

Audited Financial Statements
and Other Financial Information

Town of Sabattus, Maine

June 30, 2015



Proven Expertise and Integrity

TOWN OF SABATTUS, MAINE

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JUNE 30, 2015

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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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit 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.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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, 2015, 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 10 pages 43 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sabattus, Maine's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and 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 combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

RHR Smith & Company

Buxton, Maine
March 17, 2016

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

(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, 2015. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund, a Schedule of Proportionate Share of the Net Pension Liability, and a Schedule of Contributions.

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 \$291,335 from \$2.97 million to \$3.26 million.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a balance of \$2,038,325 at the end of this year.

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

	2015	2014 (Restated)
Assets		
Current Assets	\$ 2,482,197	\$ 2,290,383
Other Assets	4,274,000	4,701,400
Noncurrent Assets	2,550,623	2,550,355
Total Assets	9,306,820	9,542,138
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	73,140	-
Total Deferred Outflows of Resources	73,140	-
Liabilities		
Current Liabilities	770,164	607,081
Long-term Debt Outstanding	5,192,887	5,953,524
Total Liabilities	5,963,051	6,560,605
Deferred Inflows of Resources		
Prepaid Taxes	12,793	9,656
Deferred Inflows Related to Pensions	140,904	-
Total Deferred Inflows of Resources	153,697	9,656
Net Position		
Net Investment in Capital Assets	1,158,929	1,059,664
Restricted	65,958	63,430
Unrestricted	2,038,325	1,848,783
Total Net Position	\$ 3,263,212	\$ 2,971,877

Revenues and Expenses

Revenues for the Town's governmental activities increased by 9.01%, while total expenses increased by 11.38%. The increase in revenues was mostly due to the increase in taxes. The increase in expenses was primarily due to an increase in education and unclassified.

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

	<u>2015</u>	<u>2014</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 113,294	\$ 96,724
Operating grants and contributions	2,383	3,672
<i>General Revenues:</i>		
Taxes	6,033,121	5,525,391
Grants and contributions not restricted to specific programs	424,545	479,555
Investment income	3,164	3,613
Other income	158,584	69,201
Total Revenues	<u>6,735,091</u>	<u>6,178,156</u>
Expenses		
General government	854,462	865,694
Public safety	748,915	732,042
Highways and bridges	461,369	420,365
Health and sanitation	183,704	173,095
Recreation	3,650	3,639
Social services	2,000	3,650
Education	3,418,624	3,084,513
County tax	299,402	299,900
Capital improvements	14,474	33,181
Unclassified	309,964	18,129
Interest on long-term debt	25,695	60,775
Unallocated depreciation (Note 4)	121,497	90,287
Total expenses	<u>6,443,756</u>	<u>5,785,270</u>
Change in Net Position	291,335	392,886
Net Position - July 1, Restated	<u>2,971,877</u>	<u>2,578,991</u>
Net Position - June 30	<u>\$ 3,263,212</u>	<u>\$ 2,971,877</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:	2015	2014
General Fund:		
Nonspendable	\$ 42,302	\$ 42,859
Unassigned	950,907	849,335
Total Major Funds	\$ 993,209	\$ 892,194
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 53,560	\$ 51,049
Committed	46,632	64,026
Unassigned	(110,040)	(5,792)
Capital Projects Funds:		
Committed	1,137,861	967,058
Permanent Funds:		
Restricted	12,398	12,381
Total Nonmajor Funds	\$ 1,140,411	\$ 1,088,722

The general fund total fund balance increased by \$101,015 from the prior fiscal year. The non-major fund balances increased by \$51,689 from the prior fiscal year.

Budgetary Highlights

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

The general fund actual revenues exceeded the budget by \$150,497. This was a result of all revenue categories being receipted in excess of the budgeted amounts.

The general fund actual expenditures were under budget by \$75,518. All expenditure categories were within or below budget with the exception of general government and public safety.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2015, the net book value of capital assets recorded by the Town increased by \$268 from the prior year. This increase was due to capital additions of \$121,765, less current year depreciation of \$121,497. 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>2015</u>	<u>2014</u> <u>(Restated)</u>
Land	\$ 117,491	\$ 117,491
Construction in progress	626,044	620,065
Buildings, building improvements and land improvements	1,136,966	1,198,202
Machinery, equipment and vehicles	265,728	198,228
Infrastructure	<u>404,394</u>	<u>416,369</u>
Total	<u>\$ 2,550,623</u>	<u>\$ 2,550,355</u>

Debt

At June 30, 2015, the Town had \$5,585,000 in bonds outstanding versus \$6,166,400 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's unassigned fund balance has fallen below a level sufficient to sustain government operations for a period of approximately two months, however the Town also maintains significant reserves for future operations, capital and program needs. The Town is working to rebuild this balance to a sufficient level.

