

Audited Financial Statements
and Other Financial Information

Town of Sabattus, Maine

June 30, 2013



Proven Expertise and Integrity

TOWN OF SABATTUS, MAINE

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JUNE 30, 2013

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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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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.

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, 2013, 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.

RHR Smith & Company

Buxton, Maine
February 28, 2014

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

(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, 2013. 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 \$623,562 from \$2.19 million to \$2.81 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 \$1,985,093 at the end of this year.

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

	Governmental Activities	
	2013	2012
Assets		
Current and Other Assets	\$ 2,198,619	\$ 1,522,491
Noncurrent Assets	7,559,271	7,118,328
Total Assets	9,757,890	8,640,819
Liabilities		
Current Liabilities	640,166	502,992
Long-term Debt Outstanding	6,294,604	5,943,472
Total Liabilities	6,934,770	6,446,464
Deferred Inflows of Resources		
Prepaid Taxes	11,273	6,070
Total Deferred Inflows of Resources	11,273	6,070
Net Position		
Invested in Noncurrent Assets, Net of Related Debt	806,566	703,935
Restricted	20,188	12,337
Unrestricted	1,985,093	1,472,013
Total Net Position	\$ 2,811,847	\$ 2,188,285

Revenues and Expenses

Revenues for the Town's governmental activities increased by 13.00%, while total expenses increased by 3.56%. Most revenue categories realized increases, while program revenues, investment and other income incurred minor declines. The increase in expenses was primarily due to an increase in general government.

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

	<u>2013</u>	<u>2012</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 91,236	\$ 118,914
Operating grants and contributions	3,526	61,334
<i>General Revenues:</i>		
Taxes	4,980,521	4,714,275
Grants and contributions not restricted to specific programs	1,000,715	433,701
Investment income	3,837	4,271
Other income	74,278	113,462
Total Revenues	<u>6,154,113</u>	<u>5,445,957</u>
Expenses		
General government	899,301	718,510
Public safety	689,497	669,794
Highways and bridges	416,087	425,232
Health and sanitation	168,146	186,996
Recreation	3,727	8,541
Social services	3,650	12,433
Education	2,743,597	2,648,813
County tax	293,908	280,694
Capital improvements	14,259	17,322
Other expenses	121,696	71,722
Interest on long-term debt	86,398	11,729
Unallocated depreciation (Note 4)	90,285	288,640
Total expenses	<u>5,530,551</u>	<u>5,340,426</u>
Change in Net Position	623,562	105,531
Net Position - July 1	<u>2,188,285</u>	<u>2,082,754</u>
Net Position - June 30	<u><u>\$ 2,811,847</u></u>	<u><u>\$ 2,188,285</u></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,

Major Funds:	<u>2013</u>	<u>2012</u>
General Fund:		
Nonspendable	\$ 60,869	\$ 107,517
Unassigned	<u>783,217</u>	<u>529,810</u>
Total Major Funds	<u><u>\$ 844,086</u></u>	<u><u>\$ 637,327</u></u>
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 7,828	\$ 2,555
Committed	55,895	141,245
Unassigned	(1,589)	(961)
Capital Project Funds:		
Committed	889,214	491,351
Permanent Funds:		
Restricted	<u>12,360</u>	<u>12,337</u>
Total Nonmajor Funds	<u><u>\$ 963,708</u></u>	<u><u>\$ 646,527</u></u>

The general fund total fund balance increased by \$281,759 over the prior fiscal year. The non-major fund balances increased by \$317,181 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 \$118,891. This was mainly a result of an excess in excise taxes of \$72,716 plus other revenue in excess of budget by \$19,873.

The general fund actual expenditures were under the budget by \$162,868. All expenditure categories were under budget with the exception of public safety and transfers to other funds.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2013, the net book value of capital assets recorded by the Town increased by \$868,343 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>2013</u>	<u>2012</u>
Land	\$ 117,491	\$ 117,491
Construction in progress	462,514	-
Buildings, building improvements and land improvements	1,259,439	1,320,675
Machinery and equipment	157,310	123,962
Infrastructure	<u>433,717</u>	<u>-</u>
Total	<u>\$ 2,430,471</u>	<u>\$ 1,562,128</u>

Debt

At June 30, 2013, the Town had \$6,712,702 in bonds outstanding versus \$6,394,720 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 has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately two months, while also maintaining significant reserve accounts for future capital and program needs.

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.

STATEMENT A

TOWN OF SABATTUS, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,616,156
Investments	172,225
Accounts receivable (net of allowance for uncollectibles):	
Taxes/liens	227,854
Other	121,515
Inventory	26,918
Tax acquired property	33,951
Total current assets	<u>2,198,619</u>
Noncurrent assets:	
Receivable for long-term debt obligations from RSU No. 4	5,128,800
Capital assets:	
Land and other assets not being depreciated	580,005
Depreciable assets, net of accumulated depreciation	1,850,466
Total noncurrent assets	<u>7,559,271</u>
TOTAL ASSETS	<u><u>\$ 9,757,890</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 75,538
Accrued expenses	2,009
Planning board escrow	2,005
Current portion of long-term obligations	560,614
Total current liabilities	<u>640,166</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Capital leases payable	25,691
Bonds payable	6,166,400
Accrued compensated absences	102,513
Total noncurrent liabilities	<u>6,294,604</u>
Total liabilities	<u>6,934,770</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	11,273
Total deferred inflows of resources	<u>11,273</u>
NET POSITION	
Invested in noncurrent assets, net of related debt	806,566
Restricted	20,188
Unrestricted	1,985,093
Total net position	<u>2,811,847</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 9,757,890</u></u>

