,750,235	6,294,604
Total Liabilities	<u>6,357,316</u>	<u>6,934,770</u>
Deferred Inflows of Resources		
Prepaid Taxes	9,656	11,273
Total Deferred Inflows of Resources	<u>9,656</u>	<u>11,273</u>
Net Position		
Net Investment in Capital Assets	1,089,231	806,566
Restricted	63,430	20,188
Unrestricted	2,052,072	1,985,093
Total Net Position	<u>\$ 3,204,733</u>	<u>\$ 2,811,847</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 0.39%, while total expenses increased by 4.61%. The increase in revenues was mostly due to the increase in taxes and decrease in grants and contributions. The increase in expenses was primarily due to an increase in education and public safety.

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

	<u>2014</u>	<u>2013</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 96,724	\$ 91,236
Operating grants and contributions	3,672	3,526
<i>General Revenues:</i>		
Taxes	5,525,391	4,980,521
Grants and contributions not restricted to specific programs	479,555	1,000,715
Investment income	3,613	3,837
Other income	69,201	74,278
Total Revenues	<u>6,178,156</u>	<u>6,154,113</u>
Expenses		
General government	865,694	899,301
Public safety	732,042	689,497
Highways and bridges	420,365	416,087
Health and sanitation	173,095	168,146
Recreation	3,639	3,727
Social services	3,650	3,650
Education	3,084,513	2,743,597
County tax	299,900	293,908
Capital improvements	33,181	14,259
Other expenses	18,129	121,696
Interest on long-term debt	60,775	86,398
Unallocated depreciation (Note 4)	90,287	90,285
Total expenses	<u>5,785,270</u>	<u>5,530,551</u>
Change in Net Position	392,886	623,562
Net Position - July 1	<u>2,811,847</u>	<u>2,188,285</u>
Net Position - June 30	<u>\$ 3,204,733</u>	<u>\$ 2,811,847</u>

Financial Analysis of the Town's Fund Statements

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

Table 3
Town of Sabattus, Maine
Fund Balances - Governmental Funds
June 30,

	2014	2013
Major Funds:		
General Fund:		
Nonspendable	\$ 42,859	\$ 60,869
Unassigned	849,335	858,217
Total Major Funds	\$ 892,194	\$ 919,086
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 51,049	\$ 7,828
Committed	64,026	55,895
Unassigned	(5,792)	(1,589)
Capital Project Funds:		
Committed	967,058	889,214
Permanent Funds:		
Restricted	12,381	12,360
Total Nonmajor Funds	\$ 1,088,722	\$ 963,708

The general fund total fund balance increased by \$72,377 from the prior fiscal year. The non-major fund balances increased by \$25,745 from the prior fiscal year.

Budgetary Highlights

There were no significant difference between the original budget and final budget for the general fund.

The general fund actual revenues exceeded the budget by \$221,265. This was mainly a result of an excess in excise taxes of \$145,374 plus other revenue in excess of budget by \$18,128.

The general fund actual expenditures were over budget by \$173,157. All expenditure categories were over budget with the exception of overlay. The majority of the overage resulted from road reconstruction and road bond debt.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2014, the net book value of capital assets recorded by the Town increased by \$149,451 from the prior year. Refer to Note 4 of Notes to Financial Statements for more detailed information.

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

	<u>2014</u>	<u>2013</u>
Land	\$ 117,491	\$ 117,491
Construction in progress	626,044	462,514
Buildings, building improvements and land improvements	1,198,203	1,259,439
Machinery and equipment	204,467	157,310
Infrastructure	433,717	433,717
Total	<u>\$ 2,579,922</u>	<u>\$ 2,430,471</u>

Debt

At June 30, 2014, the Town had \$6,166,400 in bonds outstanding versus \$6,712,702 last year. Other obligations include capital leases payable and accrued vacation and sick time. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town's unassigned fund balance has fallen below a level sufficient to sustain government operations for a period of approximately two months while also maintaining significant reserves for future operations, capital and program needs. The Town is working to rebuild this balance to a sufficient level.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Treasurer's Office at P.O. Box 190, Sabattus, Maine 04280.

TOWN OF SABATTUS, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,645,744
Investments	164,481
Accounts receivable (net of allowance for uncollectibles):	
Taxes/liens	387,337
Other	49,962
Inventory	16,899
Tax acquired property	25,960
Total current assets	<u>2,290,383</u>
Noncurrent assets:	
Receivable for long-term debt obligations from RSU No. 4	4,701,400
Capital assets:	
Land and other assets not being depreciated	743,535
Depreciable assets, net of accumulated depreciation	1,836,387
Total noncurrent assets	<u>7,281,322</u>
TOTAL ASSETS	<u><u>\$ 9,571,705</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ -
Accrued expenses	16,206
Planning board escrow	2,005
Current portion of long-term obligations	588,870
Total current liabilities	<u>607,081</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Capital leases payable	18,221
Bonds payable	5,585,000
Accrued compensated absences	147,014
Total noncurrent liabilities	<u>5,750,235</u>
Total liabilities	<u>6,357,316</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	9,656
Total deferred inflows of resources	<u>9,656</u>
NET POSITION	
Net investment in capital assets	1,089,231
Restricted	63,430
Unrestricted	2,052,072
Total net position	<u>3,204,733</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 9,571,705</u></u>

