

Audited Financial Statements  
and Other Financial Information

Town of Sabattus, Maine

June 30, 2016



*Proven Expertise and Integrity*

TOWN OF SABATTUS, MAINE

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JUNE 30, 2016

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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, 2016, and the related notes to the financial statements, which collectively comprise the Town of Sabattus, Maine'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance 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, budgetary comparison information and pension information on pages 4 through 11 pages 45 through 48 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 Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues, Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues, Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues, Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2017, on our consideration of the Town of Sabattus, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Sabattus, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
April 19, 2017

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**(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, 2016. 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 pension schedules, 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). All of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, sanitation, general assistance, recreation, education, and 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 funds 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 funds balance sheet and the governmental funds 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 funds balance sheet and the governmental funds 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, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions and Notes to Required Supplementary Information.

### **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 \$884,434 from \$3,263,212 to \$4,147,646.

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 - decreased to a balance of \$2,015,139 at the end of this year.

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

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Current Assets	\$ 2,693,093	\$ 2,482,197
Other Assets	3,846,600	4,274,000
Capital Assets	3,206,312	2,550,623
Total Assets	<u>9,746,005</u>	<u>9,306,820</u>
<b>Deferred Outflows of Resources</b>		
Deferred Outflows Related to Pensions	178,022	73,140
Total Deferred Outflows of Resources	<u>178,022</u>	<u>73,140</u>
<b>Liabilities</b>		
Current Liabilities	778,272	770,164
Long-term Debt Outstanding	4,844,332	5,192,887
Total Liabilities	<u>5,622,604</u>	<u>5,963,051</u>
<b>Deferred Inflows of Resources</b>		
Prepaid Taxes	10,943	12,793
Deferred Inflows Related to Pensions	142,834	140,904
Total Deferred Inflows of Resources	<u>153,777</u>	<u>153,697</u>
<b>Net Position</b>		
Net Investment in Capital Assets	1,851,447	1,158,929
Restricted	281,060	65,958
Unrestricted	2,015,139	2,038,325
Total Net Position	<u>\$ 4,147,646</u>	<u>\$ 3,263,212</u>

### **Revenues and Expenses**

Revenues for the Town's governmental activities increased by 6.74%, while total expenses decreased by 2.16%. The increase in revenues was mostly due to grants and contributions not restricted to specific programs. The decrease in expenses was primarily due to a decrease in unclassified.

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

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 102,179	\$ 113,294
Operating grants and contributions	44,541	2,383
<i>General Revenues:</i>		
Taxes	6,204,463	6,033,121
Grants and contributions not restricted to specific programs	740,838	424,545
Investment income	3,803	3,164
Other income	92,946	158,584
Total Revenues	<u>7,188,770</u>	<u>6,735,091</u>
<b>Expenses</b>		
General government	959,474	854,462
Public safety	760,339	761,256
Public works	516,477	481,871
Sanitation	190,206	186,615
General assistance	1,386	2,000
Recreation	3,650	3,650
Education	3,346,074	3,418,624
County tax	307,449	299,402
Capital outlay	-	14,474
Overlay	4,229	-
Unclassified	96,536	309,964
Interest on long-term debt	32,773	25,695
Unallocated depreciation (Note 4)	85,743	85,743
Total Expenses	<u>6,304,336</u>	<u>6,443,756</u>
Change in Net Position	884,434	291,335
Net Position - July 1	<u>3,263,212</u>	<u>2,971,877</u>
Net Position - June 30	<u><u>\$ 4,147,646</u></u>	<u><u>\$ 3,263,212</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>2016</u>	<u>2015</u>
General Fund:		
Nonspendable	\$ 39,293	\$ 42,302
Assigned	127,005	2,005
Unassigned	1,340,811	948,902
Total Major Funds	<u>\$ 1,507,109</u>	<u>\$ 993,209</u>
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 268,642	\$ 53,560
Committed	53,229	46,632
Unassigned	(14,319)	(11,470)
Capital Projects Funds:		
Committed	605,348	1,137,861
Unassigned	(15,877)	(98,570)
Permanent Funds:		
Restricted	12,418	12,398
Total Nonmajor Funds	<u>\$ 909,441</u>	<u>\$ 1,140,411</u>

The general fund total fund balance increased by \$513,900 from the prior fiscal year. The nonmajor fund balances decreased by \$230,970 from the prior fiscal year.

### Budgetary Highlights

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

The general fund actual revenues exceeded the budget by \$181,193. This was a result of nearly all revenue categories being receipted in excess of the budgeted amounts.

The general fund actual expenditures were under budget by \$332,707. All expenditure categories were within or below budget with the exception of general assistance.

## **Capital Asset and Debt Administration**

### **Capital Assets**

As of June 30, 2016, the net book value of capital assets recorded by the Town increased by \$655,689 from the prior year. This increase was due to capital additions of \$790,265, less current year depreciation of \$134,576. Refer to Note 5 of Notes to Financial Statements for more detailed information.

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

	<u>2016</u>	<u>2015</u>
Land	\$ 117,491	\$ 117,491
Construction in progress	-	626,044
Buildings, building improvements and land improvements	1,075,730	1,136,966
Machinery, equipment and vehicles	770,584	265,728
Infrastructure	<u>1,242,507</u>	<u>404,394</u>
Total	<u>\$ 3,206,312</u>	<u>\$ 2,550,623</u>

### **Debt**

At June 30, 2016, the Town had \$5,003,600 in bonds outstanding versus \$5,585,000 last year. Other obligations include capital leases payable, accrued vacation and sick time and net pension liability. Refer to Note 6 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 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.