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

STATEMENT B

TOWN OF SABATTUS, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for	Operating	Capital	Governmental
	Expenses	Services	Grants & Contributions	Grants & Contributions	Activities
Governmental activities:					
General government	\$ 899,301	\$ 50,010	\$ -	\$ -	\$ (849,291)
Public safety	689,497	3,921	-	-	(685,576)
Highways and bridges	416,087	71	-	-	(416,016)
Health and sanitation	168,146	37,234	-	-	(130,912)
Social services	3,727	-	1,798	-	(1,929)
Recreation	3,650	-	1,728	-	(1,922)
Education	2,743,597	-	-	-	(2,743,597)
County tax	293,908	-	-	-	(293,908)
Capital outlay	14,259	-	-	-	(14,259)
Other expenses	121,696	-	-	-	(121,696)
Interest on long-term debt	86,398	-	-	-	(86,398)
Unallocated depreciation (Note 4)	90,285	-	-	-	(90,285)
Total government	<u>\$ 5,530,551</u>	<u>\$ 91,236</u>	<u>\$ 3,526</u>	<u>\$ -</u>	<u>(5,435,789)</u>

STATEMENT B (CONTINUED)

TOWN OF SABATTUS, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(5,435,789)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	4,277,805
Excise taxes	702,716
Grants and contributions not restricted to specific programs	1,000,715
Investment income	3,837
Other income	<u>74,278</u>
Total general revenues	<u>6,059,351</u>
Change in net position	623,562
Net position - July 1	<u>2,188,285</u>
Net position - June 30	<u><u>\$ 2,811,847</u></u>

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

TOWN OF SABATTUS, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,612,446	\$ 3,710	\$ 1,616,156
Investments	163,575	8,650	172,225
Accounts receivable (net of allowance for uncollectibles):			
Taxes	835	-	835
Liens	227,019	-	227,019
Other	121,515	-	121,515
Inventory	26,918	-	26,918
Tax acquired property	33,951	-	33,951
Due from other funds	1,589	952,937	954,526
TOTAL ASSETS	<u>\$ 2,187,848</u>	<u>\$ 965,297</u>	<u>\$ 3,153,145</u>
LIABILITIES			
Accounts payable	\$ 75,538	\$ -	\$ 75,538
Accrued expenses	2,009	-	2,009
Planning board escrow	2,005	-	2,005
Due to other funds	952,937	1,589	954,526
TOTAL LIABILITIES	<u>1,032,489</u>	<u>1,589</u>	<u>1,034,078</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	11,273	-	11,273
Deferred revenue	225,000	-	225,000
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>236,273</u>	<u>-</u>	<u>236,273</u>
FUND BALANCES			
Nonspendable	60,869	-	60,869
Restricted	-	20,188	20,188
Committed	75,000	945,109	1,020,109
Assigned	-	-	-
Unassigned	783,217	(1,589)	781,628
TOTAL FUND BALANCES	<u>919,086</u>	<u>963,708</u>	<u>1,882,794</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,187,848</u>	<u>\$ 965,297</u>	<u>\$ 3,153,145</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, 2013

	Total Governmental Funds
Total Fund Balances	\$ 1,882,794
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	2,430,471
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	5,128,800
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	225,000
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(6,712,702)
Capital lease payable	(40,003)
Accrued compensated absences	(102,513)
Net position of governmental activities	<u>\$ 2,811,847</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, 2013

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 4,266,805	\$ -	\$ 4,266,805
Excise taxes	702,716	-	702,716
Intergovernmental revenues:			
State revenue sharing	337,784	-	337,784
Homestead exemption	103,830	-	103,830
Grants/other	35,119	527,508	562,627
Charges for services	91,236	-	91,236
Investment income	3,814	23	3,837
Other revenue	68,833	5,445	74,278
TOTAL REVENUES	<u>5,610,137</u>	<u>532,976</u>	<u>6,143,113</u>
EXPENDITURES			
Current:			
General government	810,292	-	810,292
Public safety	689,497	-	689,497
Highways and bridges	416,087	-	416,087
Health and sanitation	168,146	-	168,146
Social services	3,727	-	3,727
Recreation	3,650	-	3,650
County tax	293,908	-	293,908
Education	2,743,597	-	2,743,597
Other	22,936	98,760	121,696
Debt service	99,756	-	99,756
Capital improvements	-	972,887	972,887
TOTAL EXPENDITURES	<u>5,251,596</u>	<u>1,071,647</u>	<u>6,323,243</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES)	<u>358,541</u>	<u>(538,671)</u>	<u>(180,130)</u>
OTHER FINANCING SOURCES (USES)			
Debt proceeds	-	779,070	779,070
Operating transfers in	120,989	297,771	418,760
Operating transfers (out)	(197,771)	(220,989)	(418,760)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(76,782)</u>	<u>855,852</u>	<u>779,070</u>
NET CHANGE IN FUND BALANCES	281,759	317,181	598,940
FUND BALANCES - JULY 1, RESTATED	<u>637,327</u>	<u>646,527</u>	<u>1,283,854</u>
FUND BALANCES - JUNE 30	<u>\$ 919,086</u>	<u>\$ 963,708</u>	<u>\$ 1,882,794</u>

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, 2013

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 598,940</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	958,628
Capital asset dispositions	-
Depreciation expense	<u>(90,285)</u>
	<u>868,343</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>11,000</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>(779,070)</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>440,758</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>(89,009)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 623,562</u></u>

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 Statement No. 39.