Contacting the Town's Financial Management

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

TOWN OF SABATTUS, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,955,675
Investments	164,974
Accounts receivable (net of allowance for uncollectibles):	
Taxes/liens	274,153
Other	45,093
Inventory	16,342
Tax acquired property	25,960
Total current assets	2,482,197
Noncurrent assets:	
Receivable for long-term debt obligations from RSU No. 4	4,274,000
Capital assets:	
Land and other assets not being depreciated	743,535
Depreciable assets, net of accumulated depreciation	1,807,088
Total noncurrent assets	6,824,623
TOTAL ASSETS	9,306,820
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	73,140
TOTAL DEFERRED OUTFLOWS OF RESOURCES	73,140
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 9,379,960
LIABILITIES	
Current liabilities:	
Accrued expenses	\$ 52,179
Planning board escrow	2,005
Current portion of long-term obligations	715,980
Total current liabilities	770,164
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Capital leases payable	56,617
Bonds payable	5,003,600
Net pension liability	132,670
Total noncurrent liabilities	5,192,887
TOTAL LIABILITIES	5,963,051
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	12,793
Deferred inflows related to pensions	140,904
TOTAL DEFERRED INFLOWS OF RESOURCES	153,697
NET POSITION	
Net investment in capital assets	1,158,929
Restricted	65,958
Unrestricted	2,038,325
TOTAL NET POSITION	3,263,212
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 9,379,960

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, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
Governmental activities:					
General government	\$ 854,462	\$ 72,834	\$ -	\$ -	(781,628)
Public safety	748,915	152	-	-	(748,763)
Highways and bridges	461,369	285	-	-	(461,084)
Health and sanitation	183,704	40,023	-	-	(143,681)
Social services	2,000	-	-	-	(2,000)
Recreation	3,650	-	2,383	-	(1,267)
Education	3,418,624	-	-	-	(3,418,624)
County tax	299,402	-	-	-	(299,402)
Capital outlay	14,474	-	-	-	(14,474)
Unclassified	309,964	-	-	-	(309,964)
Interest on long-term debt	25,695	-	-	-	(25,695)
Unallocated depreciation (Note 4)*	121,497	-	-	-	(121,497)
Total government	\$ 6,443,756	\$ 113,294	\$ 2,383	\$ -	(6,328,079)

* 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, 2015

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(6,328,079)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	5,267,862
Excise taxes	765,259
Grants and contributions not restricted to specific programs	424,545
Investment income	3,164
Other income	<u>158,584</u>
Total general revenues	<u>6,619,414</u>
Change in net position	291,335
Net position - July 1, Restated	<u>2,971,877</u>
Net position - June 30	<u><u>\$ 3,263,212</u></u>

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

TOWN OF SABATTUS, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,943,277	\$ 12,398	\$ 1,955,675
Investments	164,974	-	164,974
Accounts receivable (net of allowance for uncollectibles):			
Taxes	185,609	-	185,609
Liens	88,544	-	88,544
Other	45,093	-	45,093
Inventory	16,342	-	16,342
Tax acquired property	25,960	-	25,960
Due from other funds	110,040	1,238,053	1,348,093
TOTAL ASSETS	\$ 2,579,839	\$ 1,250,451	\$ 3,830,290
LIABILITIES			
Accrued expenses	\$ 52,179	\$ -	\$ 52,179
Planning board escrow	2,005	-	2,005
Due to other funds	1,238,053	110,040	1,348,093
TOTAL LIABILITIES	1,292,237	110,040	1,402,277
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	12,793	-	12,793
Deferred revenue	281,600	-	281,600
TOTAL DEFERRED INFLOWS OF RESOURCES	294,393	-	294,393
FUND BALANCES			
Nonspendable	42,302	-	42,302
Restricted	-	65,958	65,958
Committed	-	1,184,493	1,184,493
Unassigned	950,907	(110,040)	840,867
TOTAL FUND BALANCES	993,209	1,140,411	2,133,620
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,579,839	\$ 1,250,451	\$ 3,830,290

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, 2015

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,133,620
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	2,550,623
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	73,140
Long-term assets are not available in the current period and therefore are not reported as assets in the funds:	
Receivable for long-term debt obligations from RSU No. 4	4,274,000
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	281,600
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(5,585,000)
Capital lease payable	(80,694)
Accrued compensated absences	(110,503)
Net pension liability	(132,670)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(140,904)</u>
Net position of governmental activities	<u><u>\$ 3,263,212</u></u>

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

TOWN OF SABATTUS, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 5,267,862	\$ -	\$ 5,267,862
Excise taxes	765,259	-	765,259
Intergovernmental revenues:			
State revenue sharing	228,498	-	228,498
Homestead exemption	121,029	-	121,029
Grants/other	33,385	44,016	77,401
Charges for services	113,294	-	113,294
Investment income	3,147	17	3,164
Other revenue	102,551	56,033	158,584
TOTAL REVENUES	6,635,025	100,066	6,735,091
EXPENDITURES			
Current:			
General government	907,710	-	907,710
Public safety	771,041	-	771,041
Highways and bridges	467,769	-	467,769
Health and sanitation	184,661	-	184,661
Social services	2,000	-	2,000
Recreation	3,650	-	3,650
County tax	299,402	-	299,402
Education	3,418,624	-	3,418,624
Unclassified	-	300,110	300,110
Overlay	9,854	-	9,854
Debt service	33,675	169,417	203,092
Capital improvements	-	14,474	14,474
TOTAL EXPENDITURES	6,098,386	484,001	6,582,387
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	536,639	(383,935)	152,704
OTHER FINANCING SOURCES (USES)			
Transfers in	-	435,624	435,624
Transfers (out)	(435,624)	-	(435,624)
TOTAL OTHER FINANCING SOURCES (USES)	(435,624)	435,624	-
NET CHANGE IN FUND BALANCES	101,015	51,689	152,704
FUND BALANCES - JULY 1	892,194	1,088,722	1,980,916
FUND BALANCES - JUNE 30	\$ 993,209	\$ 1,140,411	\$ 2,133,620