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

TOWN OF SABATTUS, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants & Contributions		Capital Grants & Contributions
				Governmental Activities	
Governmental activities:					
General government	\$ 865,694	\$ 54,221	\$ -	\$ -	\$ (811,473)
Public safety	732,042	3,118	-	-	(728,924)
Highways and bridges	420,365	2,224	-	-	(418,141)
Health and sanitation	173,095	37,161	-	-	(135,934)
Social services	3,639	-	1,647	-	(1,992)
Recreation	3,650	-	2,025	-	(1,625)
Education	299,900	-	-	-	(299,900)
County tax	3,084,513	-	-	-	(3,084,513)
Capital outlay	33,181	-	-	-	(33,181)
Other expenses	18,129	-	-	-	(18,129)
Interest on long-term debt	60,775	-	-	-	(60,775)
Unallocated depreciation (Note 4)	90,287	-	-	-	(90,287)
 Total government	 \$ 5,785,270	 \$ 96,724	 \$ 3,672	 \$ -	 (5,684,874)

STATEMENT B (CONTINUED)
TOWN OF SABATTUS, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(5,684,874)
General revenues:	
Taxes:	
Property taxes, levied for general purposes	4,804,929
Excise taxes	720,462
Grants and contributions not restricted to specific programs	479,555
Investment income	3,613
Other income	69,201
Total general revenues	6,077,760
Change in net position	392,886
Net position - July 1	2,811,847
Net position - June 30	\$ 3,204,733

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

TOWN OF SABATTUS, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,633,363	\$ 12,381	\$ 1,645,744
Investments	164,481	-	164,481
Accounts receivable (net of allowance for uncollectibles):			
Taxes	291,022	-	291,022
Liens	96,315	-	96,315
Other	49,962	-	49,962
Inventory	16,899	-	16,899
Tax acquired property	25,960	-	25,960
Due from other funds	5,792	1,082,133	1,087,925
TOTAL ASSETS	<u>\$ 2,283,794</u>	<u>\$ 1,094,514</u>	<u>\$ 3,378,308</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued expenses	16,206	-	16,206
Planning board escrow	2,005	-	2,005
Due to other funds	1,082,133	5,792	1,087,925
TOTAL LIABILITIES	<u>1,100,344</u>	<u>5,792</u>	<u>1,106,136</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	9,656	-	9,656
Deferred revenue	281,600	-	281,600
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>291,256</u>	<u>-</u>	<u>291,256</u>
FUND BALANCES			
Nonspendable	42,859	-	42,859
Restricted	-	63,430	63,430
Committed	-	1,031,084	1,031,084
Unassigned	849,335	(5,792)	843,543
TOTAL FUND BALANCES	<u>892,194</u>	<u>1,088,722</u>	<u>1,980,916</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,283,794</u>	<u>\$ 1,094,514</u>	<u>\$ 3,378,308</u>

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

TOWN OF SABATTUS, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 1,980,916
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	2,579,922
Long-term assets are not available in the current period and therefore are not reported as assets in the funds:	
Receivable for long-term debt obligations from RSU No. 4	4,701,400
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	281,600
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(6,166,400)
Capital lease payable	(25,691)
Accrued compensated absences	<u>(147,014)</u>
Net position of governmental activities	<u><u>\$ 3,204,733</u></u>

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

TOWN OF SABATTUS, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 4,748,329	\$ -	\$ 4,748,329
Excise taxes	720,462	-	720,462
Intergovernmental revenues:			
State revenue sharing	226,131	-	226,131
Homestead exemption	121,612	-	121,612
Grants/other	35,413	100,071	135,484
Charges for services	96,724	-	96,724
Investment income	3,592	21	3,613
Other revenue	67,977	1,224	69,201
TOTAL REVENUES	6,020,240	101,316	6,121,556
EXPENDITURES			
Current:			
General government	857,128	-	857,128
Public safety	718,222	-	718,222
Highways and bridges	412,564	-	412,564
Health and sanitation	171,929	-	171,929
Social services	3,639	-	3,639
Recreation	3,650	-	3,650
County tax	299,900	-	299,900
Education	3,084,513	-	3,084,513
Other	1,641	32,704	34,345
Overlay	18,129	-	18,129
Debt service	91,653	88,024	179,677
Capital improvements	-	239,738	239,738
TOTAL EXPENDITURES	5,662,968	360,466	6,023,434
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES)	357,272	(259,150)	98,122
OTHER FINANCING SOURCES (USES)			
Operating transfers in	91,653	475,817	567,470
Operating transfers (out)	(475,817)	(91,653)	(567,470)
TOTAL OTHER FINANCING SOURCES (USES)	(384,164)	384,164	-
NET CHANGE IN FUND BALANCES	(26,892)	125,014	98,122
FUND BALANCES - JULY 1	919,086	963,708	1,882,794
FUND BALANCES - JUNE 30	\$ 892,194	\$ 1,088,722	\$ 1,980,916

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

TOWN OF SABATTUS, 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 (Statement E)	<u>\$ 98,122</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental assets report depreciation expense to allocate those expenditures over the life of the assets.	
Capital asset purchases	239,738
Depreciation expense	<u>(90,287)</u>
	<u>149,451</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>56,600</u>
Payment of receivable for long-term debt obligations from RSU No. 4	<u>(427,400)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing long-term liabilities in the Statement of Net Position	<u>(790,000)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, reduces long-term liabilities in the Statement of Net Position	<u>1,350,614</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>(44,501)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 392,886</u></u>

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Sabattus was incorporated under the laws of the State of Maine. The Town operates under the selectmen-town manager form of government and provides the following services: general government services, public safety, highways and bridges, health and sanitation, social services, recreation, education, and other unclassified.