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 function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2013

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, 2013

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. The Town is in the process of adopting a more detailed investment policy.

TOWN OF SABATTUS, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013.

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, 2013

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, 2013, the Town's liability for compensated absences is \$102,513.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013

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.

The Town is in the process of evaluating its current fund balance policies to ensure that these new classifications are supported. Included in the policies are guidelines for accumulating and maintaining an operating position in certain budgeted governmental funds such that annual expenditures shall not exceed annual resources, including fund balances. Other funds shall be fully self-supporting to the extent that the fund balance or retained earnings of each fund shall be zero or greater.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied July 17, 2012 on the assessed value listed as of April 1, 2012, for all real and personal property located in the Town. Taxes were due on September 4, 2012 and March 1, 2013. Interest on unpaid taxes commenced on September 5, 2012 and March 2, 2013, 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 \$162,017 for the year ended June 30, 2013.

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.

TOWN OF SABATTUS, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2013, the Town's deposits amounting to \$1,616,156 were comprised of bank deposits of \$1,755,003. All of these deposits were fully covered by federal 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	\$ 100,061
Sweep account	1,651,232
Savings accounts	<u>3,710</u>
	<u><u>\$ 1,755,003</u></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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

does not have a policy for custodial credit risk for investments. The Town's investment in certificates of deposits of \$172,225 was fully insured.

At June 30, 2013, the Town had the following investments:

Investment Type	Fair Value	N/A	< 1 Year	2-5 Years
Certificates of deposit	<u>\$ 172,225</u>	<u>\$ -</u>	<u>\$ 8,650</u>	<u>\$ 163,575</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.

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, 2013, a long-term receivable has been recorded for \$5,128,800, 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.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2013:

	Balance 7/1/12	Additions	Disposals	Balance 6/30/13
Governmental activities:				
Non-depreciated assets:				
Land	\$ 117,491	\$ -	\$ -	\$ 117,491
Construction in progress	-	462,514	-	462,514
	<u>117,491</u>	<u>462,514</u>	<u>-</u>	<u>580,005</u>
Depreciated assets:				
Land improvements	187,183	-	-	187,183
Buildings/improvements	1,698,852	-	-	1,698,852
Machinery & equipment	2,223,224	62,397	-	2,285,621
Infrastructure	-	433,717	-	433,717
	<u>4,109,259</u>	<u>496,114</u>	<u>-</u>	<u>4,605,373</u>
Less: accumulated depreciation	<u>(2,664,622)</u>	<u>(90,285)</u>	<u>-</u>	<u>(2,754,907)</u>
	<u>1,444,637</u>	<u>405,829</u>	<u>-</u>	<u>1,850,466</u>
Net capital assets	<u>\$ 1,562,128</u>	<u>\$ 868,343</u>	<u>\$ -</u>	<u>\$ 2,430,471</u>

NOTE 5 – LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2013:

	Balance 7/1/12	Additions	Reductions	Balance 6/30/13	Current Portion
Bonds payable	\$ 6,394,720	\$ 750,000	\$ (432,018)	\$ 6,712,702	\$ 546,302
Capital leases payable	19,673	29,070	(8,740)	40,003	14,312
Accrued compensated absences	13,504	89,009	-	102,513	-
Totals	<u>\$ 6,427,897</u>	<u>\$ 868,079</u>	<u>\$ (440,758)</u>	<u>\$ 6,855,218</u>	<u>\$ 560,614</u>

TOWN OF SABATTUS, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds payable:

Municipal Building USDA 2004 Bond Payable. Interest rate of 4.25% , annual payments of \$89,400. Matures in July of 2033.	\$ 833,902
Road Construction Bond with Camden National Bank. Interest rate of 2.14% , annual payments of \$75,000. Matures in September 2022.	750,000
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>5,128,800</u>
	<u><u>\$ 6,712,702</u></u>

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>
2014	\$ 546,302	\$ 263,910	\$ 810,212
2015	581,400	215,142	796,542
2016	581,400	200,665	782,065
2017	581,400	179,226	760,626
2018	581,400	157,598	738,998
2019-2023	2,907,000	469,216	3,376,216
2024-2028	933,800	34,253	968,053
	<u><u>\$ 6,712,702</u></u>	<u><u>\$ 1,520,010</u></u>	<u><u>\$ 7,264,659</u></u>

The following is a summary of outstanding capital leases payable:

Lease payable for a police cruiser. The lease is for three years with annual payments of \$7,768. The effective interest rate is 2.62% per annum.