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, 2015

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 152,704</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental assets report depreciation expense to allocate those expenditures over the life of the assets.	
Capital asset purchases	121,765
Depreciation expense	<u>(121,497)</u>
	<u>268</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>43,252</u>
Payment of receivable for long-term debt obligations from RSU No. 4	<u>(427,400)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(78,400)</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>604,797</u>
Deferred inflows 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>(140,904)</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	36,511
Net pension liability	<u>100,507</u>
	<u>137,018</u>
Change in net position of governmental activities (Statement B)	<u>\$ 291,335</u>

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

TOWN OF SABATTUS, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

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

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

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

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, 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:

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

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

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

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

Deposits and Investments

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

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

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

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

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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

Interfund Receivables and Payables

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, 2015.

Capital Assets

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

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

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

TOWN OF SABATTUS, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

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

Long-term Obligations

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds payable, capital leases payable, 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, 2015, the Town's liability for compensated absences is \$110,503.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015

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, 2015

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 July 23, 2014 on the assessed value listed as of April 1, 2014, for all real and personal property located in the Town. Taxes were due on September 1, 2014 and March 1, 2015. Interest on unpaid taxes commenced on September 2, 2014 and March 2, 2015, 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 \$71,231 for the year ended June 30, 2015.

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

Program Revenues

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

Encumbrance Accounting

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

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015, the Town's cash balance amounting to \$1,955,675 was comprised of bank deposits of \$2,027,290. 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	1,914,847
Savings accounts	12,397
	<u>\$ 2,027,290</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. The Town's investment in certificates of deposits of \$164,974 was fully insured by federal depository insurance and not exposed to custodial credit risk.

TOWN OF SABATTUS, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2015, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>< 1 Year</u>	<u>1-5 Years</u>
Certificates of deposit	<u>\$ 164,974</u>	<u>\$ -</u>	<u>\$ 164,974</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, 2015, a long-term receivable has been recorded for \$4,274,000, which represents school-related general obligation bonds. The State of Maine Department of Education is responsible for paying approximately 100 percent of the debt service on general obligation bonds directly to the Maine Municipal Bond Bank.

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2015, consisted of the following individual receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General Fund	\$ 110,040	\$ 1,238,053
Nonmajor Special Revenue Funds	100,192	11,470
Nonmajor Capital Projects Funds	<u>1,137,861</u>	<u>98,570</u>
	<u>\$ 1,348,093</u>	<u>\$ 1,348,093</u>

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2015:

	Balance 7/1/14 (Restated)	Additions	Disposals	Balance 6/30/15
Governmental activities				
Non-depreciated assets:				
Land	\$ 117,491	\$ -	\$ -	\$ 117,491
Construction in progress	620,065	5,979	-	626,044
	<u>737,556</u>	<u>5,979</u>	<u>-</u>	<u>743,535</u>
Depreciated assets:				
Land improvements	187,183	-	-	187,183
Buildings/improvements	1,698,852	-	-	1,698,852
Machinery, equipment & vehicles	2,361,829	110,412	-	2,472,241
Infrastructure	433,717	5,374	-	439,091
	<u>4,681,581</u>	<u>115,786</u>	<u>-</u>	<u>4,797,367</u>
Less: accumulated depreciation	(2,868,782)	(121,497)	-	(2,990,279)
	<u>1,812,799</u>	<u>(5,711)</u>	<u>-</u>	<u>1,807,088</u>
Net capital assets	<u>\$ 2,550,355</u>	<u>\$ 268</u>	<u>\$ -</u>	<u>\$ 2,550,623</u>

NOTE 6 – LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2015:

	Balance 7/1/14 (Restated)	Additions	Reductions	Balance 6/30/15	Current Portion
Bonds payable	\$ 6,166,400	\$ -	\$ (581,400)	\$ 5,585,000	\$ 581,400
Capital leases payable	25,691	78,400	(23,397)	80,694	24,077
Accrued compensated absences	147,014	-	(36,511)	110,503	110,503
Net pension liability	233,177	11,215	(111,722)	132,670	-
Totals	<u>\$ 6,572,282</u>	<u>\$ 89,615</u>	<u>\$ (753,030)</u>	<u>\$ 5,908,867</u>	<u>\$ 715,980</u>

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds payable:

\$750,000 Road Construction Bond with Camden National Bank. Interest rate of 2.14%, annual payments of \$75,000. Matures in September 2022.	\$ 711,000
\$790,000 Town office building Bond with Camden National Bank. Interest rate of 2.14%, annual payments of \$79,000. Matures in September 2022.	600,000
\$5,128,800 Elementary School Bond Payable 2005 Series B, interest rate of 3% to 7%, annual principal payments of \$427,400. Matures in October of 2024.	<u>4,274,000</u>
	<u>\$ 5,585,000</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 581,400	\$ 200,665	\$ 782,065
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
2021-2025	2,678,000	243,264	2,921,264
	<u>\$ 5,585,000</u>	<u>\$ 1,029,154</u>	<u>\$ 6,614,154</u>

The following is a summary of outstanding capital leases payable:

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

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

Lease payable for a backhoe loader. The lease is for 5 years with annual payments varying from \$16,130 to \$18,437. The effective interest rate is 5.92% per annum.