## TOWN OF SABATTUS, MAINE

## STATEMENT OF NET POSITION

JUNE 30, 2016

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,153,294
Investments	174,121
Accounts receivable (net of allowance for uncollectibles):	
Taxes/liens	290,663
Other	75
Due from other governments	35,647
Inventory	13,333
Tax acquired property	25,960
Total current assets	<u>2,693,093</u>
Noncurrent assets:	
Receivable for long-term debt obligations from RSU No. 4	3,846,600
Capital assets:	
Land and other assets not being depreciated	117,491
Depreciable assets, net of accumulated depreciation	<u>3,088,821</u>
Total noncurrent assets	<u>7,052,912</u>
TOTAL ASSETS	<u>9,746,005</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>178,022</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>178,022</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 9,924,027</u>
LIABILITIES	
Current liabilities:	
Accrued expenses	\$ 29,995
Planning board escrow	2,005
Current portion of long-term obligations	<u>746,272</u>
Total current liabilities	<u>778,272</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	4,422,200
Capital leases payable	143,496
Net pension liability	<u>278,636</u>
Total noncurrent liabilities	<u>4,844,332</u>
TOTAL LIABILITIES	<u>5,622,604</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	10,943
Deferred inflows related to pensions	<u>142,834</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>153,777</u>
NET POSITION	
Net investment in capital assets	1,851,447
Restricted	281,060
Unrestricted	<u>2,015,139</u>
TOTAL NET POSITION	<u>4,147,646</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 9,924,027</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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 959,474	\$ 50,857	\$ -	\$ -	\$ (908,617)
Public safety	760,339	18,336	-	-	(742,003)
Public works	516,477	237	42,032	-	(474,208)
Sanitation	190,206	32,749	-	-	(157,457)
General assistance	1,386	-	-	-	(1,386)
Recreation	3,650	-	2,509	-	(1,141)
Education	3,346,074	-	-	-	(3,346,074)
County tax	307,449	-	-	-	(307,449)
Overlay	4,229	-	-	-	(4,229)
Unclassified	96,536	-	-	-	(96,536)
Interest on long-term debt	32,773	-	-	-	(32,773)
Unallocated depreciation (Note 4)*	85,743	-	-	-	(85,743)
Total government	<u>\$ 6,304,336</u>	<u>\$ 102,179</u>	<u>\$ 44,541</u>	<u>\$ -</u>	<u>(6,157,616)</u>

\*This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)

TOWN OF SABATTUS, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(6,157,616)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	5,348,656
Excise taxes	855,807
Grants and contributions not restricted to specific programs	740,838
Investment income	3,803
Other income	<u>92,946</u>
Total general revenues	<u>7,042,050</u>
Change in net position	884,434
Net position - July 1	<u>3,263,212</u>
Net position - June 30	<u><u>\$ 4,147,646</u></u>

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

## TOWN OF SABATTUS, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,149,526	\$ 3,768	\$ 2,153,294
Investments	165,471	8,650	174,121
Accounts receivable (net of allowance for uncollectibles):			
Taxes	198,671	-	198,671
Liens	91,992	-	91,992
Other	75	-	75
Due from other governments	35,647	-	35,647
Inventory	13,333	-	13,333
Tax acquired property	25,960	-	25,960
Due from other funds	30,196	927,219	957,415
<b>TOTAL ASSETS</b>	<b>\$ 2,710,871</b>	<b>\$ 939,637</b>	<b>\$ 3,650,508</b>
<b>LIABILITIES</b>			
Accrued expenses	\$ 29,995	\$ -	\$ 29,995
Planning board escrow	2,005	-	2,005
Due to other funds	927,219	30,196	957,415
<b>TOTAL LIABILITIES</b>	<b>959,219</b>	<b>30,196</b>	<b>989,415</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	10,943	-	10,943
Deferred revenue	233,600	-	233,600
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>244,543</b>	<b>-</b>	<b>244,543</b>
<b>FUND BALANCES</b>			
Nonspendable	39,293	-	39,293
Restricted	-	281,060	281,060
Committed	-	658,577	658,577
Assigned	127,005	-	127,005
Unassigned	1,340,811	(30,196)	1,310,615
<b>TOTAL FUND BALANCES</b>	<b>1,507,109</b>	<b>909,441</b>	<b>2,416,550</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,710,871</b>	<b>\$ 939,637</b>	<b>\$ 3,650,508</b>

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, 2016

	Total Governmental Funds
Total Fund Balances	\$ 2,416,550
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	3,206,312
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	178,022
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	3,846,600
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	233,600
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(5,003,600)
Capital leases payable	(197,865)
Accrued compensated absences	(110,503)
Net pension liability	(278,636)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(142,834)
Net position of governmental activities	<u>\$ 4,147,646</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, 2016

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 5,396,656	\$ -	\$ 5,396,656
Excise taxes	855,807	-	855,807
Intergovernmental revenues:			
State revenue sharing	268,081	-	268,081
Homestead exemption	118,128	-	118,128
Grants/other	28,349	370,821	399,170
Charges for services	102,179	-	102,179
Investment income	3,783	20	3,803
Other revenue	88,974	3,972	92,946
TOTAL REVENUES	<u>6,861,957</u>	<u>374,813</u>	<u>7,236,770</u>
EXPENDITURES			
Current:			
General government	916,460	-	916,460
Public safety	743,116	-	743,116
Public works	487,777	-	487,777
Sanitation	187,296	-	187,296
General assistance	1,386	-	1,386
Recreation	3,650	-	3,650
County tax	307,449	-	307,449
Education	3,346,074	-	3,346,074
Unclassified	-	96,536	96,536
Overlay	4,229	-	4,229
Debt service			
Principal	-	213,017	213,017
Interest	-	32,773	32,773
Capital outlay	-	614,077	614,077
TOTAL EXPENDITURES	<u>5,997,437</u>	<u>956,403</u>	<u>6,953,840</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>864,520</u>	<u>(581,590)</u>	<u>282,930</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	47,497	488,637	536,134
Transfers (out)	(398,117)	(138,017)	(536,134)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(350,620)</u>	<u>350,620</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	513,900	(230,970)	282,930
FUND BALANCES - JULY 1	<u>993,209</u>	<u>1,140,411</u>	<u>2,133,620</u>
FUND BALANCES - JUNE 30	<u>\$ 1,507,109</u>	<u>\$ 909,441</u>	<u>\$ 2,416,550</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, 2016

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 282,930</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 activities report depreciation expense to allocate those expenditures over the life of the assets.	
Capital asset acquisitions	790,265
Depreciation expense	<u>(134,576)</u>
	<u>655,689</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>104,882</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>(48,000)</u>
Payment of receivable for long-term debt obligations from RSU No. 4	<u>(427,400)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>640,417</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	<u>(1,930)</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	-
Net pension liability	<u>(145,966)</u>
	<u>(145,966)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 884,434</u></u>

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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, public works, sanitation, general assistance, recreation, education, and 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 No. 61.

