

Audited Financial Statements and  
Other Financial Information

Town of Acton, Maine

June 30, 2014



*Proven Expertise and Integrity*

TOWN OF ACTON, MAINE

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JUNE 30, 2014

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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, 2014, and the related notes to the financial statements, which collectively comprise the District'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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, 2014, 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 and budgetary comparison information on pages 4 through 10 and 40 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 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. 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 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  
August 1, 2014

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

**(UNAUDITED)**

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

**Financial Statement Overview**

The Town of 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 \$294,420 from \$5.85 million to \$6.15 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 \$1,769,877 at the end of this year.

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

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
<b>Assets:</b>		
Current and Other Assets	\$ 3,541,620	\$ 3,040,675
Capital Assets	3,342,193	3,413,052
Total Assets	<u>6,883,813</u>	<u>6,453,727</u>
<b>Liabilities:</b>		
Current Liabilities	440,490	214,499
Long-term Debt Outstanding	280,724	370,613
Total Liabilities	<u>721,214</u>	<u>585,112</u>
<b>Deferred Inflows of Resources:</b>		
Prepaid taxes	14,329	14,765
Total Deferred Inflows of Resources	<u>14,329</u>	<u>14,765</u>
<b>Net Position:</b>		
Invested in Capital Assets, Net of Related Debt	3,077,852	3,023,951
Restricted: General fund	1,184,273	991,636
Special revenue funds	3,659	-
Permanent funds	112,609	107,173
Unrestricted	1,769,877	1,731,090
Total Net Position	<u>\$ 6,148,270</u>	<u>\$ 5,853,850</u>

### Revenues and Expenses

Revenues for the Town's governmental activities increased by .90%, while total expenses increased by 6.87%. Nearly all revenue categories increased with the exception of grants and contributions, investment income and other income, while

expenditures increased with public works and other expenses realizing the majority of cost increases partially offset by decreases 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>2014</b>	<b>2013</b>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 74,252	\$ 67,748
Operating grants & contributions	1,018,269	1,014,518
<i>General Revenues:</i>		
Property taxes	6,218,774	6,134,168
Excise taxes	444,202	418,086
Grants and contributions not restricted to specific programs	163,002	209,452
Investment income	24,678	26,509
Other income	127,125	127,565
Total revenues	<u>8,070,302</u>	<u>7,998,046</u>
<b>Expenses</b>		
General government	503,955	554,688
Public safety	108,564	199,853
Public works	900,213	569,966
Building	65,187	66,179
Recreation	13,067	15,451
General assistance	9,683	8,206
Education	5,327,845	5,264,020
County tax	447,956	314,057
Interest on debt service	5,317	-
Other expenses	183,078	42,597
Unallocated depreciation (Note 4)	7,632	11,086
State of Maine on-behalf payments	203,385	230,252
Total expenses	<u>7,775,882</u>	<u>7,276,355</u>
Change in Net Position	294,420	721,691
Net Position - July 1	<u>5,853,850</u>	<u>5,132,159</u>
Net Position - June 30	<u><u>\$ 6,148,270</u></u>	<u><u>\$ 5,853,850</u></u>

## Financial Analysis of the Town's Fund Statements

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

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

	2014	2013
General Fund:		
Nonspendable	\$ 18,021	\$ 17,394
Restricted	1,184,273	991,636
Committed	375,683	537,704
Assigned	73,426	45,083
Unassigned	1,152,930	873,282
Total General Fund	\$ 2,804,333	\$ 2,465,099
Nonmajor Funds:		
Special revenue funds:		
Restricted	\$ 3,659	\$ -
Unassigned	(2,846)	(2,099)
Permanent funds:		
Restricted	112,609	107,173
Total Nonmajor Funds	\$ 113,422	\$ 105,074

The general fund total fund balance increased by \$339,234 over the prior fiscal year. The non-major fund balances increased by \$8,348 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 \$423,195. This mainly was a result of intergovernmental revenues, property and excise taxes.