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.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – LONG TERM DEBT (CONTINUED)

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:

2014	\$ 15,006
2015	7,668
2016	7,470
2017	6,201
2018	<u>6,201</u>
Total minimum lease payment	42,546
Less amount representing interest	<u>(2,543)</u>
Present value of future minimum lease payments	<u><u>\$ 40,003</u></u>

NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2013, consisted of the following individual receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General fund	\$ 1,589	\$ 952,937
Special revenue funds	63,723	1,589
Capital project funds	<u>889,214</u>	<u>-</u>
	<u><u>\$ 954,526</u></u>	<u><u>\$ 954,526</u></u>

NOTE 7 – NONSPENDABLE FUND BALANCES

At June 30, 2013, the Town had the following nonspendable fund balances:

General fund:	
Inventory	\$ 26,918
Tax acquired property	<u>33,951</u>
	<u><u>\$ 60,869</u></u>

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8 – RESTRICTED FUND BALANCES

At June 30, 2013, the Town had the following restricted fund balances:

Nonmajor special revenue funds (See Schedule E)	\$ 7,828
Nonmajor permanent funds (See Schedule I)	12,360
	<u>\$ 20,188</u>

NOTE 9 – COMMITTED FUND BALANCES

At June 30, 2013, the Town had the following committed fund balances:

General fund:	
Tax offset 2014 budget	\$ 75,000
Nonmajor special revenue funds (See Schedule E)	55,895
Nonmajor capital project funds (See Schedule G)	889,214
	<u>\$ 1,020,109</u>

NOTE 10 – UNASSIGNED FUND BALANCES

At June 30, 2013, the Town had the following unassigned fund balances:

General fund	\$ 783,217
Nonmajor special revenue funds (See Schedule E)	(1,589)
	<u>\$ 781,628</u>

NOTE 11 – 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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11 – DEFERRED COMPENSATION PLAN (CONTINUED)

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 2013, 2012 and 2011 were \$49,773, \$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 12 – 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 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.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 12 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2013, 2012, and 2011 were \$49,674, \$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, 2012, the Town had an unfunded actuarial accrued liability credit of \$286,636, computed using the actuarial method used for funding purposes. (The amount of the unfunded actuarial accrued liability credit as of June 30, 2013 is not currently available.) This credit is being used to reduce future contributions and is being amortized over an open 10 year period.

NOTE 13 – EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2013, the Town had overdrafts in the following line items:

Administration	\$ 1,314
Code enforcement officer	377
Police department	18,689
MMA dues	100
Year end transfers	139,271
	<u>\$ 159,751</u>

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

NOTE 14 – OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2013, the Town's share was approximately:

	Outstanding Debt	Town's Percentage	Total Share
County of Androscoggin	\$ -	3.27%	\$ -
Regional School Unit No. 4	70,000	48.04%	33,628
			<u>\$ 33,628</u>

NOTE 15 – 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, coverage for claims in excess of \$1,000,000.

The Town has its liability insurance through the Maine Municipal Association. The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the policy, coverage is provided after a \$1,000 per occurrence deductible is met; the current total property value is \$4,739,603. Under the general liability portion of the policy, the limit is \$400,000 per occurrence for causes of action pursuant to the Maine Tort Claims Act. Coverage is limited to those areas for which governmental immunity has been expressly waived and \$2,000,000 per occurrence for causes of action pursuant to federal law or state law for which immunity is not proved by the Maine Tort Claims Act. The same limit applies for Law Enforcement after a \$1,000 per occurrence deductible is met. For public official liability and employment practices liability, the coverage is \$2,000,000 per occurrence and \$4,000,000 aggregate with a \$2,500 deductible. No aggregate coverage cap applies under the general liability portion of the policy. Municipal vehicles are covered at market value at the time of incident, with fire apparatus covered at a pre-agreed-upon replacement value. Additionally, coverage of property values excludes other major assets such as roads.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 15 – RISK MANAGEMENT (CONTINUED)

Based on the coverage provided by the insurance purchased, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2013. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 16 – CONTINGENCIES

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

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

NOTE 17 – DEFICIT FUND BALANCE

At June 30, 2013, the Town had the following deficit fund balance:

Old Mill	<u>\$ 1,589</u>
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NOTE 18 – RESTATEMENT

As of July 1, 2012, the Town restated their beginning fund balances in the general fund as well as the non-major special revenue funds and capital project funds. This has no overall change to the financials as the numbers net but was done to breakout certain projects.

NOTE 19 – SUBSEQUENT EVENTS

On October 10, 2013, the Town refinanced the USDA note with Camden National Bank for the outstanding balance of \$790,000 for a ten year note with annual payments of \$79,000 at an interest rate of 2.49%.