TOWN OF SABATTUS, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – LONG TERM DEBT (CONTINUED)

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

2016		\$ 24,077
2017		22,809
2018		22,809
2019		16,609
Total minimum lease payment		86,304
Less amount representing interest		(5,610)
Present value of future minimum lease payments		\$ 80,694

NOTE 7 – NONSPENDABLE FUND BALANCES

At June 30, 2015, the Town had the following nonspendable fund balances:

General Fund:		
Inventory		\$ 16,342
Tax acquired property		25,960
		\$ 42,302

NOTE 8 – RESTRICTED FUND BALANCES

At June 30, 2015, the Town had the following restricted fund balances:

Nonmajor Special Revenue Funds (See Schedule E)		\$ 53,560
Nonmajor Permanent Funds (See Schedule I)		12,398
		\$ 65,958

NOTE 9 – COMMITTED FUND BALANCES

At June 30, 2015, the Town had the following committed fund balances:

Nonmajor Special Revenue Funds (See Schedule E)		\$ 46,632
Nonmajor Capital Projects Funds (See Schedule G)		1,137,861
		\$ 1,184,493

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 – 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 2015, 2014 and 2013 were \$32,948, \$42,782, and \$46,606, 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.

TOWN OF SABATTUS, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 - 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 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.mainePers.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. 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%.

TOWN OF SABATTUS, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 7.8% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 7.8% 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, 2015 was \$32,038.

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

At June 30, 2015, the Town reported a liability of \$132,670 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2014, 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, 2014, the Town's proportion was 0.086216%, which was an increase of 0.010573% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized total pension expense of \$29,182. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,659	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	140,904
Changes in proportion and differences between contributions and proportionate share of contributions	24,444	-
Contributions subsequent to the measurement date	32,037	-
Total	\$ 73,140	\$ 140,904

\$32,037 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Year ended June 30:	
2016	\$ 21,525
2017	21,525
2018	21,525
2019	35,226
2020	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2014 and 2013, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

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.

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, 2014 and June 30, 2013 are as follows:

Investment Rate of Return - For the PLD Plan, 7.25% per annum, compounded annually.

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

TOWN OF SABATTUS, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

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 - 3.12% for participating local districts.

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, 2014 are summarized in the following table.

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%	0.0%

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Discount Rate

The discount rate used to measure the collective total pension liability was 7.25% for 2014 and 2013. 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, 2014 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 7.25% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	6.25%	7.25%	8.25%
Town's proportionate share of the net pension liability	\$ 413,892	\$ 132,670	\$ (102,396)

Changes in Net Pension Liability

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2014 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 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.

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Net Pension Liability (Continued)

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. There were no changes in assumptions for the PLD Consolidated Plan.

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' 2014 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (800) 451-9800.

NOTE 12 – EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2015, the Town had overdrafts in the following line items:

Administration	\$	9,383
Social security and medicare		346
ME Pers		2,880
Androscoggin Valley Council of Gov		1,330
MMA dues		13
Androscoggin Chamber of Commerce		250
Professional services		14,636
Police department		5,184
Fire department		5,248
Street lights		1,820
	\$	<u>41,090</u>

TOWN OF SABATTUS, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 13 – 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, 2015. 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 14 – CONTINGENCIES

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

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

TOWN OF SABATTUS, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 15 – DEFICIT FUND BALANCES

At June 30, 2015, the Town had the following deficit fund balances:

Police grants	\$ 8,558
Webster mill	2,912
Municipal office equipment	8,050
Road bond	<u>90,520</u>
	<u>\$ 110,040</u>

NOTE 16 - RESTATEMENT

The net position of the governmental activities has been restated at July 1, 2014 to account for the implementation of GASB Statement No. 68 Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 (Issued 06/12). As a result, the beginning balance was reduced by \$203,289.

The beginning net position for the governmental activities has been restated as of July 1, 2014. This balance was restated to correct the capital asset balance. The governmental activities were reduced by \$29,567.

The net restatement to the governmental activities was a reduction of \$232,856.