**Implementation of New Accounting Standards**

During the year ended June 30, 2016, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 72, "*Fair Value Measurement and Application*". The objective of the Statement is to expand comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will improve fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The objective of this Statement is to identify-in the

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 79, “*Certain External Investment Pools and Pool Participants*”. This Statement establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

This Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. Management has determined the impact of this Statement is not material to the financial statements.

**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 as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column, and (b) is 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 – net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.



TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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:

**Major Funds**

- 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.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Funds

- 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 Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- 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. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Inventories**

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). In the general fund, inventory consists of diesel fuel and gasoline.

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2016.

**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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

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, accrued compensated absences, and net pension liability.

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, 2016, the Town's liability for compensated absences is \$110,503.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets 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.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

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 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 only has one type of this item, deferred inflows related to pensions that qualifies for reporting in this category.

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. Deferred inflows related to pensions qualifies for reporting in this category as well. This item is reported only in the statement of net position. All items in this category

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 September 1, 2015 on the assessed value listed as of April 1, 2015, for all real and personal property located in the Town. Taxes were due on September 1, 2015 and March 1, 2016. Interest on unpaid taxes commenced on September 2, 2015 and March 2, 2016, 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 \$126,429 for the year ended June 30, 2016.

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 (charges to customers or applicants for goods, services, or privileges provided; operating or capital grants and contributions, including special assessments).

**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



TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS 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, 2016, the Town's cash balance amounting to \$2,153,294 was comprised of bank deposits of \$2,260,995. All of these deposits were fully covered by federal depository insurance and not exposed to custodial credit risk or were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 100,046
Sweep account	2,157,181
Savings accounts	3,768
	<u>\$ 2,260,995</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 \$174,121 was fully insured by federal depository insurance and not exposed to custodial credit risk.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2016, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>&lt; 1 Year</u>	<u>1 - 5 Years</u>
Certificates of deposit	<u>\$ 174,121</u>	<u>\$ -</u>	<u>\$ 174,121</u>	<u>\$ -</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, 2016, a long-term receivable has been recorded for \$3,846,600, 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, 2016

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2016, consisted of the following individual receivables and payables:

	Receivables (Due From)	Payables (Due To)
General Fund	\$ 30,196	\$ 927,219
Nonmajor Special Revenue Funds	321,871	14,319
Nonmajor Capital Projects Funds	605,348	15,877
	<u>\$ 957,415</u>	<u>\$ 957,415</u>

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2016:

	Balance 7/1/15	Additions	Disposals	Balance 6/30/16
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 117,491	\$ -	\$ -	\$ 117,491
Construction in progress	626,044	-	(626,044)	-
	<u>743,535</u>	<u>-</u>	<u>(626,044)</u>	<u>117,491</u>
Depreciated assets:				
Land improvements	187,183	-	-	187,183
Buildings and improvements	1,698,852	-	-	1,698,852
Machinery, equipment and vehicles	2,472,241	560,489	-	3,032,730
Infrastructure	439,091	855,820	-	1,294,911
	<u>4,797,367</u>	<u>1,416,309</u>	<u>-</u>	<u>6,213,676</u>
Less: accumulated depreciation	<u>(2,990,279)</u>	<u>(134,576)</u>	<u>-</u>	<u>(3,124,855)</u>
	<u>1,807,088</u>	<u>1,281,733</u>	<u>-</u>	<u>3,088,821</u>
Net capital assets	<u>\$ 2,550,623</u>	<u>\$ 1,281,733</u>	<u>\$ (626,044)</u>	<u>\$ 3,206,312</u>
<u>Current year depreciation:</u>				
Fire				\$ 4,787
Police				12,436
Public Works				28,700
Transfer Station				2,910
Town-wide				<u>85,743</u>
Total depreciation expense				<u>\$ 134,576</u>

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2016:

	Balance 7/1/15	Additions	Reductions	Balance 6/30/16	Current Portion
Bonds payable	\$ 5,585,000	\$ -	\$ (581,400)	\$ 5,003,600	\$ 581,400
Capital leases payable	80,694	176,188	(59,017)	197,865	54,369
Accrued compensated absences	110,503	-	-	110,503	110,503
Net pension liability	132,670	147,896	(1,930)	278,636	-
Total	<u>\$ 5,908,867</u>	<u>\$ 324,084</u>	<u>\$ (642,347)</u>	<u>\$ 5,590,604</u>	<u>\$ 746,272</u>

The following is a summary of the outstanding bonds payable:

\$750,000, Road Construction Bond with Camden National Bank. Interest rate of 2.14% per annum with annual principal payments of \$75,000. Matures in September of 2022.	\$ 525,000
\$790,000, Town Office Building Bond with Camden National Bank. Interest rate of 2.49% per annum with annual principal payments of \$79,000. Matures in October of 2023.	632,000
\$5,128,800, 2005 Series B Elementary School Bond Payable. Interest rate varies from 3% to 7% per annum with annual principal payments of \$427,400. Matures in October of 2024.	<u>3,846,600</u>
	<u>\$ 5,003,600</u>

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

	Principal	Interest	Total Debt Service
2017	\$ 581,400	\$ 179,226	\$ 760,626
2018	581,400	157,598	738,998
2019	581,400	134,645	716,045
2020	581,400	113,757	695,157
2021	581,400	92,051	673,451
2022-2026	2,096,600	151,213	2,247,813
	<u>\$ 5,003,600</u>	<u>\$ 828,490</u>	<u>\$ 5,832,090</u>

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 6 - LONG-TERM DEBT (CONTINUED)

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ended June 30, 2016 was \$30,473.

