

Audited Financial Statements and  
Other Financial Information

Town of Acton, Maine

June 30, 2013



*Proven Expertise and Integrity*

TOWN OF ACTON, MAINE

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JUNE 30, 2013

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## INDEPENDENT AUDITORS' REPORT

Board of Selectmen  
Town of Acton  
Acton, 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 Acton, Maine, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express not such opinion. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Acton, Maine as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and budgetary comparison information on page 38 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 Acton, Maine's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 20-A MRSA §6051, Sub-chapter 1(K) of the Maine Revised Statutes as amended, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*RHR Smith & Company*

Buxton, Maine  
July 18, 2013

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

**(UNAUDITED)**

The following management's discussion and analysis of Town of Acton, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

The Town of Acton's 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 activities. The type of activity presented for the Town of Acton is:

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

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Acton, 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 Acton can be divided into two categories: governmental funds and fiduciary funds.

*Governmental funds:* Most 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 Acton presents 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.

*Fiduciary Funds:* These funds are used to account for resources held for the benefit of parties outside the Town of Acton. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

### **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 Fiduciary Fund Financial Statements.

### **Required Supplementary Information**

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

### **Other Supplementary Information**

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

### **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 for governmental activities increased by \$721,691 from \$5.13 million to \$5.85 million.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a balance of \$1,731,090 at the end of this year.

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

<b>Assets:</b>	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Current and Other Assets	\$ 3,040,675	\$ 2,597,005
Capital Assets	3,413,052	2,975,625
Total Assets	<u>6,453,727</u>	<u>5,572,630</u>
<b>Liabilities:</b>		
Current Liabilities	214,499	200,273
Long-term Debt Outstanding	370,613	232,355
Total Liabilities	<u>585,112</u>	<u>432,628</u>
<b>Deferred Inflows of Resources:</b>		
Prepaid taxes	14,765	7,843
Total Deferred Inflows of Resources	<u>14,765</u>	<u>7,843</u>
<b>Net Position:</b>		
Invested in Capital Assets, Net of Related Debt	3,023,951	2,913,370
Restricted:     General fund	991,636	755,223
Special revenue funds	-	2,346
Permanent funds	107,173	100,179
Unrestricted	1,731,090	1,361,041
Total Net Position	<u>\$ 5,853,850</u>	<u>\$ 5,132,159</u>

### Revenues and Expenses

Revenues for the Town's governmental activities increased by 2.38%, while total expenses decreased by 2.12%. Nearly all revenue categories increased with the exception of other income, while expenditures declined with public works and other

expenses realizing the majority of cost reductions partially offset by increases in mostly all other expense categories.

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

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 67,748	\$ 57,634
Operating grants & contributions	1,014,518	1,003,308
<i>General Revenues:</i>		
Property taxes	6,134,168	6,104,646
Excise taxes	418,086	408,635
Grants and contributions not restricted to specific programs	209,452	75,740
Investment income	26,509	16,046
Other income	127,565	146,090
Total revenues	<u>7,998,046</u>	<u>7,812,099</u>
<b>Expenses</b>		
General government	554,688	555,708
Public safety	199,853	193,153
Public works	569,966	831,710
Building	66,179	56,756
Recreation	15,451	11,684
General assistance	8,206	5,069
Education	5,264,020	5,138,535
County tax	314,057	308,479
Other expenses	42,597	101,522
Unallocated depreciation (Note 4)	11,086	11,086
State of Maine on-behalf payments	230,252	219,996
Total expenses	<u>7,276,355</u>	<u>7,433,698</u>
Change in Net Position	721,691	378,401
Net Position - July 1	<u>5,132,159</u>	<u>4,753,758</u>
Net Position - June 30	<u>\$ 5,853,850</u>	<u>\$ 5,132,159</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 Acton, Maine**  
**Fund Balances - Governmental Funds**  
**June 30,**

	2013	2012
General Fund:		
Nonspendable	\$ 17,394	\$ 18,215
Restricted	991,636	755,223
Committed	537,704	285,357
Assigned	45,083	39,111
Unassigned	873,282	979,713
Total General Fund	\$ 2,465,099	\$ 2,077,619
Nonmajor Funds:		
Special revenue funds:		
Restricted	\$ -	\$ 2,346
Unassigned	(2,099)	-
Permanent funds:		
Restricted	107,173	100,179
Total Nonmajor Funds	\$ 105,074	\$ 102,525

The general fund total fund balance increased by \$387,480 over the prior fiscal year. The non-major fund balances increased by \$2,549 over the prior fiscal year.

### Budgetary Highlights

There was a significant difference between the original and final budget for the general fund. This difference is the use of committed and unassigned fund balances as well as applied revenues.

The general fund actual revenues exceeded the budget by \$97,268. This mainly was a result of intergovernmental and other revenue.

The general fund actual expenditures were under the budget by \$636,724. All expenditures categories were under-budget.

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2013, the net book value of capital assets recorded by the Town increased by \$437,427 from the prior year. This increase is the result of capital additions less current year depreciation.

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

	<u>2013</u>	<u>2012</u>
Land	\$ 110,200	\$ 110,200
Land improvements	211,045	220,923
Buildings and improvements	2,163,842	2,299,888
Machinery and equipment	199,023	212,205
Vehicles	424,432	132,409
Infrastructure	304,510	-
Total	<u>\$ 3,413,052</u>	<u>\$ 2,975,625</u>

### Debt

At June 30, 2013, the Town had \$0 in bonds outstanding. The town's other obligations include notes payable, capital leases payable and accrued vacation and sick time. Refer to Note 5 of Notes to Financial Statements for more detailed information.

### 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, yet continue adding to reserves for future operations, capital and program needs. The Town is working to rebuild unassigned fund balance to a sufficient level.

### Requests for Information

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 35 H Road, Acton, Maine 04001.