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

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

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all activities of the Town as governmental.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

The following fund types are used by the Town:

1. Governmental Funds:

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

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

TOWN OF SABATTUS, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- d. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

The emphasis in fund financial statements is on the major funds in governmental activities categories. Non-major funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

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

TOWN OF SABATTUS, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

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

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. The Town does not adopt budgets for Special Revenue Funds.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements
- Money market mutual funds

The Town of Sabattus has no formal investment policy but instead follows the State of Maine Statutes.

TOWN OF SABATTUS, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost. Under the consumption method, the costs of inventory items are recognized as expenditures when used. In the general fund, inventory consists of diesel fuel and gasoline.

Interfund Receivables and Payables

Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances". Interfund balances and transactions have been eliminated in the government-wide financial statements.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2014.

Capital Assets

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

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

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

TOWN OF SABATTUS, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

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

Long-term Obligations

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

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

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

The Town has long-term debt in its name that was incurred for school purposes. Although the assets were transferred to the new RSU, the Town still maintains this debt in its name. According to the new RSU agreement, the RSU will take over the payments of this debt. Hence, an offsetting receivable has been recorded in the amount of debt outstanding.

Compensated Absences

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2014, the Town's liability for compensated absences is \$147,014.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

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

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

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

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

unassigned fund balances are available, the Town considers amounts to have been spent first out of assigned funds, and then unassigned funds, as needed.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no deferred outflows of resources.

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 22, 2013 on the assessed value listed as of April 1, 2013, for all real and personal property located in the Town. Taxes were due on October 3, 2013 and March 3, 2014. Interest on unpaid taxes commenced on October 4, 2013 and March 4, 2014, at 7% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$70,404 for the year ended June 30, 2014.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Program Revenues

Program revenues include all directly related income items applicable to a particular program (grant income/expenses).

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - CASH AND INVESTMENTS

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

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2014, the Town's deposits amounting to \$1,645,744 were comprised of bank deposits of \$1,686,997. All of these deposits were fully covered by federal

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

depository insurance or were collateralized with securities held by the financial institution in the Town's name and therefore not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 100,000
Sweep account	1,583,266
Savings accounts	3,731
	<u>\$ 1,686,997</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. The Town's investment in certificates of deposits of \$164,481 was fully insured.

At June 30, 2014, the Town had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>< 1 Year</u>	<u>2-5 Years</u>
Certificates of deposit	<u>\$ 164,481</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,481</u>

Credit risk – Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds various insured certificates of deposit.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 – LONG-TERM RECEIVABLE

As of July 1, 2010, the Sabattus School Department became a member of Regional School Unit (RSU) No. 4. The RSU Plan requires that the RSU be responsible for payment of all school-related long-term debt on behalf of the Town. As of June 30, 2014, a long-term receivable has been recorded for \$4,701,400, which represents school-related general obligation bonds. The State of Maine Department of Education is responsible for paying approximately 100 percent of the debt service on general obligation bonds directly to the Maine Municipal Bond Bank.

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2014:

	Balance 7/1/13	Additions	Disposals	Balance 6/30/14
Governmental activities:				
Non-depreciated assets:				
Land	\$ 117,491	\$ -	\$ -	\$ 117,491
Construction in progress	462,514	163,530	-	626,044
	<u>580,005</u>	<u>163,530</u>	<u>-</u>	<u>743,535</u>
Depreciated assets:				
Land improvements	187,183	-	-	187,183
Buildings/improvements	1,698,852	-	-	1,698,852
Machinery & equipment	2,285,621	76,208	-	2,361,829
Infrastructure	433,717	-	-	433,717
	<u>4,605,373</u>	<u>76,208</u>	<u>-</u>	<u>4,681,581</u>
Less: accumulated depreciation	<u>(2,754,907)</u>	<u>(90,287)</u>	<u>-</u>	<u>(2,845,194)</u>
	<u>1,850,466</u>	<u>(14,079)</u>	<u>-</u>	<u>1,836,387</u>
Net capital assets	<u>\$ 2,430,471</u>	<u>\$ 149,451</u>	<u>\$ -</u>	<u>\$ 2,579,922</u>

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2014:

	Balance 7/1/13	Additions	Reductions	Balance 6/30/14	Current Portion
Bonds payable	\$ 6,712,702	\$ 790,000	\$ (1,336,302)	\$ 6,166,400	\$ 581,400
Capital leases payable	40,003	-	(14,312)	25,691	7,470
Accrued compensated absences	102,513	44,501	-	147,014	-
Totals	<u>\$ 6,855,218</u>	<u>\$ 834,501</u>	<u>\$ (1,350,614)</u>	<u>\$ 6,339,105</u>	<u>\$ 588,870</u>

The following is a summary of outstanding bonds payable:

\$750,000 Road Construction Bond with Camden National Bank. Interest rate of 2.14%, annual payments of \$75,000. Matures in September 2022.	\$ 675,000
\$790,000 Town office building Bond with Camden National Bank. Interest rate of 2.14%, annual payments of \$75,000. Matures in September 2022.	790,000
\$5,128,800 Elementary School Bond Payable 2005 Series B, interest rate of 3% to 7%, annual principal payments of \$427,400. Matures in October of 2024.	<u>4,701,400</u>
	<u>\$ 6,166,400</u>

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – LONG TERM DEBT (CONTINUED)

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

	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2015	\$ 581,400	\$ 215,142	\$ 796,542
2016	581,400	200,665	782,065
2017	581,400	179,225	760,625
2018	581,400	157,598	738,998
2019	581,400	134,645	716,045
2020-2024	2,832,000	350,765	3,182,765
2025-2029	427,400	6,256	433,656
	<u>\$ 6,166,400</u>	<u>\$ 1,244,296</u>	<u>\$ 6,977,040</u>

The following is a summary of outstanding capital leases payable:

Lease payable for a photocopier. The lease is for five years with annual payments of \$1,269. The effective interest rate is 2.91% per annum.