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, 2013

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 637,327	\$ 637,327	\$ 637,327	\$ -
Resources (Inflows):				
Property taxes	4,269,480	4,269,480	4,266,805	(2,675)
Excise taxes	630,000	630,000	702,716	72,716
Intergovernmental:				
State revenue sharing	300,000	300,000	337,784	37,784
Homestead exemption	103,830	103,830	103,830	-
Other intergovernmental	39,326	39,326	35,119	(4,207)
Charges for services	97,150	97,150	91,236	(5,914)
Investment income	2,500	2,500	3,814	1,314
Other revenue	42,445	48,960	68,833	19,873
Transfers from other funds	120,989	120,989	120,989	-
Amounts Available for Appropriation	<u>6,243,047</u>	<u>6,249,562</u>	<u>6,368,453</u>	<u>118,891</u>
Charges to Appropriations (Outflows):				
General government	858,464	864,979	810,292	54,687
Public safety	676,759	676,759	689,497	(12,738)
Public works	495,227	495,227	416,087	79,140
Sanitation	184,698	184,698	168,146	16,552
General assistance	10,000	10,000	3,727	6,273
Recreation	3,650	3,650	3,650	-
Debt service	117,400	117,400	99,756	17,644
County tax	293,908	293,908	293,908	-
Education	2,743,597	2,743,597	2,743,597	-
Other	1,500	23,260	22,936	324
Overlay	162,017	140,257	-	140,257
Transfers to other funds	58,500	58,500	197,771	(139,271)
Total Charges to Appropriations	<u>5,605,720</u>	<u>5,612,235</u>	<u>5,449,367</u>	<u>162,868</u>
Budgetary Fund Balance, June 30	<u>\$ 637,327</u>	<u>\$ 637,327</u>	<u>919,086</u>	<u>\$ 281,759</u>
Differences - budget to GAAP:				
Add: RSU 4 debt payments			645,572	
Less: RSU 4 debt service			<u>(645,572)</u>	
			<u>\$ 919,086</u>	

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, 2013

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 4,269,480	\$ 4,269,480	\$ 4,266,805	\$ (2,675)
Motor vehicle excise	625,000	625,000	697,855	72,855
Boat excise	5,000	5,000	4,861	(139)
Intergovernmental revenues:				
State revenue sharing	300,000	300,000	337,784	37,784
Homestead exemption	103,830	103,830	103,830	-
Snowmobile	2,500	2,500	1,728	(772)
Tree growth	7,500	7,500	8,233	733
General assistance	7,500	7,500	1,798	(5,702)
Veterans' reimbursement	3,000	3,000	4,800	1,800
Other state/federal funds	18,826	18,826	18,560	(266)
Charges for services:				
Town clerk fees	22,300	22,300	28,668	6,368
Code enforcement	26,000	26,000	21,342	(4,658)
Animal control	1,600	1,600	3,901	2,301
Highways	-	-	71	71
Transfer station	45,000	45,000	37,234	(7,766)
Protection	2,250	2,250	20	(2,230)
Investment income:				
Regular investment income	2,500	2,500	3,814	1,314
Other revenues:				
Fees/interest on taxes	19,500	19,500	27,274	7,774
Insurance claims	1,500	1,500	11,341	9,841
Gain sale of fuel	2,500	2,500	2,369	(131)
MSRS refund	15,745	22,260	22,260	-
Miscellaneous	3,200	3,200	5,589	2,389
Operating transfers in	120,989	120,989	120,989	-
Amounts Available for				
Appropriation	<u>\$ 5,605,720</u>	<u>\$ 5,612,235</u>	<u>\$ 5,731,126</u>	<u>\$ 118,891</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, 2013

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
MUNICIPAL APPROPRIATIONS					
Administration	\$ 292,514	\$ -	\$ 292,514	\$ 293,828	\$ (1,314)
Social security & medicare	74,518	-	74,518	71,835	2,683
Insurance	290,497	-	290,497	257,931	32,566
Planning board	4,000	-	4,000	2,590	1,410
Animal control officer	29,660	-	29,660	28,958	702
Code enforcement officer	37,645	-	37,645	38,022	(377)
International City Managers Assoc.	38,255	-	38,255	29,152	9,103
ME PERS	15,745	6,515	22,260	22,260	-
Police department	420,609	-	420,609	439,298	(18,689)
Fire department	142,750	-	142,750	139,441	3,309
EMS	3,000	-	3,000	1,568	1,432
Emergency management	2,620	-	2,620	2,054	566
Street lights	15,600	-	15,600	14,956	644
Public works	495,227	-	495,227	416,087	79,140
S.R.S.W.T.S.	184,698	-	184,698	168,146	16,552
Fire hydrants	60,000	-	60,000	60,000	-
Androscoggin Valley Council of Gov.	4,580	-	4,580	4,579	1
MMA dues	3,900	-	3,900	4,000	(100)
Observance of Memorial Day	1,600	-	1,600	1,588	12
Annual valuation update	24,950	-	24,950	23,797	1,153
Abatements	-	21,760	21,760	21,760	-
General assistance	10,000	-	10,000	3,727	6,273
Sabattus Lake Dam Commission	2,000	-	2,000	2,000	-
Sabattus Mountaineers Snowmobile	1,650	-	1,650	1,650	-
Professional services	40,000	-	40,000	31,357	8,643
Dispatch & E911/PSAP	32,180	-	32,180	32,180	-
MMA wellness grant program	600	-	600	395	205
Bank fees	1,500	-	1,500	1,176	324
Total	2,230,298	28,275	2,258,573	2,114,335	144,238