TOWN OF ACTON, MAINE  
STATEMENT OF NET POSITION  
JUNE 30, 2013

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,494,847
Investments	42,627
Accounts receivable (net of allowance for uncollectibles):	
Taxes/liens	417,617
Other	36,488
Due from other governments	31,702
Inventory	14,369
Tax acquired property	3,025
Total current assets	<u>3,040,675</u>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	110,200
Infrastructure, buildings and vehicles, net of accumulated depreciation	<u>3,302,852</u>
Total noncurrent assets	<u>3,413,052</u>
Total assets	<u>\$ 6,453,727</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 39,283
Accrued expenses	41,076
Due to other governments	9,378
Current portion of long-term obligations	<u>124,762</u>
Total current liabilities	<u>214,499</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes payable	221,301
Capital leases payable	43,038
Accrued compensated absences	<u>106,274</u>
Total noncurrent liabilities	<u>370,613</u>
Total liabilities	<u>585,112</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	14,765
Total deferred inflows of resources	<u>14,765</u>
NET POSITION	
Invested in capital assets, net of related debt	3,023,951
Restricted: General fund	991,636
Permanent funds	107,173
Unrestricted	<u>1,731,090</u>
Total net position	<u>5,853,850</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 6,453,727</u>

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

## TOWN OF ACTON, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants & Contributions	
Governmental activities:				
General government	\$ 554,688	\$ 61,807	\$ -	\$ -
Public safety	199,853	1,221	-	-
Public works	569,966	-	68,016	-
Building	66,179	-	-	-
Recreation	15,451	4,720	-	-
General assistance	8,206	-	4,299	-
Education	5,264,020	-	711,951	-
County tax	314,057	-	-	-
Other expenses	42,597	-	-	-
Unallocated depreciation (Note 4)*	11,086	-	-	-
State of Maine on-behalf payments	230,252	-	230,252	-
<b>Total governmental activities</b>	<b>\$ 7,276,355</b>	<b>\$ 67,748</b>	<b>\$ 1,014,518</b>	<b>\$ -</b>

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



STATEMENT B (CONTINUED)  
TOWN OF ACTON, MAINE

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

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(6,194,089)
General revenues:	
Taxes:	
Property taxes, levied for general purposes	6,134,168
Excise taxes	418,086
Grants and contributions not restricted to specific programs	209,452
Investment income	26,509
Other income	127,565
Total general revenues	6,915,780
Change in net position	721,691
Net position - July 1	5,132,159
Net position - June 30	\$ 5,853,850

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

## TOWN OF ACTON, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2013

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,424,801	\$ 70,046	\$ 2,494,847
Investments	-	42,627	42,627
Receivables (net of allowance for uncollectibles):			
Taxes	295,138	-	295,138
Liens	122,479	-	122,479
Other	36,488	-	36,488
Due from other governments	-	31,702	31,702
Inventory	14,369	-	14,369
Tax acquired property	3,025	-	3,025
Due from other funds	37,202	-	37,202
<b>TOTAL ASSETS</b>	<b>\$ 2,933,502</b>	<b>\$ 144,375</b>	<b>\$ 3,077,877</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 37,184	\$ 2,099	\$ 39,283
Accrued expenses	41,076	-	41,076
Due to other governments	9,378	-	9,378
Due to other funds	-	37,202	37,202
<b>TOTAL LIABILITIES</b>	<b>87,638</b>	<b>39,301</b>	<b>126,939</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	14,765	-	14,765
Deferred revenue	366,000	-	366,000
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>380,765</b>	<b>-</b>	<b>380,765</b>
<b>FUND BALANCES</b>			
Nonspendable	17,394	-	17,394
Restricted	991,636	107,173	1,098,809
Committed	537,704	-	537,704
Assigned	45,083	-	45,083
Unassigned	873,282	(2,099)	871,183
<b>TOTAL FUND BALANCES</b>	<b>2,465,099</b>	<b>105,074</b>	<b>2,570,173</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,933,502</b>	<b>\$ 144,375</b>	<b>\$ 3,077,877</b>

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

## TOWN OF ACTON, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,570,173
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	3,413,052
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	366,000
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Notes Payable	(329,455)
Capital lease payable	(59,646)
Accrued compensated absences	<u>(106,274)</u>
 Net position of governmental activities	 <u><u>\$ 5,853,850</u></u>

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

## TOWN OF ACTON, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property taxes	\$ 6,039,168	\$ -	\$ 6,039,168
Excise taxes	418,086	-	418,086
Intergovernmental revenues:			
State revenue sharing	109,575	-	109,575
Education subsidy	390,486	-	390,486
Homestead exemption	41,525	-	41,525
Local road assistance	68,016	-	68,016
Other education revenue	116,189	-	116,189
Other	62,651	205,276	267,927
State of Maine on-behalf payments	230,252	-	230,252
Charges for services	67,748	-	67,748
Investment income, net of unrealized gains/(losses)	13,215	13,294	26,509
Other revenue	127,565	-	127,565
TOTAL REVENUES	<u>7,684,476</u>	<u>218,570</u>	<u>7,903,046</u>
EXPENDITURES			
Current:			
General government	554,688	-	554,688
Public safety	154,673	-	154,673
Public works	868,676	-	868,676
Social services	66,179	-	66,179
Recreation	10,961	-	10,961
General assistance	8,206	-	8,206
Education	4,937,872	209,721	5,147,593
County tax	314,057	-	314,057
Other	410,023	6,300	416,323
State of Maine on-behalf payments	230,252	-	230,252
Debt service:			
Principal	37,409	-	37,409
Interest	-	-	-
TOTAL EXPENDITURES	<u>7,592,996</u>	<u>216,021</u>	<u>7,809,017</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	91,480	2,549	94,029
OTHER FINANCING SOURCES (USES)			
Proceeds from bond issuance	296,000	-	296,000
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>296,000</u>	<u>-</u>	<u>296,000</u>
NET CHANGE IN FUND BALANCES	387,480	2,549	390,029
FUND BALANCES - JULY 1	<u>2,077,619</u>	<u>102,525</u>	<u>2,180,144</u>
FUND BALANCES - JUNE 30	<u>\$ 2,465,099</u>	<u>\$ 105,074</u>	<u>\$ 2,570,173</u>