The general fund actual expenditures were under the budget by \$335,572. All expenditures categories were under-budget.

## **Capital Asset and Debt Administration**

### **Capital Assets**

As of June 30, 2014, the net book value of capital assets recorded by the Town decreased by \$70,859 from the prior year. This decrease is the result of capital additions of \$151,420 less current year depreciation of \$222,279.

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

	<b>2014</b>	<b>2013</b>
Land	\$ 110,200	\$ 110,200
Land improvements	198,170	211,045
Buildings and improvements	2,033,518	2,163,842
Machinery and equipment	199,166	199,023
Vehicles	495,044	424,432
Infrastructure	306,095	304,510
Total	\$ 3,342,193	\$ 3,413,052

### **Debt**

At June 30, 2014, the Town had \$221,303 in notes outstanding versus \$329,455 as of June 30, 2013. The town's other obligations include capital leases payable and accrued vacation and sick time. Refer to Note 5 of Notes to Financial Statements for more detailed information.

### **Economic Factors and Next Year's Budgets and Rates**

The Town has maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately two months, while also maintaining reserve accounts for future operational, capital and program needs.

### **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, 2014

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,092,931
Investments	51,789
Accounts receivable (net of allowance for uncollectibles):	
Taxes/liens	334,061
Other	44,818
Inventory	14,996
Tax acquired property	3,025
Total current assets	<u>3,541,620</u>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	110,200
Infrastructure, buildings and vehicles, net of accumulated depreciation	3,231,993
Total noncurrent assets	<u>3,342,193</u>
Total assets	<u>\$ 6,883,813</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 130,639
Accrued expenses	218,822
Due to other governments	75
Current portion of long-term obligations	90,954
Total current liabilities	<u>440,490</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes payable	149,493
Capital leases payable	23,894
Accrued compensated absences	107,337
Total noncurrent liabilities	<u>280,724</u>
Total liabilities	<u>721,214</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	14,329
Total deferred inflows of resources	<u>14,329</u>
NET POSITION	
Invested in capital assets, net of related debt	3,077,852
Restricted: General fund	1,184,273
Special revenue funds	3,659
Permanent funds	112,609
Unrestricted	1,769,877
Total net position	<u>6,148,270</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 6,883,813</u>

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

## TOWN OF ACTON, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
Governmental activities:					
General government	\$ 503,955	\$ 70,833	\$ -	\$ -	\$ (433,122)
Public safety	108,564	1,023	-	-	(107,541)
Public works	900,213	-	54,276	-	(845,937)
Building	65,187	-	-	-	(65,187)
Recreation	13,067	2,396	-	-	(10,671)
General assistance	9,683	-	5,661	-	(4,022)
Education	5,327,845	-	754,947	-	(4,572,898)
County tax	447,956	-	-	-	(447,956)
Interest on debt service	5,317	-	-	-	(5,317)
Other expenses	183,078	-	-	-	(183,078)
Unallocated depreciation (Note 4)*	7,632	-	-	-	(7,632)
State of Maine on-behalf payments	203,385	-	203,385	-	-
Total governmental activities	<u>\$ 7,775,882</u>	<u>\$ 74,252</u>	<u>\$ 1,018,269</u>	<u>\$ -</u>	<u>(6,683,361)</u>

\* 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, 2014

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(6,683,361)
General revenues:	
Taxes:	
Property taxes, levied for general purposes	6,218,774
Excise taxes	444,202
Grants and contributions not restricted to specific programs	163,002
Investment income	24,678
Other income	127,125
Total general revenues	6,977,781
Change in net position	294,420
Net position - July 1	5,853,850
Net position - June 30	\$ 6,148,270