TOWN OF SABATTUS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
CAPITAL BUDGET					
Debt service:					
Municipal building mortgage	89,400	-	89,400	89,400	-
Road bond debt service	20,000	-	20,000	2,356	17,644
Cruiser replacement lease	8,000	-	8,000	8,000	-
Transfers to municipal capital:					
Municipal parking lot	7,500	-	7,500	7,500	-
Cruiser replacement	8,000	-	8,000	8,000	-
Fire capital equipment truck repair	30,000	-	30,000	30,000	-
Fire air frame pack	5,000	-	5,000	5,000	-
Fire air cylinder	8,000	-	8,000	8,000	-
Total	175,900	-	175,900	158,256	17,644
OTHER GOVERNMENTAL APPROPRIATIONS					
School appropriations	2,743,597	-	2,743,597	2,743,597	-
Sabattus county tax	293,908	-	293,908	293,908	-
Total	3,037,505	-	3,037,505	3,037,505	-
OVERLAY	162,017	(21,760)	140,257	-	140,257

TOWN OF SABATTUS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
YEAR END TRANSFERS					
Special revenue health reimbursement	-	-	-	32,566	(32,566)
Special revenue general assistance	-	-	-	6,273	(6,273)
Fire department capital equipment	-	-	-	2,370	(2,370)
Public works capital equipment	-	-	-	39,570	(39,570)
Transfer station capital equipment	-	-	-	8,276	(8,276)
Fire department facilities	-	-	-	2,370	(2,370)
Public works facilities	-	-	-	39,570	(39,570)
Transfer station facilities	-	-	-	8,276	(8,276)
Total	-	-	-	139,271	(139,271)
TOTAL EXPENDITURES	<u>\$ 5,605,720</u>	<u>\$ 6,515</u>	<u>\$ 5,612,235</u>	<u>\$ 5,449,367</u>	<u>\$ 162,868</u>

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

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 3,710	\$ 3,710
Investments	-	-	8,650	8,650
Due from other funds	63,723	889,214	-	952,937
TOTAL ASSETS	<u>\$ 63,723</u>	<u>\$ 889,214</u>	<u>\$ 12,360</u>	<u>\$ 965,297</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	1,589	-	-	1,589
TOTAL LIABILITIES	<u>1,589</u>	<u>-</u>	<u>-</u>	<u>1,589</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	7,828	-	12,360	20,188
Committed	55,895	889,214	-	945,109
Assigned	-	-	-	-
Unassigned	(1,589)	-	-	(1,589)
TOTAL FUND BALANCES	<u>62,134</u>	<u>889,214</u>	<u>12,360</u>	<u>963,708</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 63,723</u>	<u>\$ 889,214</u>	<u>\$ 12,360</u>	<u>\$ 965,297</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, 2013

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 92,205	\$ 435,303	\$ -	\$ 527,508
Interest income	-	-	23	23
Other income	-	5,445	-	5,445
TOTAL REVENUES	92,205	440,748	23	532,976
EXPENDITURES				
Capital outlay	-	972,887	-	972,887
Other	98,760	-	-	98,760
TOTAL EXPENDITURES	98,760	972,887	-	1,071,647
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,555)	(532,139)	23	(538,671)
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	779,070	-	779,070
Operating transfers in	38,839	258,932	-	297,771
Operating transfers (out)	(112,989)	(108,000)	-	(220,989)
TOTAL OTHER FINANCING SOURCES (USES)	(74,150)	930,002	-	855,852
NET CHANGE IN FUND BALANCES	(80,705)	397,863	23	317,181
FUND BALANCES, JULY 1, RESTATED	142,839	491,351	12,337	646,527
FUND BALANCES, JUNE 30	\$ 62,134	\$ 889,214	\$ 12,360	\$ 963,708

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, 2013

	MMA Safety Grant	Old Mill	Stormwater	Fire Grant	Police Grant	Comprehensive Plan
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	1,555	-	17,327
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,555</u>	<u>\$ -</u>	<u>\$ 17,327</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	1,589	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>1,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	1,555	-	-
Committed	-	-	-	-	-	17,327
Assigned	-	-	-	-	-	-
Unassigned	-	(1,589)	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>(1,589)</u>	<u>-</u>	<u>1,555</u>	<u>-</u>	<u>17,327</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,555</u>	<u>\$ -</u>	<u>\$ 17,327</u>

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	Fire EMS Grant	Charter Commission	JAG Byrne Grant	Tax Rate Stabalization	Riley Road	Health Reimb Plan
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	1,422	-	-	2,077	32,566
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 1,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,077</u>	<u>\$ 32,566</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	1,422	-	-	2,077	32,566
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>1,422</u>	<u>-</u>	<u>-</u>	<u>2,077</u>	<u>32,566</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 1,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,077</u>	<u>\$ 32,566</u>

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	General Assistance	Homeland Security Grant 2011	Homeland Security Grant 2012	Homeland Security Grant 2010	Surplus Bids	Totals
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	6,273	-	-	-	2,503	63,723
TOTAL ASSETS	<u>\$ 6,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,503</u>	<u>\$ 63,723</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	1,589
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,589</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	6,273	-	-	-	-	7,828
Committed	-	-	-	-	2,503	55,895
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(1,589)
TOTAL FUND BALANCES	<u>6,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,503</u>	<u>62,134</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,503</u>	<u>\$ 63,723</u>