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

## TOWN OF ACTON, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 390,029</u>
<p>Amounts reported for governmental activities in the Statement of Activities        (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities        report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset purchases capitalized	655,434
Depreciation expense	<u>(218,007)</u>
	<u>437,427</u>
<p>Revenues in the Statement of Activities that do not provide current financial resources        as revenues in the funds:</p>	
Taxes and liens receivable	<u>95,000</u>
<p>Debt proceeds provide current financial resources to governmental funds, but issuing        long-term liabilities in the Statement of Net Position</p>	
	<u>(296,000)</u>
<p>Repayment of long-term debt principal is an expenditure in the governmental        funds, reduces long-term liabilities in the Statement of Net Position</p>	
	<u>96,286</u>
<p>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:</p>	
Accrued compensated absences	<u>(1,051)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 721,691</u></u>

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

## TOWN OF ACTON, MAINE

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS  
JUNE 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 31,170
Investments	<u>2,698</u>
TOTAL ASSETS	<u>\$ 33,868</u>
LIABILITIES	
Deposits held for others	<u>\$ 33,868</u>
TOTAL LIABILITIES	<u>\$ 33,868</u>

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Reporting Entity***

The Town of Acton was incorporated under the laws of the State of Maine. The Town operates under the selectmen form of government and provides the following services: general government services, public safety, public works, social services recreation and education.

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

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

***Government-Wide and Fund Financial Statements***

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All activities of the Town are categorized as governmental.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

**Measurement Focus - Basic Financial Statements & Fund Financial Statements**

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

The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental fund's 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. 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.



TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The Town has no component unites that are fiduciary in nature.

The emphasis in fund financial statements is on the major funds in the governmental activity category. 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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**Budget**

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

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments made by the State of Maine to the Maine State Public Employees Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund.

Revenues per budgetary basis	\$ 7,750,224
Add: On-behalf payments	<u>230,252</u>
Total GAAP basis	<u>\$ 7,980,476</u>
Expenditures per budgetary basis	\$ 7,362,744
Add: On-behalf basis	<u>230,252</u>
Total GAAP basis	<u>\$ 7,592,996</u>

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

1. Early in the first 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.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 Acton has no formal investment policy but instead follows the State of Maine Statutes.

**Inventories**

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet, with the exception of gravel and school lunch supplies and food on hand at the end of the year, valued at cost. The cost value is determined using the first-in, first-out (FIFO) method.

**Interfund Receivables and Payables**

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

**Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2013.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$3,000 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.

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 notes payable, capital leases and compensated absences.

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Compensated Absences**

The Town's policies regarding vacation and sick time do not permit employees to accumulate earned but unused vacation and sick leave. However, the school department allows certain teachers to accumulated unused sick time. 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.

**Net Position**

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

**Fund Balances**

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.

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 OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

The Town is in the process of adopting a set of financial policies to guide the financial operation of the Town. Included in the policies will be guidelines for accumulating and maintaining an operating position in certain budgeted governmental funds such that annual expenditures shall not exceed annual resources, including fund balances. Other funds shall be fully self-supporting to the extent that the fund balance or retained earnings of each fund shall be zero or greater.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied August 30, 2012 on the assessed value listed as of April 1, 2012, for all real and personal property located in the Town. Taxes were due on in two installments on October 16, 2012 and April 16, 2013. Interest on unpaid taxes commenced on October 17, 2012 and April 17, 2013, at 7% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$47,553 for the year ended June 30, 2013.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Program Revenues**

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

**Encumbrance Accounting**

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

**Use of Estimates**

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

NOTE 2 - 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, 2013, the Town's deposits amounting to \$2,526,017 were comprised of bank deposits of \$2,639,622. Of these bank deposits, \$343,515 was fully insured by

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

federal depository insurance and consequently was not exposed to custodial credit risk. The remaining bank balances of \$2,296,107 were collateralized with an irrevocable standby letter of credit.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 2,569,576
Savings accounts	<u>70,046</u>
	<u>\$ 2,639,622</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 common stock, for \$42,627, is not exposed to custodial credit risk because those securities are registered in the Town's name and are held by the Town. The remaining investment in certificates of deposit totaling \$2,698 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>
Common stock	\$ 42,627	\$ 42,627	\$ -	\$ -
Certificates of deposit	<u>2,698</u>	<u>-</u>	<u>2,698</u>	<u>-</u>
	<u>\$ 45,325</u>	<u>\$ 42,627</u>	<u>\$ 2,698</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 in savings accounts and various insured certificates of deposit.



TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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 – INTERFUND RECEIVABLES AND PAYABLES

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

	<u>Receivables</u> <u>(Due From)</u>	<u>Payables</u> <u>(Due To)</u>
General fund	\$ 37,202	\$ -
Special revenue funds	-	31,702
Permanent funds	-	5,500
	<u>\$ 37,202</u>	<u>\$ 37,202</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 4 - CAPITAL ASSETS

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

	Balance 7/1/12	Additions	Disposals	Balance 6/30/13
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 110,200	\$ -	\$ -	\$ 110,200
	<u>110,200</u>	<u>-</u>	<u>-</u>	<u>110,200</u>
Depreciated assets:				
Land improvements	379,983	5,160	-	385,143
Buildings/Improvements	5,399,637	7,000	-	5,406,637
Machinery & Equipment	933,689	19,121	-	952,810
Vehicles	446,011	319,643	-	765,654
Furniture & Fixtures	94,038	-	-	94,038
Infrastructure	-	304,510	-	304,510
	<u>7,253,358</u>	<u>655,434</u>	<u>-</u>	<u>7,908,792</u>
Less: accumulated depreciation	<u>(4,387,933)</u>	<u>(218,007)</u>	<u>-</u>	<u>(4,605,940)</u>
	<u>2,865,425</u>	<u>437,427</u>	<u>-</u>	<u>3,302,852</u>
Net capital assets	<u>\$ 2,975,625</u>	<u>\$ 437,427</u>	<u>\$ -</u>	<u>\$ 3,413,052</u>
<u>Current year depreciation:</u>				
Public safety				\$ 45,180
Highway				5,800
Education				146,657
Transfer station				4,794
Parks/recreation				4,490
Town-wide				11,086
Total depreciation expenses				<u>\$ 218,007</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 5 - LONG-TERM DEBT