The following is a summary of outstanding capital leases payable:

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. Maturity in July of 2017.

Lease payable for a backhoe loader. The lease is for five years with annual payments of \$16,608. The effective interest rate is 2.96% per annum. Maturity in September of 2018.

Lease payable for public works dump truck. The lease is for five years with annual payments of \$32,740. The effective interest rate is 2.88% per annum. Maturity in November of 2019.

Lease payable for public works tractor. The lease is for five years with annual payments of \$4,527. The effective interest rate is 2.88% per annum. Maturity in December of 2019.

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

2017	\$ 60,075
2018	60,075
2019	53,874
2020	37,267
2021	<u>-</u>
Total minimum lease payments	211,291
Less amount representing interest	<u>(13,426)</u>
Present value of future minimum lease payments	<u><u>\$ 197,865</u></u>

NOTE 7 - NONSPENDABLE FUND BALANCES

At June 30, 2016, the Town had the following nonspendable fund balances:

General Fund:

Inventory	\$ 13,333
Tax Acquired Property	<u>25,960</u>
	<u><u>\$ 39,293</u></u>

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 8 - RESTRICTED FUND BALANCES

At June 30, 2016, the Town had the following restricted fund balances:

Nonmajor Special Revenue Funds (See Schedule E)	\$	268,642
Nonmajor Permanent Funds (See Schedule I)		12,418
	\$	<u>281,060</u>

NOTE 9 - COMMITTED FUND BALANCES

At June 30, 2016, the Town had the following committed fund balances:

Nonmajor Special Revenue Funds (See Schedule E)	\$	53,229
Nonmajor Capital Projects Funds (See Schedule G)		605,348
	\$	<u>658,577</u>

NOTE 10 - ASSIGNED FUND BALANCES

At June 30, 2016, the Town had the following assigned fund balances:

General Fund:		
Planning Board	\$	2,005
Reserved for FY 2017 Budget		125,000
	\$	<u>127,005</u>

NOTE 11 - DEFICIT FUND BALANCES

At June 30, 2016, the Town had the following deficit fund balances:

Police Grants	\$	11,407
Webster Mill		2,912
Police Dept Equipment		8,753
Municipal Office Equipment		5,293
Municipal Building Facilities		1,831
	\$	<u>30,196</u>

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 12 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION-RETIREMENT  
CORPORATION

**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.

**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 2016, 2015 and 2014 were \$34,272, \$32,948, and \$42,782, 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 13 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Plan Description**

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (800) 451-9800.

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 5.0%.

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's plan members are required to contribute 7.5% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 8.9% of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2016 was \$37,356.



TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At June 30, 2016, the Town reported a liability of \$278,636 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2015, the Town's proportion was 0.087333%, which was an increase of 0.001117% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized total pension expense of \$43,014. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,250	\$ 35,786
Changes of assumptions	24,624	-
Net difference between projected and actual earnings on pension plan investments	85,997	107,048
Changes in proportion and differences between contributions and proportionate share of contributions	18,795	-
Contributions subsequent to the measurement date	37,356	-
Total	<u>\$ 178,022</u>	<u>\$ 142,834</u>

\$37,356 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan
Year ended June 30:	
2017	\$ (3,298)
2018	(3,298)
2019	(17,071)
2020	21,499
2021	-
Thereafter	-

**Actuarial Methods and Assumptions**

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2015 and 2014, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

*Asset Valuation Method*

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Amortization*

The net pension liability of the PLD Consolidated Plan is amortized on an open basis over a period of fifteen years.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2015 and June 30, 2014 are as follows:

*Investment Rate of Return* - For the PLD Plan, 7.125% per annum for the year ended June 30, 2015 and 7.25% per annum for the year ended June 30, 2014, compounded annually.

*Salary Increases, Merit and Inflation* - Members of the consolidated plan for PLDs, 3.50% to 9.50% per year.

*Mortality Rates* - For participating local districts, the RP2000 Tables projected forward to 2015 using Scale AA are used; for all recipients of disability benefits, the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females is used.

*Cost of Living Benefit Increases* - 2.55% per annum for the year ended June 30, 2015 and 3.12% for the year ended June 30, 2014.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2015 are summarized in the following table.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
US equities	20%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real assets:		
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.7%

*Discount Rate*

The discount rate used to measure the collective total pension liability was 7.125% for 2015 and 7.25% for 2014. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2015 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 7.125% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	6.125%	7.125%	8.125%
Town's proportionate share of the net pension liability	\$ 555,126	\$ 278,636	\$ 16,507

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Changes in Net Pension Liability**

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2015 with the following exceptions.

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2015 and 2014, this was 4 years for the PLD Consolidated Plan.

*Differences between Projected and Actual Investment Earnings*

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For the PLD Plan, the discount rate was decreased from 7.25% to 7.125% and the cost of living benefit increase assumption was changed from 3.12% to 2.55%.

*Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions*

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

**Pension Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2015 Comprehensive Annual Financial Report available online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (800) 451-9800.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 14 - EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2016, the Town had overdrafts in the following line items:

Code enforcement officer	\$ 1,760
Professional services	5,771
General assistance	<u>1,386</u>
	<u>\$ 8,917</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, individual stop loss coverage for member Town’s for claims in excess of \$400,000 with an excess limit of \$2,000,000.