Lease payable for fire department extrication equipment. The lease is for five years with annual payments of \$6,201. The effective interest rate is 2.62% per annum.

The following is a summary of outstanding capital lease requirements for the following fiscal years ending June 30:

2015	\$ 7,470
2016	7,470
2017	6,201
2018	6,201
2019	-
Total minimum lease payment	<u>27,342</u>
Less amount representing interest	<u>(1,651)</u>
Present value of future minimum lease payments	<u>\$ 25,691</u>

TOWN OF SABATTUS, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2014, consisted of the following individual receivables and payables:

	Receivables (Due From)	Payables (Due To)
General fund	\$ 5,792	\$ 1,082,133
Special revenue funds	115,075	5,792
Capital project funds	967,058	-
	\$ 1,087,925	\$ 1,087,925

NOTE 7 – NONSPENDABLE FUND BALANCES

At June 30, 2014, the Town had the following nonspendable fund balances:

General fund:	
Inventory	\$ 16,899
Tax acquired property	25,960
	\$ 42,859

NOTE 8 – RESTRICTED FUND BALANCES

At June 30, 2014, the Town had the following restricted fund balances:

Nonmajor special revenue funds (See Schedule E)	\$ 51,049
Nonmajor permanent funds (See Schedule I)	12,381
	\$ 63,430

NOTE 9 – COMMITTED FUND BALANCES

At June 30, 2014, the Town had the following committed fund balances:

Nonmajor special revenue funds (See Schedule E)	\$ 64,026
Nonmajor capital project funds (See Schedule G)	967,058
	\$ 1,031,084

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 – DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION-RETIREMENT
CORPORATION

A. Plan Description

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

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Board of Selectmen. The Town will contribute 5% of normal compensation for the plan year, exclusive of overtime compensation for employees that participate in the Town's defined benefit plan. The employee's and the Town's matching contribution vests 100% with the employee when contributed. The Town's contributions to the plan including employee contributions for 2014, 2013 and 2012 were \$42,782, \$46,606, and \$52,531, respectively.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. Accordingly, the assets and related earnings on plan assets are not included in the financial statements of the Town.

NOTE 11 – DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

A. Plan Description

Town employees, who work at least 40 hours per week, contribute to the Participating Local Towns (PLDs) Consolidated Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Maine Public Employees Retirement System. The PLDs Consolidated Plan provides retirement, annual cost-of-living adjustments and disability and death benefits to plan members and beneficiaries. Title

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the PLD's Consolidated Plan Board of Trustees. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PLDs Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333 or by calling (800) 451-9800.

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the PLDs Consolidated Board of Trustees. The Town's employees are part of the PLD's plan "AC" and are required to contribute 6.5% of their annual salary. The Town is required to contribute 4.4% of the plan "AC" members' covered payroll annually to the system along with a predetermined initial unpooled unfunded actuarial liability (IUUAL) rate set by the system. The IUUAL can either be a monthly payment or credit, which is added to or subtracted from the employer's percentage of employees' covered payroll to determine the employers actual cost. The Town's required contributions to the PLDs Consolidated Plan including employee contributions for the years ended June 30, 2014, 2013, and 2012 were \$59,858, \$36,422, and \$38,414, respectively. The Town's contributions are equal to the required percentage of employees covered payroll less the Town's yearly IUUAL credit amount.

As of June 30, 2013, the Town had an unfunded actuarial accrued liability credit of \$291,049, computed using the actuarial method used for funding purposes. (The amount of the unfunded actuarial accrued liability credit as of June 30, 2014 is not currently available.) This credit is being used to reduce future contributions and is being amortized over an open 10 year period.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 12 – EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2014, the Town had overdrafts in the following line items:

Administration	\$ 17,790
Social security	2,558
Code enforcement officer	10,980
Street lights	592
Professional services	27,012
Bank fees	141
ME Pers	5,154
Police department	12,083
MMA dues	34
Road bond debt service	85,653
Road reconstruction	170,685
	<u>\$ 332,682</u>

The overdrafts were subsequently approved by the Board of Selectmen to be covered by fund balance as allowed by town charter.

NOTE 13 – OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2014, the Town's share was approximately:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
Regional School Unit No. 4	1,617,328	40.52%	\$ 655,341
			<u>\$ 655,341</u>

NOTE 14 – RISK MANAGEMENT

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 14 – RISK MANAGEMENT (CONTINUED)

The Town has its liability insurance through the Kyes Agency Inc. The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the policy, coverage is provided after the \$1,000 deductible is met, to \$4,377,412. Under the general liability portion of the policy, coverage is provided after the deductible is met, to \$1,000,000 per occurrence and \$3,000,000 in total. For the law enforcement liability, the coverage is \$1,000,000 per occurrence and in total with a \$2,500 deductible. For the public official liability, the coverage is \$1,000,000 per occurrence and \$3,000,000 in total with a \$2,500 deductible. Under the employment practices liability, the coverage is \$1,000,000 per occurrence and \$3,000,000 in total with a \$2,500 deductible.