The General Fund of the Town is used to pay for all long-term debt. A summary of long-term debt is as follows:

	Balance 7/1/12	Additions	Reductions	Balance 6/30/13	Current Portion
Notes payable	\$ 116,709	\$ 296,000	\$ (83,254)	\$ 329,455	\$ 108,154
Capital leases payable	72,678	-	(13,032)	59,646	16,608
Accrued compensated absences	105,223	1,051	-	106,274	-
Totals	<u>\$ 294,610</u>	<u>\$ 297,051</u>	<u>\$ (96,286)</u>	<u>\$ 495,375</u>	<u>\$ 124,762</u>

The following is a summary of the outstanding note payable:

\$260,000, 2011 Commercial Note due in monthly installments of level principal and interest payments in the amount of \$4,296 through November 2016. Interest is charged at a of 2.47% per annum.	\$ 63,676
\$25,000, 2012 Commercial Note due in monthly installments of level principal and interest payments in the amount of \$433 through August 2017. Interest is charged at a of 1.49% per annum.	20,971
\$271,000, 2012 Commercial Note due in monthly installments of level principal and interest payments in the amount of \$4,727 through December 2017. Interest is charged at a of 1.78% per annum.	244,808
	<u>\$ 329,455</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 108,154	\$ 5,314	\$ 113,468
2015	71,810	3,306	75,116
2016	59,659	2,260	61,919
2017	60,763	1,156	61,919
2018	29,069	155	29,224
	<u>\$ 329,455</u>	<u>\$ 12,191</u>	<u>\$ 341,646</u>

The following is a summary of capital leases outstanding as of June 30, 2013:

\$63,766, 2011 capital lease payable to Apple Financial Services for computers due in annual installments through July 2015. Interest is charged at a rate of 5.00% per annum.

\$24,681, 2012 capital lease payable to Androscoggin Bank for copiers due in annual installments through January 2017. Interest is charged at a rate of 1% to 3% per annum.

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

2014	\$ 19,642
2015	20,958
2016	20,958
2017	3,948
2018	-
Total minimum lease payment	<u>65,506</u>
Less amount representing interest	<u>(5,860)</u>
Present value of future minimum lease payments	<u>\$ 59,646</u>

All notes payable and capital leases payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 6 – OPERATING LEASE

The Town leases a copier from U.S. Bank Equipment Finance under a non-cancellable lease agreement. The term of the lease is for a 5 year period ending in May 2017. Interest is charged at a rate of 6.15% per annum. Monthly payments are \$134.50.

Year Ending <u>June 30:</u>	
2014	\$ 1,614
2015	1,614
2016	1,614
2017	<u>1,479</u>
	\$ 6,321
Less: amount representing interest	<u>(890)</u>
Present value of minimum lease payments	<u>\$ 5,431</u>

NOTE 7 – OVERLAPPING DEBT

The Town is responsible for its proportionate share of County debt. As of June 30, 2013, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of York	\$ 8,900,000	1.96%	<u>\$ 174,154</u>

NOTE 8 – NONSPENDABLE FUND BALANCES

The town had the following nonspendable fund balance at June 30, 2013:

School lunch inventory	\$ 2,394
Gravel inventory	11,975
Tax acquired property	<u>3,025</u>
	<u>\$ 17,394</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 9 - RESTRICTED FUND BALANCES

The town had the following restricted fund balances at June 30, 2013:

Education	\$	805,034
Education - retirement reserve		105,108
Education capital		3,478
Education - fuel reserve		10,000
URIP		68,016
Permanent funds (Schedule I)		107,173
		<u>\$ 1,098,809</u>

NOTE 10 – COMMITTED FUND BALANCES

The town had the following committed fund balances at June 30, 2013:

Gravel pit	\$	28,302
Mary Grant		1,866
Town hall windows		4,233
Cable access		53,500
Forestry reserve		24,474
Fire department donations		869
Fire department capital		101,318
Conservation committee		285
Gym insurance claim		530
Gym donations		234
Cemeteries		1,500
District one road repair & maintenance		10,925
District two road repair & maintenance		42,993
Town hall buildings		1,675
Dams		10,000
FY 2014 appropriations		255,000
		<u>\$ 537,704</u>

NOTE 11 – ASSIGNED FUND BALANCES

The town had the following assigned fund balances at June 30, 2013:

Recreation	\$	32,252
Capital improvements		12,831
		<u>\$ 45,083</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 12 – COMMITMENTS

The Town of Acton, Maine, has entered a contract for law enforcement services with the County of York, Maine. The contract term is for four years beginning January 1, 2013 and ending December 31, 2016. The Town of Shapleigh participates with the Town of Acton in the contract with a cost-sharing formula of 50% for each town. The annual contract cost is calculated on estimated salary and fringe benefits and other related operating expenses less federal grant funding as follows:

Fiscal Years Ending June 30,	Amount
2014	\$ 20,004
2015	20,004
2016	20,004

For the twelve months ended June 30, 2013, the total contract cost was \$20,004. All future contract amounts are subject to annual appropriation by the Town of Acton.

NOTE 13 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Maine Municipal and the Maine School Management Associations.

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, 2013. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 14 – DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

A. Plan Description

All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher retirement program. The teacher's program is a cost-sharing plan with a special funding situation, established by the Maine State

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 14 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Legislature. The program requires that both employees and the Department contribute, and provides retirement, disability and death benefits. Employees are eligible for normal retirement upon attaining the age of 60, provided they have 25 years of credible service. Employees are penalized 2.5% for each year of early retirement. The authority to establish and amend benefit provisions rests with the State Legislature. The funding status and progress for the teacher retirement program may be obtained by contacting the Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling (800) 451-9800.