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.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2016. 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.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 16 - CONTINGENCIES (CONTINUED)

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 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

### 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
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Notes to Required Supplementary Information



## TOWN OF SABATTUS, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 993,209	\$ 993,209	\$ 993,209	\$ -
Resources (Inflows):				
Property taxes	5,349,974	5,349,974	5,396,656	46,682
Excise taxes	704,500	830,519	855,807	25,288
Intergovernmental:				
State revenue sharing	215,000	215,000	268,081	53,081
Homestead exemption	121,000	121,000	118,128	(2,872)
Other intergovernmental	13,740	13,740	28,349	14,609
Charges for services	88,531	88,531	102,179	13,648
Investment income	2,500	2,500	3,783	1,283
Other revenue	59,500	59,500	88,974	29,474
Transfers from other funds	47,497	47,497	47,497	-
Amounts Available for Appropriation	<u>7,595,451</u>	<u>7,721,470</u>	<u>7,902,663</u>	<u>181,193</u>
Charges to Appropriations (Outflows):				
General government	1,032,333	1,032,333	916,460	115,873
Public safety	783,594	783,594	743,116	40,478
Public works	538,650	538,650	487,777	50,873
Sanitation	191,965	191,965	187,296	4,669
General assistance	-	-	1,386	(1,386)
Recreation	3,650	3,650	3,650	-
County tax	307,449	307,449	307,449	-
Education	3,346,074	3,346,074	3,346,074	-
Overlay	126,429	126,429	4,229	122,200
Transfers to other funds	272,098	398,117	398,117	-
Total Charges to Appropriations	<u>6,602,242</u>	<u>6,728,261</u>	<u>6,395,554</u>	<u>332,707</u>
Budgetary Fund Balance, June 30	<u>\$ 993,209</u>	<u>\$ 993,209</u>	<u>1,507,109</u>	<u>\$ 513,900</u>
Differences - budget to GAAP:				
Add: RSU 4 debt payments			597,521	
Less: RSU 4 debt service			<u>(597,521)</u>	
GAAP Fund Balance, June 30			<u>\$ 1,507,109</u>	

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

## TOWN OF SABATTUS, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST 10 FISCAL YEARS\*

	2016	2015	2014
<u>PLD Plan:</u>			
Proportion of the net pension liability (asset)	0.09%	0.09%	0.08%
Proportionate share of the net pension liability (asset)	\$ 278,636	\$ 132,670	\$ 233,177
Covered-employee payroll	\$ 419,734	\$ 457,679	\$ 459,815
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	66.38%	28.99%	50.71%
Plan fiduciary net position as a percentage of the total pension liability	88.27%	94.10%	87.50%

\* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

## TOWN OF SABATTUS, MAINE

SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>			
Contractually required contribution	\$ 37,356	\$ 35,699	\$ 29,888
Contributions in relation to the contractually required contribution	<u>(37,356)</u>	<u>(35,699)</u>	<u>(29,888)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 419,734	\$ 457,679	\$ 459,815
Contributions as a percentage of covered- employee payroll	8.90%	7.80%	6.50%

\* The amounts presented for each fiscal year are for those years for which information is available.

TOWN OF SABATTUS, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016

**Changes of Assumptions**

There was a change in the investment rate of return assumption this year from 7.25% to 7.125%. This change was made in the other MainePERS Programs with the 2014 valuation, but is first being recognized in the PLD Consolidated Plan in 2015. In addition to this change, the cost of living benefit increase assumption was changed from 3.12% to 2.55%. Further, those PLDs who had an IUUAL Surplus account received a refund of that account. As a result, there will be no more IUUAL surplus payments reflected beginning with the 2015 valuation. Finally, the amortization methodology for the Pooled Unfunded Actuarial Liability (PUAL) was changed from a fifteen-year open level dollar method to a method where a separate twenty-year closed period is established annually for the gain or loss in that year with these amortizations being developed as a level percentage of payroll and amortizing the existing PUAL at the time of this change, July 1, 2015, over a closed fifteen-year period beginning on this date.

### 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 Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects 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, 2016

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 5,349,974	\$ 5,349,974	\$ 5,396,656	\$ 46,682
Motor vehicle excise	700,000	826,019	850,820	24,801
Boat excise	4,500	4,500	4,987	487
Intergovernmental revenues:				
State revenue sharing	215,000	215,000	268,081	53,081
Homestead exemption	121,000	121,000	118,128	(2,872)
Snowmobile	1,500	1,500	2,509	1,009
Tree growth	8,000	8,000	8,182	182
Veterans' reimbursement	4,000	4,000	5,629	1,629
Other state/federal funds	240	240	12,029	11,789
Charges for services:				
Town clerk fees	23,350	23,350	32,137	8,787
Code enforcement	10,000	10,000	18,720	8,720
Animal control	100	100	255	155
Planning board	2,000	2,000	237	(1,763)
Transfer station	35,000	35,000	32,749	(2,251)
Public works	18,081	18,081	18,081	-
Investment income:				
Regular investment income	2,500	2,500	3,783	1,283
Other revenues:				
Fees/interest on taxes	25,500	25,500	41,936	16,436
Insurance dividends	-	-	5,978	5,978
Gain sale of fuel	2,000	2,000	1,964	(36)
SSD administration	32,000	32,000	32,000	-
Miscellaneous	-	-	7,096	7,096
Transfers from other funds	47,497	47,497	47,497	-
Amounts Available for Appropriation	<u>\$ 6,602,242</u>	<u>\$ 6,728,261</u>	<u>\$ 6,909,454</u>	<u>\$ 181,193</u>