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

## TOWN OF ACTON, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2014

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,032,111	\$ 60,820	\$ 3,092,931
Investments	-	51,789	51,789
Receivables (net of allowance for uncollectibles):			
Taxes	243,766	-	243,766
Liens	90,295	-	90,295
Other	44,818	-	44,818
Inventory	14,996	-	14,996
Tax acquired property	3,025	-	3,025
Due from other funds	3,146	3,959	7,105
<b>TOTAL ASSETS</b>	<b>\$ 3,432,157</b>	<b>\$ 116,568</b>	<b>\$ 3,548,725</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 130,639	\$ -	\$ 130,639
Accrued expenses	218,822	-	218,822
Due to other governments	75	-	75
Due to other funds	3,959	3,146	7,105
<b>TOTAL LIABILITIES</b>	<b>353,495</b>	<b>3,146</b>	<b>356,641</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	14,329	-	14,329
Deferred revenue	260,000	-	260,000
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>274,329</b>	<b>-</b>	<b>274,329</b>
<b>FUND BALANCES</b>			
Nonspendable	18,021	-	18,021
Restricted	1,184,273	116,268	1,300,541
Committed	375,683	-	375,683
Assigned	73,426	-	73,426
Unassigned	1,152,930	(2,846)	1,150,084
<b>TOTAL FUND BALANCES</b>	<b>2,804,333</b>	<b>113,422</b>	<b>2,917,755</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 3,432,157</b>	<b>\$ 116,568</b>	<b>\$ 3,548,725</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, 2014

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,917,755
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	3,342,193
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	260,000
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Notes Payable	(221,303)
Capital lease payable	(43,038)
Accrued compensated absences	<u>(107,337)</u>
 Net position of governmental activities	 <u><u>\$ 6,148,270</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, 2014

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property taxes	\$ 6,324,774	\$ -	\$ 6,324,774
Excise taxes	444,202	-	444,202
Intergovernmental revenues:			
State revenue sharing	78,902	-	78,902
Education subsidy	413,808	-	413,808
Homestead exemption	45,849	-	45,849
Local road assistance	54,276	-	54,276
Other education revenue	99,125	-	99,125
Other	43,912	242,014	285,926
State of Maine on-behalf payments	203,385	-	203,385
Charges for services	74,252	-	74,252
Investment income, net of unrealized gains/(losses)	14,642	10,036	24,678
Other revenue	127,125	-	127,125
TOTAL REVENUES	<u>7,924,252</u>	<u>252,050</u>	<u>8,176,302</u>
EXPENDITURES			
Current:			
General government	526,027	-	526,027
Public safety	157,863	-	157,863
Public works	889,723	-	889,723
Social services	65,187	-	65,187
Recreation	8,577	-	8,577
General assistance	9,683	-	9,683
Education	4,990,237	239,102	5,229,339
County tax	447,956	-	447,956
Other	172,911	4,600	177,511
State of Maine on-behalf payments	203,385	-	203,385
Debt service:			
Principal	108,152	-	108,152
Interest	5,317	-	5,317
TOTAL EXPENDITURES	<u>7,585,018</u>	<u>243,702</u>	<u>7,828,720</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	339,234	8,348	347,582
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	339,234	8,348	347,582
FUND BALANCES - JULY 1	<u>2,465,099</u>	<u>105,074</u>	<u>2,570,173</u>
FUND BALANCES - JUNE 30	<u>\$ 2,804,333</u>	<u>\$ 113,422</u>	<u>\$ 2,917,755</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, 2014

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 347,582</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	151,420
Depreciation expense	<u>(222,279)</u>
	<u>(70,859)</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>(106,000)</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>124,760</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>(1,063)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 294,420</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, 2014

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 34,766
Investments	<u>2,706</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 37,472</u></u>
 <b>LIABILITIES</b>	
Deposits held for others	<u>\$ 37,472</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 37,472</u></u>

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

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, 2014

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, 2014

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, 2014

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	\$ 7,720,867
Add: On-behalf payments	<u>203,385</u>
Total GAAP basis	<u>\$ 7,924,252</u>
Expenditures per budgetary basis	\$ 7,381,633
Add: On-behalf basis	<u>203,385</u>
Total GAAP basis	<u>\$ 7,585,018</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, 2014

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, 2014.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