B. Funding Policy

Program members are required to contribute 7.65% of their compensation to the retirement system. The School Department's payroll for employees covered by this program was approximately \$1,607,907 for the year ended June 30, 2013. The State of Maine is required to contribute the employer contribution which amounts to 14.32% of compensation. Contributions paid by the State were approximately \$230,252 for the year ended June 30, 2013. There is no contribution required by the School Department, except for federally funded teachers. The School Department's contributions to the plan for 2013, 2012, and 2011 were \$14,361, \$19,096 and \$24,737, respectively.

NOTE 15 - DEFERRED COMPENSATION PLAN

The School Department offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403. The plan, available to all school employees, permits them to defer a portion of their salary until future years. There is no employer match by the School Department. 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.

It is the opinion of the School Department's management that the School Department 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.



TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 16 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town of Acton's landfill is at 100% capacity to date. Therefore, the estimated remaining landfill life is zero years. Federal and state laws require that certain post closure care be met. The Town estimates that on an annual basis, some immaterial costs will be incurred for post closure care. The annual amount will be paid for within the Town's annual operating budget.

NOTE 17 – CONTINGENCIES

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

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

NOTE 18 – LETTER OF CREDIT

At June 30, 2013, the Town has an outstanding irrevocable stand-by letter of credit issued by the Federal Home Loan Bank of Boston serving as collateral for its deposits held at Sanford Institution for Savings. This letter of credit, which expires at the close of business on January 28, 2014, authorizes one draw only up to the amount of \$3,000,000. There were no draws for the year ended June 30, 2013.

NOTE 19 – DEFICIT FUND BALANCES

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

Local Entitlement	\$	1,123
Title IA		392
Title IIA		400
Local Entitlement Preschool		184
	\$	<u>2,099</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 20 – RELATED PARTIES TRANSACTIONS

One of the Town's Selectmen provides the following services to the Town: student transportation and tutoring. We understand that the Selectman recused himself in any matters concerning school transportation and tutoring. During the fiscal year ended June 30, 2013, payments to the Selectman for student transportation and tutoring totaled \$47,645 and \$3,375, respectively. Also, one of the Town's part-time Highway Department employees is related to the Town's Treasurer. During fiscal year 2013, payments for these services totaled \$3,953.

NOTE 21 – EXPENDITURES OVER APPROPRIATIONS

At June 30, 2013 the Town of Acton had the following overspent appropriations:

Town gym expenses	\$ 2,215
Town clerk/Tax collector	577
Fire department	45
Sand/salt stockpile	21,637
York County law enforcement services	4
	<u>\$ 24,478</u>

## Required Supplementary Information

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

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

## TOWN OF ACTON, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,077,619	\$ 2,077,619	\$ 2,077,619	\$ -
Resources (Inflows):				
Property taxes	6,134,168	6,134,168	6,039,168	(95,000)
Excise taxes	360,000	360,000	418,086	58,086
Intergovernmental	230,541	728,688	788,442	59,754
Charges for services	44,600	44,600	67,748	23,148
Investment income	12,000	12,000	13,215	1,215
Other revenue	68,000	77,500	127,565	50,065
Proceeds from bond issuance	296,000	296,000	296,000	-
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>9,222,928</u>	<u>9,730,575</u>	<u>9,827,843</u>	<u>97,268</u>
Charges to Appropriations (Outflows):				
General government	601,881	616,455	554,688	61,767
Public safety	155,616	155,616	154,673	943
Public works	879,709	942,359	868,676	73,683
Social services	66,179	66,179	66,179	-
Recreation	12,400	12,400	10,961	1,439
General assistance	15,000	15,000	8,206	6,794
County tax	314,057	314,057	314,057	-
Education	4,657,818	5,255,409	4,937,872	317,537
Debt service:				
Principal	5,400	38,489	37,409	1,080
Interest	-	-	-	-
Other	437,249	583,504	410,023	173,481
Transfers to other funds	-	-	-	-
Total Charges to Appropriation	<u>7,145,309</u>	<u>7,999,468</u>	<u>7,362,744</u>	<u>636,724</u>
Budgetary Fund Balance, June 30	<u>\$ 2,077,619</u>	<u>\$ 1,731,107</u>	<u>\$ 2,465,099</u>	<u>\$ 733,992</u>
Utilization of committed fund balance	\$ -	\$ 226,512	\$ -	\$ (226,512)
Utilization of unassigned fund balance	-	120,000	-	(120,000)
	<u>\$ -</u>	<u>\$ 346,512</u>	<u>\$ -</u>	<u>\$ (346,512)</u>

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

## Other Supplementary Information

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

- Budgetary Comparison Schedule – Budget and Actual General Fund Revenues
- Schedule of Departmental Operations – General Fund
- Budgetary Comparison Schedule – School Department
- 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 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 ACTON, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 6,134,168	\$ 6,134,168	\$ 6,039,168	\$ (95,000)
Motor vehicle excise	350,000	350,000	403,930	53,930
Boat excise	10,000	10,000	14,156	4,156
Intergovernmental revenues:				
State revenue sharing	108,000	108,000	109,575	1,575
Education subsidy	-	432,591	390,486	(42,105)
Homestead exemption	41,525	41,525	41,525	-
Local road assistance	68,016	68,016	68,016	-
School - Mainecare	-	-	23,015	23,015
School lunch revenue	-	65,000	93,174	28,174
Tree growth	10,000	10,000	23,938	13,938
General assistance	3,000	3,000	4,299	1,299
Veterans' reimbursement	-	-	2,681	2,681
Other state/federal funds	-	556	31,733	31,177
Charges for services:				
Town clerk fees	10,000	10,000	11,598	1,598
Building permits	27,000	27,000	42,407	15,407
Plumbing permits	5,000	5,000	6,918	1,918
Animal control fees	1,000	1,000	1,221	221
Planning board fees	-	-	100	100
Appeals board fees	-	-	100	100
Marriage licenses	-	-	684	684
Other	1,600	1,600	4,720	3,120
Investment income, net of unrealized gains/(losses)	12,000	12,000	13,215	1,215
Other revenues:				
Recycling income	28,000	28,000	29,293	1,293
Transfer station	-	-	175	175
Cable access	-	-	42,334	42,334
Misc. other	40,000	49,500	55,763	6,263
Proceeds from bond issuance	296,000	296,000	296,000	-
Operating transfer in	-	-	-	-
Amounts Available for Appropriation	<u>\$ 7,145,309</u>	<u>\$ 7,652,956</u>	<u>\$ 7,750,224</u>	<u>\$ 97,268</u>