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

## SCHEDULE B

## TOWN OF SABATTUS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>GENERAL GOVERNMENT</b>					
Administration	\$ 356,250	\$ -	\$ 356,250	\$ 324,481	\$ 31,769
Wage adjustment	35,000	-	35,000	23,027	11,973
Social Security & Medicare	87,732	-	87,732	77,680	10,052
Insurance	312,277	-	312,277	266,134	46,143
Boards & committees	21,000	-	21,000	15,823	5,177
Animal control officer	27,611	-	27,611	27,389	222
Code enforcement officer	20,750	-	20,750	22,510	(1,760)
International City Managers Assoc.	39,941	-	39,941	34,272	5,669
ME PERS	47,497	-	47,497	38,424	9,073
Androscoggin Valley Council of Gov.	6,170	-	6,170	4,769	1,401
MMA dues	4,400	-	4,400	4,368	32
Observance of Memorial Day	1,600	-	1,600	1,207	393
Veterans Memorial Park	1,500	-	1,500	-	1,500
Androscoggin Chamber of Commerce	255	-	255	255	-
Professional services	70,350	-	70,350	76,121	(5,771)
Total	1,032,333	-	1,032,333	916,460	115,873
<b>PUBLIC SAFETY</b>					
Police department	486,320	-	486,320	462,436	23,884
Fire department	139,116	-	139,116	128,211	10,905
Fire hydrants	66,750	-	66,750	66,750	-
EMS	14,500	-	14,500	12,526	1,974
Emergency management	3,760	-	3,760	1,531	2,229
Dispatch & E911/PSAP	55,148	-	55,148	54,960	188
Street lights	18,000	-	18,000	16,702	1,298
Total	783,594	-	783,594	743,116	40,478
<b>PUBLIC WORKS</b>					
Public works	485,000	-	485,000	438,691	46,309
Stormwater management	53,650	-	53,650	49,086	4,564
Total	538,650	-	538,650	487,777	50,873
<b>SANITATION</b>					
S.R.S.W.T.S.	191,965	-	191,965	187,296	4,669
	191,965	-	191,965	187,296	4,669
<b>GENERAL ASSISTANCE</b>					
	-	-	-	1,386	(1,386)

SCHEDULE B (CONTINUED)  
TOWN OF SABATTUS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
RECREATION					
Sabattus Lake Dam Commission	2,000	-	2,000	2,000	-
Sabattus Mountaineers Snowmobile	1,650	-	1,650	1,650	-
Total	<u>3,650</u>	<u>-</u>	<u>3,650</u>	<u>3,650</u>	<u>-</u>
TRANSFERS TO OTHER FUNDS					
Capital projects funds:					
Municipal building facilities	96,950	-	96,950	96,950	-
Municipal office equipment	25,000	-	25,000	25,000	-
Road reconstruction paving	-	126,019	126,019	126,019	-
Police dept equipment	17,540	-	17,540	17,540	-
Transfer station equipment	20,000	-	20,000	20,000	-
Fire dept equipment	56,000	-	56,000	56,000	-
Public works equipment	56,608	-	56,608	56,608	-
Total	<u>272,098</u>	<u>126,019</u>	<u>398,117</u>	<u>398,117</u>	<u>-</u>
OTHER GOVERNMENTAL APPROPRIATIONS					
School appropriations	3,346,074	-	3,346,074	3,346,074	-
Sabattus county tax	307,449	-	307,449	307,449	-
Total	<u>3,653,523</u>	<u>-</u>	<u>3,653,523</u>	<u>3,653,523</u>	<u>-</u>
OVERLAY/ABATEMENTS	<u>126,429</u>	<u>-</u>	<u>126,429</u>	<u>4,229</u>	<u>122,200</u>
TOTAL EXPENDITURES	<u>\$ 6,602,242</u>	<u>\$ 126,019</u>	<u>\$ 6,728,261</u>	<u>\$ 6,395,554</u>	<u>\$ 332,707</u>

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



## TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 3,768	\$ 3,768
Investments	-	-	8,650	8,650
Due from other funds	321,871	605,348	-	927,219
TOTAL ASSETS	<u>\$ 321,871</u>	<u>\$ 605,348</u>	<u>\$ 12,418</u>	<u>\$ 939,637</u>
LIABILITIES				
Due to other funds	\$ 14,319	\$ 15,877	\$ -	\$ 30,196
TOTAL LIABILITIES	<u>14,319</u>	<u>15,877</u>	<u>-</u>	<u>30,196</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	268,642	-	12,418	281,060
Committed	53,229	605,348	-	658,577
Assigned	-	-	-	-
Unassigned	(14,319)	(15,877)	-	(30,196)
TOTAL FUND BALANCES	<u>307,552</u>	<u>589,471</u>	<u>12,418</u>	<u>909,441</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 321,871</u>	<u>\$ 605,348</u>	<u>\$ 12,418</u>	<u>\$ 939,637</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, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 326,789	\$ 44,032	\$ -	\$ 370,821
Interest income	-	-	20	20
Other income	970	3,002	-	3,972
TOTAL REVENUES	<u>327,759</u>	<u>47,034</u>	<u>20</u>	<u>374,813</u>
EXPENDITURES				
Capital outlay	-	614,077	-	614,077
Debt service:				
Principal	-	213,017	-	213,017
Interest	-	32,773	-	32,773
Other	61,432	35,104	-	96,536
TOTAL EXPENDITURES	<u>61,432</u>	<u>894,971</u>	<u>-</u>	<u>956,403</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>266,327</u>	<u>(847,937)</u>	<u>20</u>	<u>(581,590)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	488,637	-	488,637
Transfers (out)	<u>(47,497)</u>	<u>(90,520)</u>	<u>-</u>	<u>(138,017)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(47,497)</u>	<u>398,117</u>	<u>-</u>	<u>350,620</u>
NET CHANGE IN FUND BALANCES	218,830	(449,820)	20	(230,970)
FUND BALANCES, JULY 1	<u>88,722</u>	<u>1,039,291</u>	<u>12,398</u>	<u>1,140,411</u>
FUND BALANCES, JUNE 30	<u>\$ 307,552</u>	<u>\$ 589,471</u>	<u>\$ 12,418</u>	<u>\$ 909,441</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, 2016