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

TOWN OF SABATTUS, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 892,194	\$ 892,194	\$ 892,194	\$ -
Resources (Inflows):				
Property taxes	5,263,179	5,263,179	5,267,862	4,683
Excise taxes	679,500	679,500	765,259	85,759
Intergovernmental:				
State revenue sharing	215,000	215,000	228,498	13,498
Homestead exemption	121,029	121,029	121,029	-
Other intergovernmental	31,739	31,739	33,385	1,646
Charges for services	106,262	106,262	113,294	7,032
Investment income	2,500	2,500	3,147	647
Other revenue	65,319	65,319	102,551	37,232
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>7,376,722</u>	<u>7,376,722</u>	<u>7,527,219</u>	<u>150,497</u>
Charges to Appropriations (Outflows):				
General government	894,681	894,681	907,710	(13,029)
Public safety	762,689	762,689	771,041	(8,352)
Public works	500,000	500,000	467,769	32,231
Sanitation	187,952	187,952	184,661	3,291
General assistance	2,000	2,000	2,000	-
Recreation	3,650	3,650	3,650	-
Debt service	33,675	33,675	33,675	-
County tax	299,402	299,402	299,402	-
Education	3,418,624	3,418,624	3,418,624	-
Overlay	71,231	71,231	9,854	61,377
Transfers to other funds	435,624	435,624	435,624	-
Total Charges to Appropriations	<u>6,609,528</u>	<u>6,609,528</u>	<u>6,534,010</u>	<u>75,518</u>
Budgetary Fund Balance, June 30	<u>\$ 767,194</u>	<u>\$ 767,194</u>	<u>993,209</u>	<u>\$ 226,015</u>
Utilization of unassigned fund balance	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>-</u>	<u>\$ (125,000)</u>
Differences - budget to GAAP:				
Add: RSU 4 debt payments			629,762	
Less: RSU 4 debt service			(629,762)	
			<u>\$ 993,209</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*

<u>PLD Plan:</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset)	0.09%	0.08%
Proportionate share of the net pension liability (asset)	\$ 132,670	\$ 233,177
Covered-employee payroll	\$ 410,739	\$ 420,588
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.30%	55.44%
Plan fiduciary net position as a percentage of the total pension liability	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.

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

TOWN OF SABATTUS, MAINE

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>		
Contractually required contribution	\$ 32,038	\$ 59,858
Contributions in relation to the contractually required contribution	<u>(32,038)</u>	<u>(59,858)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 410,739	\$ 420,588
Contributions as a percentage of covered- employee payroll	7.80%	14.23%

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

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, 2015

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 5,263,179	\$ 5,263,179	\$ 5,267,862	\$ 4,683
Motor vehicle excise	675,000	675,000	760,697	85,697
Boat excise	4,500	4,500	4,562	62
Intergovernmental revenues:				
State revenue sharing	215,000	215,000	228,498	13,498
Homestead exemption	121,029	121,029	121,029	-
Snowmobile	1,500	1,500	2,383	883
Tree growth	8,000	8,000	7,140	(860)
Veterans' reimbursement	4,000	4,000	5,532	1,532
Other state/federal funds	18,239	18,239	18,330	91
Charges for services:				
Town clerk fees	48,662	48,662	59,269	10,607
Code enforcement	19,000	19,000	13,565	(5,435)
Animal control	100	100	152	52
Planning board	3,500	3,500	285	(3,215)
Transfer station	35,000	35,000	40,023	5,023
Investment income:				
Regular investment income	2,500	2,500	3,147	647
Other revenues:				
Fees/interest on taxes	30,500	30,500	50,235	19,735
Gain sale of fuel	2,000	2,000	2,345	345
MSRS refund	32,819	32,819	35,699	2,880
Miscellaneous	-	-	14,272	14,272
Transfers in	-	-	-	-
Amounts Available for Appropriation	<u>\$ 6,484,528</u>	<u>\$ 6,484,528</u>	<u>\$ 6,635,025</u>	<u>\$ 150,497</u>

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

TOWN OF SABATTUS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Expenditures	Variance Positive (Negative)
MUNICIPAL APPROPRIATIONS				
GENERAL GOVERNMENT				
Administration	\$ 334,546	\$ 334,546	\$ 343,929	\$ (9,383)
Social Security & Medicare	78,388	78,388	78,734	(346)
Insurance	271,955	271,955	264,716	7,239
Planning board	5,600	5,600	1,237	4,363
Animal control officer	27,611	27,611	27,369	242
Code enforcement officer	21,600	21,600	20,167	1,433
International City Managers Assoc.	34,912	34,912	32,891	2,021
ME PERS	32,819	32,819	35,699	(2,880)
Androscoggin Valley Council of Gov.	4,800	4,800	6,130	(1,330)
MMA dues	4,200	4,200	4,213	(13)
Veterans Memorial Park	3,100	3,100	2,589	511
Androscoggin Chamber of Commerce	-	-	250	(250)
Professional services	75,150	75,150	89,786	(14,636)
Total	<u>894,681</u>	<u>894,681</u>	<u>907,710</u>	<u>(13,029)</u>
PUBLIC SAFETY				
Police department	479,467	479,467	484,651	(5,184)
Fire department	136,810	136,810	142,058	(5,248)
Fire hydrants	60,000	60,000	60,000	-
EMS	13,000	13,000	10,701	2,299
Emergency management	3,760	3,760	2,694	1,066
Dispatch & E911/PSAP	54,052	54,052	53,517	535
Street lights	15,600	15,600	17,420	(1,820)
Total	<u>762,689</u>	<u>762,689</u>	<u>771,041</u>	<u>(8,352)</u>
PUBLIC WORKS				
	<u>500,000</u>	<u>500,000</u>	<u>467,769</u>	<u>32,231</u>
S.R.S.W.T.S.				
	<u>187,952</u>	<u>187,952</u>	<u>184,661</u>	<u>3,291</u>
GENERAL ASSISTANCE				
	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
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>3,650</u>	<u>3,650</u>	<u>-</u>