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

TOWN OF ACTON, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
<b>GENERAL GOVERNMENT</b>					
Governing body	\$ 53,080	\$ -	\$ 53,080	\$ 52,300	\$ 780
Town gym expenses	2,400	-	2,400	4,615	(2,215)
Boards	370	-	370	69	301
Warrant and finance	266	-	266	95	171
Municipal management	248,896	14,574	263,470	217,333	46,137
Elections	6,883	-	6,883	6,085	798
Registrar of voters	4,436	-	4,436	4,435	1
Planning/Economic development	4,100	-	4,100	320	3,780
Finance/Treasury	40,443	-	40,443	37,561	2,882
Town clerk/Tax collector	66,234	-	66,234	66,811	(577)
Assesment and revaluations	102,624	-	102,624	97,207	5,417
CEO and building inspector	72,149	-	72,149	67,857	4,292
Total	<u>601,881</u>	<u>14,574</u>	<u>616,455</u>	<u>554,688</u>	<u>61,767</u>
<b>PUBLIC SAFETY</b>					
Fire department	122,978	-	122,978	123,023	(45)
Communications	21,599	-	21,599	21,273	326
Animal control	8,046	-	8,046	7,690	356
EMA	1,293	-	1,293	1,292	1
Street lights	1,700	-	1,700	1,395	305
Total	<u>155,616</u>	<u>-</u>	<u>155,616</u>	<u>154,673</u>	<u>943</u>
<b>PUBLIC WORKS</b>					
Transfer station	272,288	-	272,288	223,099	49,189
District 1	251,000	43,603	294,603	291,482	3,121
District 2	251,000	19,047	270,047	227,055	42,992
Sand/Salt Stockpile	90,383	-	90,383	112,020	(21,637)
Public works buildings/equipment	15,038	-	15,038	15,020	18
Total	<u>879,709</u>	<u>62,650</u>	<u>942,359</u>	<u>868,676</u>	<u>73,683</u>

TOWN OF ACTON, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
RECREATION	12,400	-	12,400	10,961	1,439
GENERAL ASSISTANCE	15,000	-	15,000	8,206	6,794
COUNTY TAX	314,057	-	314,057	314,057	-
EDUCATION					
General education	4,657,818	597,591	5,255,409	4,937,872	317,537
Total	4,657,818	597,591	5,255,409	4,937,872	317,537
SOCIAL SERVICES					
Donations	66,179	-	66,179	66,179	-
Total	66,179	-	66,179	66,179	-
DEBT SERVICE					
Principal	5,400	33,089	38,489	37,409	1,080
Interest	-	-	-	-	-
Total	5,400	33,089	38,489	37,409	1,080
OTHER					
Health officer	108	-	108	108	-
Mary Grant	-	1,973	1,973	107	1,866
SCBA capital	10,800	-	10,800	10,800	-
Cemeteries	1,500	-	1,500	-	1,500
Cable access	-	47,315	47,315	36,149	11,166
Forestry reserve	538	-	538	538	-
Gym donations	-	450	450	216	234
Conservation	250	-	250	165	85
Fire capital	346,000	74,961	420,961	319,643	101,318
Dams	5,500	-	5,500	500	5,000
Overlay	47,553	-	47,553	-	47,553
Window improvement	25,000	-	25,000	20,767	4,233
York County law enforcement services	-	20,000	20,000	20,004	(4)
Insurance claim	-	1,000	1,000	470	530
Snowmobile club	-	556	556	556	-
Total	437,249	146,255	583,504	410,023	173,481
TOTAL EXPENDITURES	\$ 7,145,309	\$ 854,159	\$ 7,999,468	\$ 7,362,744	\$ 636,724

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



SCHEDULE B

TOWN OF ACTON, MAINE

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
State subsidy	\$ 432,591	\$ 432,591	\$ 390,486	\$ (42,105)
Local appropriation	4,657,818	4,657,818	4,657,818	-
School lunch revenue	65,000	65,000	93,174	28,174
Mainecare	-	-	23,015	23,015
Investment income, net of unrealized gains/(losses)	-	-	988	988
Other	-	-	11,198	11,198
Operating transfers in	-	-	-	-
<b>TOTAL REVENUES</b>	<u>5,155,409</u>	<u>5,155,409</u>	<u>5,176,679</u>	<u>21,270</u>
<b>EXPENDITURES</b>				
Regular instruction (Article 2)	2,714,641	2,682,641	2,486,300	228,341
Special education (Article 3)	1,028,486	1,028,486	973,290	55,196
Other instruction (Article 5)	42,277	42,277	38,119	4,158
Student & staff support (Article 6)	309,037	309,037	283,142	25,895
System administration (Article 7)	209,961	234,961	229,421	(19,460)
School administration (Article 8)	150,146	157,146	155,105	(4,959)
Transportation (Article 9)	249,440	249,440	246,544	2,896
Facilities maintenance (Article 10)	419,557	419,557	378,686	40,871
All other expenditures (Article 12)	131,864	131,864	112,734	19,130
Retirement payoff	-	-	3,250	(3,250)
Capital expenditures paid by the town	-	31,281	31,281	(31,281)
Operating transfers (out)	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>5,255,409</u>	<u>5,286,690</u>	<u>4,937,872</u>	<u>317,537</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (100,000)</u>	<u>\$ (131,281)</u>	238,807	<u>\$ 338,807</u>
<b>BUDGETED FROM FUND BALANCE</b>				
Use of unassigned fund balance	<u>\$ 100,000</u>	<u>\$ 131,281</u>	<u>-</u>	<u>\$ (131,281)</u>
<b>FUND BALANCE - JULY 1</b>			<u>687,207</u>	
<b>FUND BALANCE - JUNE 30</b>			<u>\$ 926,014</u>	