	Police Training Reimbursement	Health/PTO Reimbursement Plan	Fire Grant	Police Grants	Comprehensive Plan	Surplus Bids	Veterans Memorial Park
ASSETS							
Due from other funds	\$ 26,056	\$ 13,025	\$ 5,759	\$ -	\$ 15,502	\$ 3,550	\$ 2,362
TOTAL ASSETS	<u>\$ 26,056</u>	<u>\$ 13,025</u>	<u>\$ 5,759</u>	<u>\$ -</u>	<u>\$ 15,502</u>	<u>\$ 3,550</u>	<u>\$ 2,362</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ 11,407	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,407</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	13,025	-	-	-	-	-
Committed	26,056	-	5,759	-	15,502	3,550	2,362
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	(11,407)	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>26,056</u>	<u>13,025</u>	<u>5,759</u>	<u>(11,407)</u>	<u>15,502</u>	<u>3,550</u>	<u>2,362</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 26,056</u>	<u>\$ 13,025</u>	<u>\$ 5,759</u>	<u>\$ -</u>	<u>\$ 15,502</u>	<u>\$ 3,550</u>	<u>\$ 2,362</u>

## TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2016

	Charter Commission	Webster Mill	Riley Road	General Assistance	MePERS Reimbursement	Total
ASSETS						
Due from other funds	\$ 1,422	\$ -	\$ 4,265	\$ 15,807	\$ 234,123	\$ 321,871
TOTAL ASSETS	<u>\$ 1,422</u>	<u>\$ -</u>	<u>\$ 4,265</u>	<u>\$ 15,807</u>	<u>\$ 234,123</u>	<u>\$ 321,871</u>
LIABILITIES						
Due to other funds	\$ -	\$ 2,912	\$ -	\$ -	\$ -	\$ 14,319
TOTAL LIABILITIES	<u>-</u>	<u>2,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,319</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	1,422	-	4,265	15,807	234,123	268,642
Committed	-	-	-	-	-	53,229
Assigned	-	-	-	-	-	-
Unassigned	-	(2,912)	-	-	-	(14,319)
TOTAL FUND BALANCES (DEFICITS)	<u>1,422</u>	<u>(2,912)</u>	<u>4,265</u>	<u>15,807</u>	<u>234,123</u>	<u>307,552</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,422</u>	<u>\$ -</u>	<u>\$ 4,265</u>	<u>\$ 15,807</u>	<u>\$ 234,123</u>	<u>\$ 321,871</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 SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Police Training Reimbursement	Health/PTO Reimbursement Plan	Fire Grant	Police Grants	Comprehensive Plan	Surplus Bids	Veterans Memorial Park
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 4,735	\$ 40,434	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	4,735	40,434	-	-	-
EXPENDITURES							
Other	-	17,649	-	43,283	500	-	-
TOTAL EXPENDITURES	-	17,649	-	43,283	500	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(17,649)	4,735	(2,849)	(500)	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(17,649)	4,735	(2,849)	(500)	-	-
FUND BALANCES (DEFICITS), JULY 1	26,056	30,674	1,024	(8,558)	16,002	3,550	2,362
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 26,056</u>	<u>\$ 13,025</u>	<u>\$ 5,759</u>	<u>\$ (11,407)</u>	<u>\$ 15,502</u>	<u>\$ 3,550</u>	<u>\$ 2,362</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, 2016

	Charter Commission	Webster Mill	Riley Road	General Assistance	MePERS Reimbursement	Total
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 281,620	\$ 326,789
Other income	-	-	-	970	-	970
TOTAL REVENUES	-	-	-	970	281,620	327,759
EXPENDITURES						
Other	-	-	-	-	-	61,432
TOTAL EXPENDITURES	-	-	-	-	-	61,432
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	970	281,620	266,327
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	(47,497)	(47,497)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	(47,497)	(47,497)
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	970	234,123	218,830
FUND BALANCES (DEFICITS), JULY 1	1,422	(2,912)	4,265	14,837	-	88,722
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 1,422</u>	<u>\$ (2,912)</u>	<u>\$ 4,265</u>	<u>\$ 15,807</u>	<u>\$ 234,123</u>	<u>\$ 307,552</u>

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 PROJECTS FUNDS  
JUNE 30, 2016

	Police Dept Equipment	Fire Dept Equipment	Public Works Equipment	Transfer Station Equipment	Municipal Office Equipment	Road Bond	Downtown Project
ASSETS							
Due from other funds	\$ -	\$ 100,921	\$ 107,157	\$ 39,378	\$ -	\$ -	\$ 523
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 100,921</u>	<u>\$ 107,157</u>	<u>\$ 39,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 523</u>
LIABILITIES							
Due to other funds	\$ 8,753	\$ -	\$ -	\$ -	\$ 5,293	\$ -	\$ -
TOTAL LIABILITIES	<u>8,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,293</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	100,921	107,157	39,378	-	-	523
Assigned	-	-	-	-	-	-	-
Unassigned	(8,753)	-	-	-	(5,293)	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>(8,753)</u>	<u>100,921</u>	<u>107,157</u>	<u>39,378</u>	<u>(5,293)</u>	<u>-</u>	<u>523</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 100,921</u>	<u>\$ 107,157</u>	<u>\$ 39,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 523</u>