NOTE 15 – CONTINGENCIES

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

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

NOTE 16 – DEFICIT FUND BALANCES

At June 30, 2014, the Town had the following deficit fund balances:

Police Grants	\$	3,549
Webster Mill		2,243
	\$	<u>5,792</u>

Required Supplementary Information

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

- Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual - General Fund

TOWN OF SABATTUS, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 919,086	\$ 919,086	\$ 919,086	\$ -
Resources (Inflows):				
Property taxes	4,789,909	4,789,909	4,748,329	(41,580)
Excise taxes	575,088	575,088	720,462	145,374
Intergovernmental:				
State revenue sharing	220,000	220,000	226,131	6,131
Homestead exemption	112,968	112,968	121,612	8,644
Other intergovernmental	31,804	31,804	35,413	3,609
Charges for services	79,810	79,810	96,724	16,914
Investment income	2,500	2,500	3,592	1,092
Other revenue	49,834	49,849	67,977	18,128
Transfers from other funds	28,700	28,700	91,653	62,953
Amounts Available for Appropriation	6,809,699	6,809,714	7,030,979	221,265
Charges to Appropriations (Outflows):				
General government	815,038	798,569	857,128	(58,559)
Public safety	721,832	707,355	718,222	(10,867)
Public works	474,227	412,564	412,564	-
Sanitation	177,248	171,929	171,929	-
General assistance	10,000	3,639	3,639	-
Recreation	3,650	3,650	3,650	-
Debt service	6,000	6,000	91,653	(85,653)
County tax	299,900	299,900	299,900	-
Education	3,084,513	3,084,513	3,084,513	-
Other	1,500	1,500	1,641	(141)
Overlay	70,404	70,404	18,129	52,275
Transfers to other funds	301,301	405,605	475,817	(70,212)
Total Charges to Appropriations	5,965,613	5,965,628	6,138,785	(173,157)
Budgetary Fund Balance, June 30	\$ 844,086	\$ 844,086	892,194	\$ 48,108
Utilization of unassigned fund balance	\$ 75,000	\$ 75,000	\$ -	\$ -
Differences - budget to GAAP:				
Add: RSU 4 debt payments			629,762	
Less: RSU 4 debt service			(629,762)	
			\$ 892,194	

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

Other Supplementary Information

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

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

TOWN OF SABATTUS, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 4,789,909	\$ 4,789,909	\$ 4,748,329	\$ (41,580)
Motor vehicle excise	570,588	570,588	715,942	145,354
Boat excise	4,500	4,500	4,520	20
Intergovernmental revenues:				
State revenue sharing	220,000	220,000	226,131	6,131
Homestead exemption	112,968	112,968	121,612	8,644
Snowmobile	1,500	1,500	2,025	525
Tree growth	7,500	7,500	7,816	316
General assistance	1,500	1,500	1,647	147
Veterans' reimbursement	3,000	3,000	5,532	2,532
Other state/federal funds	18,304	18,304	18,393	89
Charges for services:				
Town clerk fees	22,210	22,210	39,279	17,069
Code enforcement	19,000	19,000	14,942	(4,058)
Animal control	100	100	1,010	910
Planning board	3,500	3,500	2,224	(1,276)
Transfer station	35,000	35,000	37,161	2,161
Public works	-	-	2,108	2,108
Investment income:				
Regular investment income	2,500	2,500	3,592	1,092
Other revenues:				
Fees/interest on taxes	22,500	22,500	27,846	5,346
Insurance claims	-	-	7,160	7,160
Gain sale of fuel	2,000	2,000	2,308	308
MSRS refund	24,734	24,734	29,851	5,117
Miscellaneous	600	615	812	197
Operating transfers in	28,700	28,700	91,653	62,953
Amounts Available for Appropriation	<u>\$ 5,890,613</u>	<u>\$ 5,890,628</u>	<u>\$ 6,111,893</u>	<u>\$ 221,265</u>

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

TOWN OF SABATTUS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	End of Year Transfers	Final Budget	Expenditures	Variance Positive (Negative)
MUNICIPAL APPROPRIATIONS						
Administration	\$ 301,718	\$ -	\$ -	\$ 301,718	\$ 319,508	\$ (17,790)
Social security & medicare	75,201	-	-	75,201	77,759	(2,558)
Insurance	258,595	-	(14,984)	243,611	243,611	-
Planning board	3,600	-	-	3,600	2,113	1,487
Animal control officer	27,025	-	-	27,025	26,361	664
Code enforcement officer	22,829	-	-	22,829	33,809	(10,980)
International City Managers Assoc.	26,962	-	-	26,962	26,465	497
ME PERS	24,734	-	-	24,734	29,888	(5,154)
Police department	443,472	-	-	443,472	455,555	(12,083)
Fire department	139,890	-	(14,477)	125,413	125,413	-
EMS	7,000	-	-	7,000	5,922	1,078
Emergency management	2,620	-	-	2,620	2,354	266
Street lights	15,600	-	-	15,600	16,192	(592)
Public works	474,227	-	(61,663)	412,564	412,564	-
S.R.S.W.T.S.	177,248	-	(5,319)	171,929	171,929	-
Fire hydrants	60,000	-	-	60,000	60,000	-
Androscoggin Valley Council of Gov.	4,724	-	-	4,724	4,724	-
MMA dues	4,000	-	-	4,000	4,034	(34)
Observance of Memorial Day	1,600	-	-	1,600	563	1,037
Veterans Memorial Park	1,500	-	(1,500)	-	-	-
Annual valuation update	24,950	-	-	24,950	23,666	1,284
General assistance	10,000	-	(6,361)	3,639	3,639	-
Sabattus Lake Dam Commission	2,000	-	-	2,000	2,000	-
Sabattus Mountaineers Snowmobile	1,650	-	-	1,650	1,650	-
Professional services	37,000	-	-	37,000	64,012	(27,012)
Dispatch & E911/PSAP	53,250	-	-	53,250	52,786	464
MMA wellness grant program	600	15	-	615	615	-
Bank fees	1,500	-	-	1,500	1,641	(141)
Total	2,203,495	15	(104,304)	2,099,206	2,168,773	(69,567)