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

SCHEDULE F

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	MMA Safety Grant	Old Mill	Stormwater	Fire Grant	Police Grant	Comprehensive Plan
REVENUES						
Intergovernmental	\$ 3,700	\$ -	\$ -	\$ -	\$ 8,576	\$ -
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>3,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,576</u>	<u>-</u>
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	3,700	628	-	328	9,248	981
TOTAL EXPENDITURES	<u>3,700</u>	<u>628</u>	<u>-</u>	<u>328</u>	<u>9,248</u>	<u>981</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(628)</u>	<u>-</u>	<u>(328)</u>	<u>(672)</u>	<u>(981)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	(3,989)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(3,989)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	(628)	(3,989)	(328)	(672)	(981)
FUND BALANCES, JULY 1, RESTATED	<u>-</u>	<u>(961)</u>	<u>3,989</u>	<u>1,883</u>	<u>672</u>	<u>18,308</u>
FUND BALANCES, JUNE 30	<u>\$ -</u>	<u>\$ (1,589)</u>	<u>\$ -</u>	<u>\$ 1,555</u>	<u>\$ -</u>	<u>\$ 17,327</u>

SCHEDULE F (CONTINUED)

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Fire EMS Grant	Charter Commission	JAG Byrne Grant	Tax Rate Stabalization	Riley Road	Health Reimb Plan
REVENUES						
Intergovernmental	\$ 350	\$ -	\$ 778	\$ -	\$ 4,242	\$ -
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>350</u>	<u>-</u>	<u>778</u>	<u>-</u>	<u>4,242</u>	<u>-</u>
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	350	6,023	778	-	2,165	-
TOTAL EXPENDITURES	<u>350</u>	<u>6,023</u>	<u>778</u>	<u>-</u>	<u>2,165</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(6,023)</u>	<u>-</u>	<u>-</u>	<u>2,077</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	32,566
Operating transfers (out)	-	-	-	(109,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(109,000)</u>	<u>-</u>	<u>32,566</u>
NET CHANGE IN FUND BALANCES	-	(6,023)	-	(109,000)	2,077	32,566
FUND BALANCES, JULY 1, RESTATED	<u>-</u>	<u>7,445</u>	<u>-</u>	<u>109,000</u>	<u>-</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u>\$ -</u>	<u>\$ 1,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,077</u>	<u>\$ 32,566</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, 2013

	General Assistance	Homeland Security Grant 2011	Homeland Security Grant 2012	Homeland Security Grant 2010	Surplus Bids	Totals
REVENUES						
Intergovernmental	\$ -	\$ 48,920	\$ 3,809	\$ 21,830	\$ -	\$ 92,205
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	48,920	3,809	21,830	-	92,205
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	-	48,920	3,809	21,830	-	98,760
TOTAL EXPENDITURES	-	48,920	3,809	21,830	-	98,760
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	-	-	-	(6,555)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	6,273	-	-	-	-	38,839
Operating transfers (out)	-	-	-	-	-	(112,989)
TOTAL OTHER FINANCING SOURCES (USES)	6,273	-	-	-	-	(74,150)
NET CHANGE IN FUND BALANCES	6,273	-	-	-	-	(80,705)
FUND BALANCES, JULY 1, RESTATED	-	-	-	-	2,503	142,839
FUND BALANCES, JUNE 30	\$ 6,273	\$ -	\$ -	\$ -	\$ 2,503	\$ 62,134

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, 2013

	Transfer Station	Municipal Building	Road Reconstruction Paving	Pleasant Hill Rd.	Police Equipment	Fire Equipment	Public Works Equipment
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	18,654	7,500	95,641	100,000	18,606	243,688	43,857
TOTAL ASSETS	<u>\$ 18,654</u>	<u>\$ 7,500</u>	<u>\$ 95,641</u>	<u>\$ 100,000</u>	<u>\$ 18,606</u>	<u>\$ 243,688</u>	<u>\$ 43,857</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	18,654	7,500	95,641	100,000	18,606	243,688	43,857
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>18,654</u>	<u>7,500</u>	<u>95,641</u>	<u>100,000</u>	<u>18,606</u>	<u>243,688</u>	<u>43,857</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 18,654</u>	<u>\$ 7,500</u>	<u>\$ 95,641</u>	<u>\$ 100,000</u>	<u>\$ 18,606</u>	<u>\$ 243,688</u>	<u>\$ 43,857</u>

SCHEDULE G (CONTINUED)

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2013

	Transfer Station Equipment	Municipal Office Equipment	Downtown Project	Road Bond	Public Works Facilities	Fire Department Facilities	Totals
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	27,882	3,337	523	287,586	39,570	2,370	889,214
TOTAL ASSETS	<u>\$ 27,882</u>	<u>\$ 3,337</u>	<u>\$ 523</u>	<u>\$ 287,586</u>	<u>\$ 39,570</u>	<u>\$ 2,370</u>	<u>\$ 889,214</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	27,882	3,337	523	287,586	39,570	2,370	889,214
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>27,882</u>	<u>3,337</u>	<u>523</u>	<u>287,586</u>	<u>39,570</u>	<u>2,370</u>	<u>889,214</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 27,882</u>	<u>\$ 3,337</u>	<u>\$ 523</u>	<u>\$ 287,586</u>	<u>\$ 39,570</u>	<u>\$ 2,370</u>	<u>\$ 889,214</u>