## SCHEDULE G (CONTINUED)

## TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2016

	Transfer Station Facilities	Municipal Building Facilities	Public Works Facilities	Fire Department Facilities	Road Reconstruction Paving	Pleasant Hill Rd.	Total
ASSETS							
Due from other funds	\$ 53,162	\$ -	\$ 70,401	\$ 9,608	\$ 124,198	\$ 100,000	\$ 605,348
TOTAL ASSETS	<u>\$ 53,162</u>	<u>\$ -</u>	<u>\$ 70,401</u>	<u>\$ 9,608</u>	<u>\$ 124,198</u>	<u>\$ 100,000</u>	<u>\$ 605,348</u>
LIABILITIES							
Due to other funds	\$ -	\$ 1,831	\$ -	\$ -	\$ -	\$ -	\$ 15,877
TOTAL LIABILITIES	<u>-</u>	<u>1,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,877</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	53,162	-	70,401	9,608	124,198	100,000	605,348
Assigned	-	-	-	-	-	-	-
Unassigned	-	(1,831)	-	-	-	-	(15,877)
TOTAL FUND BALANCES (DEFICITS)	<u>53,162</u>	<u>(1,831)</u>	<u>70,401</u>	<u>9,608</u>	<u>124,198</u>	<u>100,000</u>	<u>589,471</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 53,162</u>	<u>\$ -</u>	<u>\$ 70,401</u>	<u>\$ 9,608</u>	<u>\$ 124,198</u>	<u>\$ 100,000</u>	<u>\$ 605,348</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 CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	Police Dept Equipment	Fire Dept Equipment	Public Works Equipment	Transfer Station Equipment	Municipal Office Equipment	Road Bond	Downtown Project
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 2,000	\$ -	\$ -	\$ -	\$ -
Other income	-	1,250	1,252	-	-	-	-
TOTAL REVENUES	-	1,250	3,252	-	-	-	-
EXPENDITURES							
Capital outlay	33,351	331,380	-	-	19,570	-	-
Debt service:							
Principal	-	5,738	52,046	-	-	-	-
Interest	-	436	1,829	-	-	-	-
Other	14,267	-	5,557	-	2,673	-	-
TOTAL EXPENDITURES	47,618	337,554	59,432	-	22,243	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(47,618)	(336,304)	(56,180)	-	(22,243)	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	17,540	56,000	56,608	20,000	25,000	90,520	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	17,540	56,000	56,608	20,000	25,000	90,520	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(30,078)	(280,304)	428	20,000	2,757	90,520	-
FUND BALANCES (DEFICITS), JULY 1	21,325	381,225	106,729	19,378	(8,050)	(90,520)	523
FUND BALANCES (DEFICITS), JUNE 30	\$ (8,753)	\$ 100,921	\$ 107,157	\$ 39,378	\$ (5,293)	\$ -	\$ 523

## SCHEDULE H (CONTINUED)

## TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Transfer Station Facilities	Municipal Building Facilities	Public Works Facilities	Fire Department Facilities	Road Reconstruction Paving	Pleasant Hill Rd.	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 42,032	\$ -	\$ 44,032
Other income	-	-	-	-	500	-	3,002
TOTAL REVENUES	-	-	-	-	42,532	-	47,034
EXPENDITURES							
Capital outlay	-	-	-	-	229,776	-	614,077
Debt service:							
Principal	-	80,233	-	-	75,000	-	213,017
Interest	-	17,690	-	-	12,818	-	32,773
Other	-	9,734	-	-	2,873	-	35,104
TOTAL EXPENDITURES	-	107,657	-	-	320,467	-	894,971
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(107,657)	-	-	(277,935)	-	(847,937)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	96,950	-	-	126,019	-	488,637
Transfers (out)	-	-	-	-	(90,520)	-	(90,520)
TOTAL OTHER FINANCING SOURCES (USES)	-	96,950	-	-	35,499	-	398,117
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(10,707)	-	-	(242,436)	-	(449,820)
FUND BALANCES (DEFICITS), JULY 1	53,162	8,876	70,401	9,608	366,634	100,000	1,039,291
FUND BALANCES (DEFICITS), JUNE 30	\$ 53,162	\$ (1,831)	\$ 70,401	\$ 9,608	\$ 124,198	\$ 100,000	\$ 589,471

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, 2016

	Cemetery Fund	Total
ASSETS		
Cash and cash equivalents	\$ 3,768	\$ 3,768
Investments	8,650	8,650
TOTAL ASSETS	<u>\$ 12,418</u>	<u>\$ 12,418</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	12,418	12,418
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>12,418</u>	<u>12,418</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,418</u>	<u>\$ 12,418</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, 2016

	Cemetery Fund	Total
REVENUES		
Interest income	\$ 20	\$ 20
TOTAL REVENUES	<u>20</u>	<u>20</u>
EXPENSES		
Cemetery expenses	-	-
TOTAL EXPENSES	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER EXPENDITURES)	<u>20</u>	<u>20</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers (out)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	20	20
FUND BALANCES, JULY 1	<u>12,398</u>	<u>12,398</u>
FUND BALANCES, JUNE 30	<u><u>\$ 12,418</u></u>	<u><u>\$ 12,418</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, 2016

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General Government	\$ -	\$ -	\$ 19,570	\$ -	\$ 19,570
Fire	-	-	373,837	-	373,837
Police	-	-	123,598	-	123,598
Public Works	-	-	286,116	1,294,911	1,581,027
Transfer Station	-	-	29,100	-	29,100
Town-wide	<u>117,491</u>	<u>1,886,035</u>	<u>2,200,509</u>	<u>-</u>	<u>4,204,035</u>
Total General Capital Assets	117,491	1,886,035	3,032,730	1,294,911	6,331,167
Less: Accumulated Depreciation	<u>-</u>	<u>(810,305)</u>	<u>(2,262,146)</u>	<u>(52,404)</u>	<u>(3,124,855)</u>
Net General Capital Assets	<u>\$ 117,491</u>	<u>\$ 1,075,730</u>	<u>\$ 770,584</u>	<u>\$ 1,242,507</u>	<u>\$ 3,206,312</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, 2016

	General Capital Assets 7/1/15	Additions	Deletions	General Capital Assets 6/30/16
General Government	\$ -	\$ 19,570	\$ -	\$ 19,570
Fire	42,457	331,380	-	373,837
Police	90,247	33,351	-	123,598
Public Works	1,175,063	405,964	-	1,581,027
Transfer Station	29,100	-	-	29,100
Town-wide	4,204,035	-	-	4,204,035
Total General Capital Assets	5,540,902	790,265	-	6,331,167
Less: Accumulated Depreciation	(2,990,279)	(134,576)	-	(3,124,855)
Net General Capital Assets	<u>\$ 2,550,623</u>	<u>\$ 655,689</u>	<u>\$ -</u>	<u>\$ 3,206,312</u>

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



*Proven Expertise and Integrity*

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Selectmen  
Town of Sabattus  
Sabattus, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2016, and the related notes to the financial statements, which collectively comprise the Town of Sabattus, Maine's basic financial statements, and have issued our report thereon dated April 19, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Sabattus, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Sabattus, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Sabattus, Maine's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Sabattus, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
April 19, 2017