TOWN OF SABATTUS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	End of Year Transfers	Final Budget	Expenditures	Variance Positive (Negative)
CAPITAL BUDGET						
Debt service:						
Road bond debt service	6,000	-	-	6,000	91,653	(85,653)
Transfers to municipal capital:						
Municipal building mortgage	89,400	-	-	89,400	89,400	-
Road reconstruction	-	-	-	-	170,685	(170,685)
Cruiser replacement	48,253	-	-	48,253	-	48,253
Transfer station	31,200	-	-	31,200	30,000	1,200
Fire capital equipment	30,000	-	-	30,000	30,000	-
Fire air frame pack	5,000	-	-	5,000	5,000	-
Vehicle replacement	91,273	-	-	91,273	40,253	51,020
Cutter / spreader tool	6,175	-	-	6,175	6,175	-
Total	<u>307,301</u>	<u>-</u>	<u>-</u>	<u>307,301</u>	<u>463,166</u>	<u>(155,865)</u>
OTHER GOVERNMENTAL APPROPRIATIONS						
School appropriations	3,084,513	-	-	3,084,513	3,084,513	-
Sabattus county tax	299,900	-	-	299,900	299,900	-
Total	<u>3,384,413</u>	<u>-</u>	<u>-</u>	<u>3,384,413</u>	<u>3,384,413</u>	<u>-</u>
OVERLAY / ABATEMENTS	<u>70,404</u>	<u>-</u>	<u>-</u>	<u>70,404</u>	<u>18,129</u>	<u>52,275</u>

TOWN OF SABATTUS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	End of Year Transfers	Final Budget	Expenditures	Variance Positive (Negative)
YEAR END TRANSFERS						
Special revenue general assistance	-	-	6,361	6,361	6,361	-
Veterans Memorial Park	-	-	1,500	1,500	1,500	-
Health / PTO Reimbursement			14,984	14,984	14,984	-
Fire dept			14,477	14,477	14,477	-
Public works			61,663	61,663	61,663	-
S.R.S.W.T.S.	-	-	5,319	5,319	5,319	-
Total	-	-	104,304	104,304	104,304	-
 TOTAL EXPENDITURES	<u>\$ 5,965,613</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ 5,965,628</u>	<u>\$ 6,138,785</u>	<u>\$ (173,157)</u>

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

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 12,381	\$ 12,381
Due from other funds	115,075	967,058	-	1,082,133
TOTAL ASSETS	<u>\$ 115,075</u>	<u>\$ 967,058</u>	<u>\$ 12,381</u>	<u>\$ 1,094,514</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	5,792	-	-	5,792
TOTAL LIABILITIES	<u>5,792</u>	<u>-</u>	<u>-</u>	<u>5,792</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	51,049	-	12,381	63,430
Committed	64,026	967,058	-	1,031,084
Assigned	-	-	-	-
Unassigned	(5,792)	-	-	(5,792)
TOTAL FUND BALANCES	<u>109,283</u>	<u>967,058</u>	<u>12,381</u>	<u>1,088,722</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 115,075</u>	<u>\$ 967,058</u>	<u>\$ 12,381</u>	<u>\$ 1,094,514</u>

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

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 54,647	\$ 45,424	\$ -	\$ 100,071
Interest income	-	-	21	21
Other income	-	1,224	-	1,224
TOTAL REVENUES	<u>54,647</u>	<u>46,648</u>	<u>21</u>	<u>101,316</u>
EXPENDITURES				
Capital outlay	-	239,738	-	239,738
Debt service	-	88,024	-	88,024
Other	30,343	2,361	-	32,704
TOTAL EXPENDITURES	<u>30,343</u>	<u>330,123</u>	<u>-</u>	<u>360,466</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>24,304</u>	<u>(283,475)</u>	<u>21</u>	<u>(259,150)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	22,845	452,972	-	475,817
Operating transfers (out)	-	(91,653)	-	(91,653)
TOTAL OTHER FINANCING SOURCES (USES)	<u>22,845</u>	<u>361,319</u>	<u>-</u>	<u>384,164</u>
NET CHANGE IN FUND BALANCES	47,149	77,844	21	125,014
FUND BALANCES, JULY 1	<u>62,134</u>	<u>889,214</u>	<u>12,360</u>	<u>963,708</u>
FUND BALANCES, JUNE 30	<u>\$ 109,283</u>	<u>\$ 967,058</u>	<u>\$ 12,381</u>	<u>\$ 1,088,722</u>