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

## TOWN OF ACTON, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 70,046	\$ 70,046
Investments	-	42,627	42,627
Due from other governments	31,702	-	31,702
Due from other funds	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 31,702</u>	<u>\$ 112,673</u>	<u>\$ 144,375</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 2,099	\$ -	\$ 2,099
Due to other funds	31,702	5,500	37,202
<b>TOTAL LIABILITIES</b>	<u>33,801</u>	<u>5,500</u>	<u>39,301</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	-	107,173	107,173
Committed	-	-	-
Assigned	-	-	-
Unassigned	(2,099)	-	(2,099)
<b>FUND BALANCES</b>	<u>(2,099)</u>	<u>107,173</u>	<u>105,074</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 31,702</u>	<u>\$ 112,673</u>	<u>\$ 144,375</u>

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

## TOWN OF ACTON, MAINE

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

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental income	\$ 205,276	\$ -	\$ 205,276
Investment income, net of unrealized gains/(losses)	-	13,294	13,294
Other income	-	-	-
TOTAL REVENUES	<u>205,276</u>	<u>13,294</u>	<u>218,570</u>
EXPENDITURES			
Education	209,721	-	209,721
Other	-	6,300	6,300
TOTAL EXPENDITURES	<u>209,721</u>	<u>6,300</u>	<u>216,021</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,445)</u>	<u>6,994</u>	<u>2,549</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(4,445)	6,994	2,549
FUND BALANCES - JULY 1	<u>2,346</u>	<u>100,179</u>	<u>102,525</u>
FUND BALANCES - JUNE 30	<u>\$ (2,099)</u>	<u>\$ 107,173</u>	<u>\$ 105,074</u>

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

## Special Revenue Funds Description

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

TOWN OF ACTON, MAINE

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

	Local Entitlement	Title IA	Title IIA	Rural Education Achievement	Local Entitlement Preschool	Federal Ed Jobs Bill	Totals
<b>ASSETS</b>							
Due from other governments	\$ 14,957	\$ 11,449	\$ 1,063	\$ 2,635	\$ 1,598	\$ -	\$ 31,702
Due from other funds	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 14,957</u>	<u>\$ 11,449</u>	<u>\$ 1,063</u>	<u>\$ 2,635</u>	<u>\$ 1,598</u>	<u>\$ -</u>	<u>\$ 31,702</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 1,123	\$ 392	\$ 400	\$ -	\$ 184	\$ -	\$ 2,099
Due to other funds	14,957	11,449	1,063	2,635	1,598	-	31,702
<b>TOTAL LIABILITIES</b>	<u>16,080</u>	<u>11,841</u>	<u>1,463</u>	<u>2,635</u>	<u>1,782</u>	<u>-</u>	<u>33,801</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	(1,123)	(392)	(400)	-	(184)	-	(2,099)
<b>FUND BALANCES</b>	<u>(1,123)</u>	<u>(392)</u>	<u>(400)</u>	<u>-</u>	<u>(184)</u>	<u>-</u>	<u>(2,099)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 14,957</u>	<u>\$ 11,449</u>	<u>\$ 1,063</u>	<u>\$ 2,635</u>	<u>\$ 1,598</u>	<u>\$ -</u>	<u>\$ 31,702</u>

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

TOWN OF ACTON, MAINE

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

	Local Entitlement	Title IA	Title IIA	Rural Education Achievement	Local Entitlement Preschool	Federal Ed Jobs Bill	Totals
REVENUES							
Intergovernmental revenue	\$ 115,846	\$ 58,874	\$ 6,163	\$ 19,133	\$ 2,886	\$ 2,374	\$ 205,276
TOTAL REVENUES	<u>115,846</u>	<u>58,874</u>	<u>6,163</u>	<u>19,133</u>	<u>2,886</u>	<u>2,374</u>	<u>205,276</u>
EXPENDITURES							
Education	116,969	59,266	7,977	20,065	3,070	2,374	209,721
TOTAL EXPENDITURES	<u>116,969</u>	<u>59,266</u>	<u>7,977</u>	<u>20,065</u>	<u>3,070</u>	<u>2,374</u>	<u>209,721</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,123)</u>	<u>(392)</u>	<u>(1,814)</u>	<u>(932)</u>	<u>(184)</u>	<u>-</u>	<u>(4,445)</u>
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,123)	(392)	(1,814)	(932)	(184)	-	(4,445)
FUND BALANCES - JULY 1	<u>-</u>	<u>-</u>	<u>1,414</u>	<u>932</u>	<u>-</u>	<u>-</u>	<u>2,346</u>
FUND BALANCES - JUNE 30	<u>\$ (1,123)</u>	<u>\$ (392)</u>	<u>\$ (400)</u>	<u>\$ -</u>	<u>\$ (184)</u>	<u>\$ -</u>	<u>\$ (2,099)</u>

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

## Permanent Funds Description

Permanent funds are used to account for assets held by the Town of Acton, 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 ACTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2013

	Cemetery Fund	Holdsworth Scholarship	Lawrence Family Trust	Dorothy Dunnells	Holdsworth Trust	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 9,612	\$ 48,498	\$ 3,175	\$ 8,761	\$ -	\$ 70,046
Investments	-	-	-	-	42,627	42,627
Due from other funds	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 9,612</b>	<b>\$ 48,498</b>	<b>\$ 3,175</b>	<b>\$ 8,761</b>	<b>\$ 42,627</b>	<b>\$ 112,673</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ 4,000	\$ 1,200	\$ 300	\$ -	\$ 5,500
<b>LIABILITIES</b>	<b>-</b>	<b>4,000</b>	<b>1,200</b>	<b>300</b>	<b>-</b>	<b>5,500</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	9,612	44,498	1,975	8,461	42,627	107,173
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>FUND BALANCES</b>	<b>9,612</b>	<b>44,498</b>	<b>1,975</b>	<b>8,461</b>	<b>42,627</b>	<b>107,173</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 9,612</b>	<b>\$ 48,498</b>	<b>\$ 3,175</b>	<b>\$ 8,761</b>	<b>\$ 42,627</b>	<b>\$ 112,673</b>