SCHEDULE B (CONTINUED)
TOWN OF SABATTUS, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Expenditures	Variance Positive (Negative)
CAPITAL BUDGET				
Debt service:				
Road bond debt service	33,675	33,675	33,675	-
Transfers to municipal capital:				
Municipal building mortgage	98,945	98,945	98,945	-
Road reconstruction	175,679	175,679	175,679	-
Cruiser replacement	21,000	21,000	21,000	-
Transfer station	35,000	35,000	35,000	-
Fire capital equipment	75,000	75,000	75,000	-
Public works equipment	30,000	30,000	30,000	-
Total	<u>469,299</u>	<u>469,299</u>	<u>469,299</u>	-
OTHER GOVERNMENTAL APPROPRIATIONS				
School appropriations	3,418,624	3,418,624	3,418,624	-
Sabattus county tax	299,402	299,402	299,402	-
Total	<u>3,718,026</u>	<u>3,718,026</u>	<u>3,718,026</u>	-
OVERLAY / ABATEMENTS	<u>71,231</u>	<u>71,231</u>	<u>9,854</u>	<u>61,377</u>
TOTAL EXPENDITURES	<u>\$ 6,609,528</u>	<u>\$ 6,609,528</u>	<u>\$ 6,534,010</u>	<u>\$ 75,518</u>

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

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 12,398	\$ 12,398
Due from other funds	100,192	1,137,861	-	1,238,053
TOTAL ASSETS	\$ 100,192	\$ 1,137,861	\$ 12,398	\$ 1,250,451
LIABILITIES				
Due to other funds	\$ 11,470	\$ 98,570	\$ -	\$ 110,040
TOTAL LIABILITIES	11,470	98,570	-	110,040
FUND BALANCES				
Restricted	53,560	-	12,398	65,958
Committed	46,632	1,137,861	-	1,184,493
Unassigned	(11,470)	(98,570)	-	(110,040)
TOTAL FUND BALANCES	88,722	1,039,291	12,398	1,140,411
TOTAL LIABILITIES AND FUND BALANCES	\$ 100,192	\$ 1,137,861	\$ 12,398	\$ 1,250,451

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, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 2,412	\$ 41,604	\$ -	\$ 44,016
Interest income	-	-	17	17
Other income	21,379	34,654	-	56,033
TOTAL REVENUES	<u>23,791</u>	<u>76,258</u>	<u>17</u>	<u>100,066</u>
EXPENDITURES				
Capital outlay	-	14,474	-	14,474
Debt service	-	169,417	-	169,417
Other	44,352	255,758	-	300,110
TOTAL EXPENDITURES	<u>44,352</u>	<u>439,649</u>	<u>-</u>	<u>484,001</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(20,561)</u>	<u>(363,391)</u>	<u>17</u>	<u>(383,935)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	435,624	-	435,624
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>435,624</u>	<u>-</u>	<u>435,624</u>
NET CHANGE IN FUND BALANCES	(20,561)	72,233	17	51,689
FUND BALANCES, JULY 1	<u>109,283</u>	<u>967,058</u>	<u>12,381</u>	<u>1,088,722</u>
FUND BALANCES, JUNE 30	<u>\$ 88,722</u>	<u>\$ 1,039,291</u>	<u>\$ 12,398</u>	<u>\$ 1,140,411</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, 2015

	Police Training Reimbursement	Health / PTO Reimbursement Plan	Fire Grant	Police Grants	Comprehensive Plan	Surplus Bids
ASSETS						
Due from other funds	\$ 26,056	\$ 30,674	\$ 1,024	\$ -	\$ 16,002	\$ 3,550
TOTAL ASSETS	\$ 26,056	\$ 30,674	\$ 1,024	\$ -	\$ 16,002	\$ 3,550
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ 8,558	\$ -	\$ -
TOTAL LIABILITIES	\$ -	\$ -	\$ -	\$ 8,558	\$ -	\$ -
FUND BALANCES (DEFICITS)						
Restricted	-	30,674	-	-	-	-
Committed	26,056	-	1,024	-	16,002	3,550
Unassigned	-	-	-	(8,558)	-	-
TOTAL FUND BALANCES (DEFICITS)	26,056	30,674	1,024	(8,558)	16,002	3,550
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 26,056	\$ 30,674	\$ 1,024	\$ -	\$ 16,002	\$ 3,550

SCHEDULE E (CONTINUED)