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

Special Revenue Funds

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

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Police Training Reimbursement	Health / PTO Reimbursement Plan	Fire Grant	Police Grants	Comprehensive Plan	Surplus Bids	Veterans Memorial Park
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	30,000	47,550	912	-	16,527	2,503	1,450
TOTAL ASSETS	\$ 30,000	\$ 47,550	\$ 912	\$ -	\$ 16,527	\$ 2,503	\$ 1,450
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	3,549	-	-	-
TOTAL LIABILITIES	-	-	-	3,549	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	47,550	-	-	-	-	-
Committed	30,000	-	912	-	16,527	2,503	1,450
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	(3,549)	-	-	-
TOTAL FUND BALANCES	30,000	47,550	912	(3,549)	16,527	2,503	1,450
TOTAL LIABILITIES AND FUND BALANCES	\$ 30,000	\$ 47,550	\$ 912	\$ -	\$ 16,527	\$ 2,503	\$ 1,450

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2014

	Charter Commission	Webster Mill	Riley Road	Homeland Security 2010	General Assistance	Homeland Security 2012	Totals
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	1,422	-	2,077	-	12,634	-	115,075
TOTAL ASSETS	\$ 1,422	\$ -	\$ 2,077	\$ -	\$ 12,634	\$ -	\$ 115,075
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	2,243	-	-	-	-	5,792
TOTAL LIABILITIES	-	2,243	-	-	-	-	5,792
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	1,422	-	2,077	-	-	-	51,049
Committed	-	-	-	-	12,634	-	64,026
Assigned	-	-	-	-	-	-	-
Unassigned	-	(2,243)	-	-	-	-	(5,792)
TOTAL FUND BALANCES	1,422	(2,243)	2,077	-	12,634	-	109,283
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,422	\$ -	\$ 2,077	\$ -	\$ 12,634	\$ -	\$ 115,075

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

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Police Training Reimbursement	Health / PTO Reimbursement Plan	Fire Grant	Police Grants	Comprehensive Plan	Surplus Bids	Veterans Memorial Park
REVENUES							
Intergovernmental	\$ 30,000	\$ -	\$ 1,358	\$ 15,566	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	<u>30,000</u>	<u>-</u>	<u>1,358</u>	<u>15,566</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	-
Other	-	-	2,001	19,115	800	-	50
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>2,001</u>	<u>19,115</u>	<u>800</u>	<u>-</u>	<u>50</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>30,000</u>	<u>-</u>	<u>(643)</u>	<u>(3,549)</u>	<u>(800)</u>	<u>-</u>	<u>(50)</u>
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	14,984	-	-	-	-	1,500
Operating transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>14,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
NET CHANGE IN FUND BALANCES	30,000	14,984	(643)	(3,549)	(800)	-	1,450
FUND BALANCES, JULY 1	-	32,566	1,555	-	17,327	2,503	-
FUND BALANCES, JUNE 30	<u>\$ 30,000</u>	<u>\$ 47,550</u>	<u>\$ 912</u>	<u>\$ (3,549)</u>	<u>\$ 16,527</u>	<u>\$ 2,503</u>	<u>\$ 1,450</u>

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Charter Commission	Webster Mill	Riley Road	Homeland Security 2010	General Assistance	Homeland Security 2012	Totals
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ 2,170	\$ -	\$ 5,553	\$ 54,647
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	2,170	-	5,553	54,647
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	-
Other	-	654	-	2,170	-	5,553	30,343
TOTAL EXPENDITURES	-	654	-	2,170	-	5,553	30,343
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	(654)	-	-	-	-	24,304
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	6,361	-	22,845
Operating transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	6,361	-	22,845
NET CHANGE IN FUND BALANCES	-	(654)	-	-	6,361	-	47,149
FUND BALANCES, JULY 1	1,422	(1,589)	2,077	-	6,273	-	62,134
FUND BALANCES, JUNE 30	\$ 1,422	\$ (2,243)	\$ 2,077	\$ -	\$ 12,634	\$ -	\$ 109,283

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

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds. The projects also include significant purchases of vehicles and equipment, as well as the servicing of leases and bonds associated with those purchases. Projects are generally segregated by the related Town department managing the project.

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2014

	<u>Police Dept Equipment</u>	<u>Fire Dept Equipment</u>	<u>Public Works Equipment</u>	<u>Transfer Station Equipment</u>	<u>Municipal Office Equipment</u>	<u>Road Bond</u>	<u>Downtown Project</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	26,388	278,689	80,689	23,492	976	124,056	523
TOTAL ASSETS	<u>\$ 26,388</u>	<u>\$ 278,689</u>	<u>\$ 80,689</u>	<u>\$ 23,492</u>	<u>\$ 976</u>	<u>\$ 124,056</u>	<u>\$ 523</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	26,388	278,689	80,689	23,492	976	124,056	523
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>26,388</u>	<u>278,689</u>	<u>80,689</u>	<u>23,492</u>	<u>976</u>	<u>124,056</u>	<u>523</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 26,388</u>	<u>\$ 278,689</u>	<u>\$ 80,689</u>	<u>\$ 23,492</u>	<u>\$ 976</u>	<u>\$ 124,056</u>	<u>\$ 523</u>