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

SCHEDULE H

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Transfer Station	Municipal Building	Road Reconstruction Paving	Pleasant Hill Rd.	Police Equipment	Fire Equipment	Public Works Equipment
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 49,356	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	4,940	-	505
TOTAL REVENUES	-	-	49,356	-	4,940	-	505
EXPENDITURES							
Capital outlay	-	-	-	-	-	35,930	31,527
Other	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	35,930	31,527
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	49,356	-	4,940	(35,930)	(31,022)
OTHER FINANCING SOURCES (USES)							
Debt proceeds	-	-	-	-	-	29,070	-
Operating transfers in	8,276	7,500	-	100,000	8,000	45,370	39,570
Operating transfers (out)	-	-	(100,000)	-	(8,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	8,276	7,500	(100,000)	100,000	-	74,440	39,570
NET CHANGE IN FUND BALANCES	8,276	7,500	(50,644)	100,000	4,940	38,510	8,548
FUND BALANCES, JULY 1, RESTATED	10,378	-	146,285	-	13,666	205,178	35,309
FUND BALANCES, JUNE 30	\$ 18,654	\$ 7,500	\$ 95,641	\$ 100,000	\$ 18,606	\$ 243,688	\$ 43,857

SCHEDULE H (CONTINUED)

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Transfer Station Equipment	Municipal Office Equipment	Downtown Project	Road Bond	Public Works Facilities	Fire Department Facilities	Totals
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 385,947	\$ -	\$ -	\$ -	\$ 435,303
Other income	-	-	-	-	-	-	5,445
TOTAL REVENUES	-	-	385,947	-	-	-	440,748
EXPENDITURES							
Capital outlay	-	9,299	433,717	462,414	-	-	972,887
Other	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	9,299	433,717	462,414	-	-	972,887
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	(9,299)	(47,770)	(462,414)	-	-	(532,139)
OTHER FINANCING SOURCES (USES)							
Debt proceeds	-	-	-	750,000	-	-	779,070
Operating transfers in	8,276	-	-	-	39,570	2,370	258,932
Operating transfers (out)	-	-	-	-	-	-	(108,000)
TOTAL OTHER FINANCING SOURCES (USES)	8,276	-	-	750,000	39,570	2,370	930,002
NET CHANGE IN FUND BALANCES	8,276	(9,299)	(47,770)	287,586	39,570	2,370	397,863
FUND BALANCES, JULY 1, RESTATED	19,606	12,636	48,293	-	-	-	491,351
FUND BALANCES, JUNE 30	\$ 27,882	\$ 3,337	\$ 523	\$ 287,586	\$ 39,570	\$ 2,370	\$ 889,214

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, 2013

	Cemetery Fund	Totals
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 3,710	\$ 3,710
Investments	8,650	8,650
TOTAL ASSETS	<u>\$ 12,360</u>	<u>\$ 12,360</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
TOTAL LIABILITIES	<u> -</u>	<u> -</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	12,360	12,360
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>12,360</u>	<u>12,360</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,360</u>	<u>\$ 12,360</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, 2013

	Cemetery Fund	Totals
REVENUES		
Interest income	\$ 23	\$ 23
Other income	-	-
TOTAL REVENUES	<u>23</u>	<u>23</u>
EXPENSES		
Cemetery expenses	-	-
Scholarship / other	-	-
TOTAL EXPENSES	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER EXPENDITURES)	<u>23</u>	<u>23</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	23	23
FUND BALANCES, JULY 1	<u>12,337</u>	<u>12,337</u>
FUND BALANCES, JUNE 30	<u><u>\$ 12,360</u></u>	<u><u>\$ 12,360</u></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, 2013

	Land, Non- Depreciable Infrastructure and Construction in Progress	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
Town-wide	\$ 580,005	\$ 1,886,035	\$ 2,285,621	\$ 433,717	\$ 5,185,378
Total General Capital Assets	580,005	1,886,035	2,285,621	433,717	5,185,378
Less: Accumulated Depreciation	-	(626,596)	(2,128,311)	-	(2,754,907)
Net General Capital Assets	<u>\$ 580,005</u>	<u>\$ 1,259,439</u>	<u>\$ 157,310</u>	<u>\$ 433,717</u>	<u>\$ 2,430,471</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, 2013

	General Capital Assets 7/1/12	Additions	Deletions	General Capital Assets 6/30/13
Town-wide	<u>\$ 4,226,750</u>	<u>\$ 958,628</u>	<u>\$ -</u>	<u>\$ 5,185,378</u>
Total General Capital Assets	4,226,750	958,628	-	5,185,378
Less: Accumulated Depreciation	<u>(2,664,622)</u>	<u>(90,285)</u>	<u>-</u>	<u>(2,754,907)</u>
Net General Capital Assets	<u><u>\$ 1,562,128</u></u>	<u><u>\$ 868,343</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,430,471</u></u>

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