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



TOWN OF ACTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	Cemetery Fund	Holdsworth Scholarship	Lawrence Family Trust	Dorothy Dunnells	Holdsworth Trust	Totals
<b>REVENUES</b>						
Investment income, net of unrealized gains/(losses)	\$ 14	\$ 815	\$ 4	\$ 11	\$ 12,450	\$ 13,294
Other income	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>14</b>	<b>815</b>	<b>4</b>	<b>11</b>	<b>12,450</b>	<b>13,294</b>
<b>EXPENDITURES</b>						
Cemetery expenses	-	-	-	-	-	-
Scholarship / other	-	6,000	-	300	-	6,300
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>6,000</b>	<b>-</b>	<b>300</b>	<b>-</b>	<b>6,300</b>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>14</b>	<b>(5,185)</b>	<b>4</b>	<b>(289)</b>	<b>12,450</b>	<b>6,994</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers (out)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>14</b>	<b>(5,185)</b>	<b>4</b>	<b>(289)</b>	<b>12,450</b>	<b>6,994</b>
<b>FUND BALANCES - JULY 1</b>	<b>9,598</b>	<b>49,683</b>	<b>1,971</b>	<b>8,750</b>	<b>30,177</b>	<b>100,179</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 9,612</b>	<b>\$ 44,498</b>	<b>\$ 1,975</b>	<b>\$ 8,461</b>	<b>\$ 42,627</b>	<b>\$ 107,173</b>

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 ACTON, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2013

	Land, Non- Depreciable Infrastructure and Construction in Progress	Buildings Buildings Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
Public safety	\$ 37,500	\$ 591,500	\$ 874,769	\$ -	\$ 1,503,769
Highway	-	145,000	22,800	304,510	472,310
Education	-	4,550,770	816,595	-	5,367,365
Transfer station	-	124,515	49,905	-	174,420
Parks / recreation	29,000	128,100	-	-	157,100
Town-wide	43,700	251,895	48,433	-	344,028
Total General Capital Assets	110,200	5,791,780	1,812,502	304,510	8,018,992
Less: Accumulated Depreciation	-	(3,416,893)	(1,189,047)	-	(4,605,940)
Net General Capital Assets	<u>\$ 110,200</u>	<u>\$ 2,374,887</u>	<u>\$ 623,455</u>	<u>\$ 304,510</u>	<u>\$ 3,413,052</u>

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

TOWN OF ACTON, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2013

	General Capital Assets 7/1/12	Additions	Deletions	General Capital Assets 6/30/13
Public safety	\$ 1,184,126	\$ 319,643	\$ -	\$ 1,503,769
Highway	167,800	304,510	-	472,310
Education	5,336,084	31,281	-	5,367,365
Transfer station	174,420	-	-	174,420
Parks/recreation	157,100	-	-	157,100
Town-wide	344,028	-	-	344,028
Total General Capital Assets	7,363,558	655,434	-	8,018,992
Less: Accumulated Depreciation	<u>(4,387,933)</u>	<u>(218,007)</u>	<u>-</u>	<u>(4,605,940)</u>
Net General Capital Assets	<u>\$ 2,975,625</u>	<u>\$ 437,427</u>	<u>\$ -</u>	<u>\$ 3,413,052</u>

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

TOWN OF ACTON, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2013

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Thru Grantor Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through State of Maine - of Education and Cultural Services:			
Food Distribution	10.550	N/A	\$ 5,862
School Breakfast Program	10.555	013-06A-7127-05	15,247
School Lunch Program	10.555	013-06A-7128-95	48,412
Total Department of Agriculture			<u>69,521</u>
U.S. Department of Education			
Passed through State of Maine-Department of Education and Cultural Services:			
Title IA - Educationally Deprived	84.010	013-05A-3107-13	59,266
Local Entitlement	84.027	013-05A-3046-12	116,969
Title VI Rural Low Income	84.358	013-06A-3005-03	20,065
Local Entitlement - Part B Section 619	84.173	013-05A-6241-23	3,070
Title IIA-Teaching Quality	84.367	013-05A-3042-11	7,977
Education Jobs Fund	84.410	013-05A-3099-10	2,374
Total Department of Education			<u>209,721</u>
Federal Emergency Management Agency			
Passed Through Maine Emergency Management Agency in Department of Defense and Veteran's Services			
Disaster Grants Public Assistance	97.036		13,705
TOTAL FEDERAL ASSISTANCE			<u>\$ 292,947</u>

TOWN OF ACTON, MAINE

NOTES TO SCHEDULE OF FEDERAL AWARDS  
JUNE 30, 2013

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Town of Acton, Maine. All federal financial assistance received is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.



*Proven Expertise and Integrity*

INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

Board of Selectmen  
Town of Acton  
Acton, Maine

We have audited the financial statements of the Acton School Department for the year ended June 30, 2013 and have issued our report thereon dated July 18, 2013. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place, and have reviewed the annual financial report that was submitted to the Department for accuracy. In addition we have reviewed the Department's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, Acton School Department complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Acton School Department was in noncompliance with, or in violation of, those provisions.

Management has determined that no adjustments were necessary to the fiscal books of the Department and have attached the following schedule as it relates to the reconciliation of audit adjustments to the updated annual financial data submitted to the MEDMS financial system maintained at the Department.

This report is intended solely for the information of the Board of Directors, management and the Department of Education. This report is not intended to be and should not be used by anyone other than the specified parties.

*RHR Smith & Company*

Buxton, Maine  
July 18, 2013

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Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609  
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TOWN OF ACTON, MAINE

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED  
TO THE MEDMS FINANCIAL SYSTEM  
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Fund (3000)	Totals
June 30 Balance per MEDMS financial System	\$ 926,014	\$ (2,099)	\$ -	\$ 923,915
<b>Revenue Adjustments:</b>				
<b>Expenditure Adjustments:</b>				
Audited GAAP Basis Fund balance June 30	<u>\$ 926,014</u>	<u>\$ (2,099)</u>	<u>\$ -</u>	<u>\$ 923,915</u>