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2014

	Transfer Station Facilities	Municipal Building Facilities	Public Works Facilities	Fire Department Facilities	Road Reconstruction Paving	Pleasant Hill Rd.	Totals
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	23,263	8,876	70,401	9,608	220,097	100,000	967,058
TOTAL ASSETS	\$ 23,263	\$ 8,876	\$ 70,401	\$ 9,608	\$ 220,097	\$ 100,000	\$ 967,058
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	23,263	8,876	70,401	9,608	220,097	100,000	967,058
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	23,263	8,876	70,401	9,608	220,097	100,000	967,058
TOTAL LIABILITIES AND FUND BALANCES	\$ 23,263	\$ 8,876	\$ 70,401	\$ 9,608	\$ 220,097	\$ 100,000	\$ 967,058

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

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Police Dept Equipment	Fire Dept Equipment	Public Works Equipment	Transfer Station Equipment	Municipal Office Equipment	Road Bond	Downtown Project
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	1,224	-	-	-	-	-	-
TOTAL REVENUES	1,224	-	-	-	-	-	-
EXPENDITURES							
Capital outlay	40,934	6,174	-	7,050	-	163,530	-
Debt service	-	-	-	-	-	-	-
Other	-	-	-	-	2,361	-	-
TOTAL EXPENDITURES	40,934	6,174	-	7,050	2,361	163,530	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(39,710)	(6,174)	-	(7,050)	(2,361)	(163,530)	-
OTHER FINANCING SOURCES (USES)							
Operating transfers in	47,492	41,175	36,832	2,660	-	-	-
Operating transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	47,492	41,175	36,832	2,660	-	-	-
NET CHANGE IN FUND BALANCES	7,782	35,001	36,832	(4,390)	(2,361)	(163,530)	-
FUND BALANCES, JULY 1	18,606	243,688	43,857	27,882	3,337	287,586	523
FUND BALANCES, JUNE 30	\$ 26,388	\$ 278,689	\$ 80,689	\$ 23,492	\$ 976	\$ 124,056	\$ 523

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Transfer Station Facilities	Municipal Building Facilities	Public Works Facilities	Fire Department Facilities	Road Reconstruction Paving	Pleasant Hill Rd.	Totals
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 45,424	\$ -	\$ 45,424
Other income	-	-	-	-	-	-	1,224
TOTAL REVENUES	-	-	-	-	45,424	-	46,648
EXPENDITURES							
Capital outlay	22,050	-	-	-	-	-	239,738
Debt service	-	88,024	-	-	-	-	88,024
Other	-	-	-	-	-	-	2,361
TOTAL EXPENDITURES	22,050	88,024	-	-	-	-	242,099
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(22,050)	(88,024)	-	-	45,424	-	(195,451)
OTHER FINANCING SOURCES (USES)							
Operating transfers in	26,659	89,400	30,831	7,238	170,685	-	452,972
Operating transfers (out)	-	-	-	-	(91,653)	-	(91,653)
TOTAL OTHER FINANCING SOURCES (USES)	26,659	89,400	30,831	7,238	79,032	-	361,319
NET CHANGE IN FUND BALANCES	4,609	1,376	30,831	7,238	124,456	-	165,868
FUND BALANCES, JULY 1	18,654	7,500	39,570	2,370	95,641	100,000	889,214
FUND BALANCES, JUNE 30	\$ 23,263	\$ 8,876	\$ 70,401	\$ 9,608	\$ 220,097	\$ 100,000	\$ 1,055,082

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

Permanent Funds

Permanent funds are used to account for assets held by the Town of Sabattus, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2014

	Cemetery Fund	Totals
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 12,381	\$ 12,381
Investments	-	-
TOTAL ASSETS	<u>\$ 12,381</u>	<u>\$ 12,381</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	12,381	12,381
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>12,381</u>	<u>12,381</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,381</u>	<u>\$ 12,381</u>

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

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Cemetery Fund	Totals
REVENUES		
Interest income	\$ -	\$ -
Other income	21	21
TOTAL REVENUES	<u>21</u>	<u>21</u>
EXPENSES		
Cemetery expenses	-	-
Scholarship / other	-	-
TOTAL EXPENSES	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER EXPENDITURES)	<u>21</u>	<u>21</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	-	-
Operating transfers (out)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	21	21
FUND BALANCES, JULY 1	<u>12,360</u>	<u>12,360</u>
FUND BALANCES, JUNE 30	<u>\$ 12,381</u>	<u>\$ 12,381</u>

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

General Capital Assets

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

TOWN OF SABATTUS, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2014

	Land, Non- Depreciable Infrastructure and Construction in Progress	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
Town-wide	\$ 743,535	\$ 1,886,035	\$ 2,361,829	\$ 433,717	\$ 5,425,116
Total General Capital Assets	743,535	1,886,035	2,361,829	433,717	5,425,116
Less: Accumulated Depreciation	-	(687,832)	(2,157,362)	-	(2,845,194)
Net General Capital Assets	<u>\$ 743,535</u>	<u>\$ 1,198,203</u>	<u>\$ 204,467</u>	<u>\$ 433,717</u>	<u>\$ 2,579,922</u>

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

TOWN OF SABATTUS, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2014

	General Capital Assets 7/1/13	Additions	Deletions	General Capital Assets 6/30/14
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Town-wide	\$ 5,185,378	\$ 239,738	\$ -	\$ 5,425,116
Total General Capital Assets	5,185,378	239,738	-	5,425,116
Less: Accumulated Depreciation	<u>(2,754,907)</u>	<u>(90,287)</u>	<u>-</u>	<u>(2,845,194)</u>
Net General Capital Assets	<u>\$ 2,430,471</u>	<u>\$ 149,451</u>	<u>\$ -</u>	<u>\$ 2,579,922</u>

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