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	Veterans Memorial Park	Charter Commission	Webster Mill	Riley Road	General Assistance	Totals
ASSETS						
Due from other funds	\$ 2,362	\$ 1,422	\$ -	\$ 4,265	\$ 14,837	\$ 100,192
TOTAL ASSETS	<u>\$ 2,362</u>	<u>\$ 1,422</u>	<u>\$ -</u>	<u>\$ 4,265</u>	<u>\$ 14,837</u>	<u>\$ 100,192</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ 2,912	\$ -	\$ -	\$ 11,470
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,470</u>
FUND BALANCES (DEFICITS)						
Restricted	2,362	1,422	-	4,265	14,837	53,560
Committed	-	-	-	-	-	46,632
Unassigned	-	-	(2,912)	-	-	(11,470)
TOTAL FUND BALANCES (DEFICITS)	<u>2,362</u>	<u>1,422</u>	<u>(2,912)</u>	<u>4,265</u>	<u>14,837</u>	<u>88,722</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 2,362</u>	<u>\$ 1,422</u>	<u>\$ -</u>	<u>\$ 4,265</u>	<u>\$ 14,837</u>	<u>\$ 100,192</u>

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

SCHEDULE F

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Police Training Reimbursement	Health / PTO Reimbursement Plan	Fire Grant	Police Grants	Comprehensive Plan	Surplus Bids
REVENUES						
Intergovernmental	\$ 1,500	\$ -	-	\$ -	\$ -	\$ -
Other income	-	-	112	12,676	-	1,047
TOTAL REVENUES	1,500	-	112	12,676	-	1,047
EXPENDITURES						
Other	5,444	16,876	-	17,685	525	-
TOTAL EXPENDITURES	5,444	16,876	-	17,685	525	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(3,944)	(16,876)	112	(5,009)	(525)	1,047
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(3,944)	(16,876)	112	(5,009)	(525)	1,047
FUND BALANCES (DEFICITS), JULY 1	30,000	47,550	912	(3,549)	16,527	2,503
FUND BALANCES (DEFICITS), JUNE 30	\$ 26,056	\$ 30,674	\$ 1,024	\$ (8,558)	\$ 16,002	\$ 3,550

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, 2015

	Veterans Memorial Park	Charter Commission	Webster Mill	Riley Road	General Assistance	Totals
REVENUES						
Intergovernmental	\$ 912	\$ -	\$ -	\$ -	\$ -	\$ 2,412
Other income	-	-	-	4,188	3,356	21,379
TOTAL REVENUES	<u>912</u>	<u>-</u>	<u>-</u>	<u>4,188</u>	<u>3,356</u>	<u>23,791</u>
EXPENDITURES						
Other	-	-	669	2,000	1,153	44,352
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>669</u>	<u>2,000</u>	<u>1,153</u>	<u>44,352</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>912</u>	<u>-</u>	<u>(669)</u>	<u>2,188</u>	<u>2,203</u>	<u>(20,561)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>912</u>	<u>-</u>	<u>(669)</u>	<u>2,188</u>	<u>2,203</u>	<u>(20,561)</u>
FUND BALANCES (DEFICITS), JULY 1	<u>1,450</u>	<u>1,422</u>	<u>(2,243)</u>	<u>2,077</u>	<u>12,634</u>	<u>109,283</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 2,362</u>	<u>\$ 1,422</u>	<u>\$ (2,912)</u>	<u>\$ 4,265</u>	<u>\$ 14,837</u>	<u>\$ 88,722</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.

SCHEDULE G

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2015

	Police Dept Equipment	Fire Dept Equipment	Public Works Equipment	Transfer Station Equipment	Municipal Office Equipment	Road Bond	Downtown Project
ASSETS							
Due from other funds	\$ 21,325	\$ 381,225	\$ 106,729	\$ 19,378	\$ -	\$ -	\$ 523
TOTAL ASSETS	<u>\$ 21,325</u>	<u>\$ 381,225</u>	<u>\$ 106,729</u>	<u>\$ 19,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 523</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 8,050	\$ 90,520	\$ -
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,050</u>	<u>\$ 90,520</u>	<u>\$ -</u>
FUND BALANCES (DEFICITS)							
Committed	21,325	381,225	106,729	19,378	-	-	523
Unassigned	-	-	-	-	(8,050)	(90,520)	-
TOTAL FUND BALANCES (DEFICITS)	<u>21,325</u>	<u>381,225</u>	<u>106,729</u>	<u>19,378</u>	<u>(8,050)</u>	<u>(90,520)</u>	<u>523</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 21,325</u>	<u>\$ 381,225</u>	<u>\$ 106,729</u>	<u>\$ 19,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 523</u>

SCHEDULE G (CONTINUED)

TOWN OF SABATTUS, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2015

	Transfer Station Facilities	Municipal Building Facilities	Public Works Facilities	Fire Department Facilities	Road Reconstruction Paving	Pleasant Hill Rd.	Totals
ASSETS							
Due from other funds	\$ 53,162	\$ 8,876	\$ 70,401	\$ 9,608	\$ 366,634	\$ 100,000	\$ 1,137,861
TOTAL ASSETS	<u>\$ 53,162</u>	<u>\$ 8,876</u>	<u>\$ 70,401</u>	<u>\$ 9,608</u>	<u>\$ 366,634</u>	<u>\$ 100,000</u>	<u>\$ 1,137,861</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,570
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,570</u>
FUND BALANCES (DEFICITS)							
Committed	53,162	8,876	70,401	9,608	366,634	100,000	1,137,861
Unassigned	-	-	-	-	-	-	(98,570)
TOTAL FUND BALANCES (DEFICITS)	<u>53,162</u>	<u>8,876</u>	<u>70,401</u>	<u>9,608</u>	<u>366,634</u>	<u>100,000</u>	<u>1,039,291</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 53,162</u>	<u>\$ 8,876</u>	<u>\$ 70,401</u>	<u>\$ 9,608</u>	<u>\$ 366,634</u>	<u>\$ 100,000</u>	<u>\$ 1,137,861</u>

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

SCHEDULE H

TOWN OF SABATTUS, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Police Dept Equipment	Fire Dept Equipment	Public Works Equipment	Transfer Station Equipment	Municipal Office Equipment	Road Bond	Downtown Project
REVENUES							
Intergovernmental	-	-	-	-	-	-	\$
Other income	944	33,710	-	-	-	-	-
TOTAL REVENUES	944	33,710					
EXPENDITURES							
Capital outlay	-	6,174	-	-	8,300	-	-
Debt service	-	-	-	-	98,671	-	-
Other	27,007	-	3,960	4,114	1,000	214,576	-
TOTAL EXPENDITURES	27,007	6,174	3,960	4,114	107,971	214,576	
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(26,063)	27,536	(3,960)	(4,114)	(107,971)	(214,576)	-
OTHER FINANCING SOURCES (USES)							
Transfers in	21,000	75,000	30,000	-	98,945	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	21,000	75,000	30,000	-	98,945	-	-
NET CHANGE IN FUND BALANCES	(5,063)	102,536	26,040	(4,114)	(9,026)	(214,576)	-
FUND BALANCES (DEFICITS), JULY 1	26,388	278,689	80,689	23,492	976	124,056	523
FUND BALANCES (DEFICITS), JUNE 30	\$ 21,325	\$ 381,225	\$ 106,729	\$ 19,378	\$ (8,050)	\$ (90,520)	\$ 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, 2015

	Transfer Station Facilities	Municipal Building Facilities	Public Works Facilities	Fire Department Facilities	Road Reconstruction Paving	Pleasant Hill Rd.	Totals
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 41,604	\$ -	\$ 41,604
Other income	-	-	-	-	-	-	34,654
TOTAL REVENUES	-	-	-	-	41,604	-	76,258
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	14,474
Debt service	-	-	-	-	70,746	-	169,417
Other	5,101	-	-	-	-	-	255,758
TOTAL EXPENDITURES	5,101	-	-	-	70,746	-	439,649
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(5,101)	-	-	-	(29,142)	-	(363,391)
OTHER FINANCING SOURCES (USES)							
Transfers in	35,000	-	-	-	175,679	-	435,624
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	35,000	-	-	-	175,679	-	435,624
NET CHANGE IN FUND BALANCES	29,899	-	-	-	146,537	-	72,233
FUND BALANCES (DEFICITS), JULY 1	23,263	8,876	70,401	9,608	220,097	100,000	967,058
FUND BALANCES (DEFICITS), JUNE 30	\$ 53,162	\$ 8,876	\$ 70,401	\$ 9,608	\$ 366,634	\$ 100,000	\$ 1,039,291

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, 2015

	<u>Cemetery Fund</u>	<u>Totals</u>
ASSETS		
Cash and cash equivalents	\$ 12,398	\$ 12,398
TOTAL ASSETS	<u>\$ 12,398</u>	<u>\$ 12,398</u>
LIABILITIES		
Due to other funds	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Restricted	12,398	12,398
TOTAL FUND BALANCES	<u>12,398</u>	<u>12,398</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,398</u>	<u>\$ 12,398</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, 2015

	Cemetery Fund	Totals
REVENUES		
Interest income	\$ 17	\$ 17
TOTAL REVENUES	<u>17</u>	<u>17</u>
EXPENSES		
Cemetery expenses	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER EXPENDITURES)	<u>17</u>	<u>17</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers (out)	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	17	17
FUND BALANCES, JULY 1	<u>12,381</u>	<u>12,381</u>
FUND BALANCES, JUNE 30	<u>\$ 12,398</u>	<u>\$ 12,398</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, 2015

	Land, Non- Depreciable Infrastructure and Construction in Progress	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
Town-wide	\$ 743,535	\$ 1,886,035	\$ 2,472,241	\$ 439,091	\$ 5,540,902
Total General Capital Assets	743,535	1,886,035	2,472,241	439,091	5,540,902
Less: Accumulated Depreciation	-	(749,069)	(2,206,513)	(34,697)	(2,990,279)
Net General Capital Assets	\$ 743,535	\$ 1,136,966	\$ 265,728	\$ 404,394	\$ 2,550,623

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

SCHEDULE L

TOWN OF SABATTUS, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2015

	General Capital Assets 7/1/14 (Restated)	Additions	Deletions	General Capital Assets 6/30/15
Town-wide	\$ 5,419,137	\$ 121,765	\$ -	\$ 5,540,902
Total General Capital Assets	5,419,137	121,765	-	5,540,902
Less: Accumulated Depreciation	(2,868,782)	(121,497)	-	(2,990,279)
Net General Capital Assets	\$ 2,550,355	\$ 268	\$ -	\$ 2,550,623

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