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, 2014

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, 2014

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 29, 2013 on the assessed value listed as of April 1, 2013, for all real and personal property located in the Town. Taxes were due on in two installments on October 15, 2013 and April 15, 2014. Interest on unpaid taxes commenced on October 16, 2013 and April 16, 2014, at 7% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$35,740 for the year ended June 30, 2014.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Program Revenues**

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

**Encumbrance Accounting**

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

**Use of Estimates**

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

NOTE 2 - 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, 2014, the Town's deposits amounting to \$3,127,697 were comprised of bank deposits of \$3,426,013. Of these bank deposits, \$346,145 was fully insured by

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

federal depository insurance and consequently was not exposed to custodial credit risk. The remaining bank balances of \$3,079,868 were collateralized with an irrevocable standby letter of credit.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 3,340,193
Savings accounts	85,820
	<u>\$ 3,426,013</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 \$51,789, 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 \$2,706 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk.

At June 30, 2014, 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	\$ 51,789	\$ 51,789	\$ -	\$ -
Certificates of deposit	2,706	-	2,706	-
	<u>\$ 54,495</u>	<u>\$ 51,789</u>	<u>\$ 2,706</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, 2014

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, 2014 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General fund	\$ 3,146	\$ 3,959
Special revenue funds	3,659	2,846
Permanent funds	300	300
	<u>\$ 7,105</u>	<u>\$ 7,105</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 4 - CAPITAL ASSETS

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

	Balance 7/1/13	Additions	Disposals	Balance 6/30/14
<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	385,143	-	-	385,143
Buildings/Improvements	5,406,637	14,397	-	5,421,034
Machinery & Equipment	952,810	21,185	-	973,995
Vehicles	765,654	92,532	-	858,186
Furniture & Fixtures	94,038	15,631	-	109,669
Infrastructure	304,510	7,675	-	312,185
	<u>7,908,792</u>	<u>151,420</u>	<u>-</u>	<u>8,060,212</u>
Less: accumulated depreciation	(4,605,940)	(222,279)	-	(4,828,219)
	<u>3,302,852</u>	<u>(70,859)</u>	<u>-</u>	<u>3,231,993</u>
Net capital assets	<u>\$ 3,413,052</u>	<u>\$ (70,859)</u>	<u>\$ -</u>	<u>\$ 3,342,193</u>
<u>Current year depreciation:</u>				
Public safety				\$ 43,233
Highway				10,490
Education				150,867
Transfer station				5,567
Parks/recreation				4,490
Town-wide				7,632
Total depreciation expenses				<u>\$ 222,279</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

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 7/1/13	Additions	Reductions	Balance 6/30/14	Current Portion
Notes payable	\$ 329,455	\$ -	\$ (108,152)	\$ 221,303	\$ 71,810
Capital leases payable	59,646	-	(16,608)	43,038	19,144
Accrued compensated absences	106,274	1,063	-	107,337	-
Totals	<u>\$ 495,375</u>	<u>\$ 1,063</u>	<u>\$ (124,760)</u>	<u>\$ 371,678</u>	<u>\$ 90,954</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 rate of 2.47% per annum.	\$ 13,140
\$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 rate of 1.49% per annum.	16,058
\$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 rate of 1.78% per annum.	<u>192,105</u>
	<u>\$ 221,303</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

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>
2015	\$ 71,810	\$ 3,306	\$ 75,116
2016	59,659	2,260	61,919
2017	60,763	1,156	61,919
2018	29,071	155	29,226
2019	-	-	-
	<u>\$ 221,303</u>	<u>\$ 6,877</u>	<u>\$ 228,180</u>

The following is a summary of capital leases outstanding as of June 30, 2014:

\$63,766, 2011 capital lease payable to Apple Financial Services for computers due in annual installments through July of 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 of 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:

2015	\$ 20,958
2016	20,958
2017	3,948
2018	-
2019	-
Total minimum lease payment	<u>45,864</u>
Less amount representing interest	<u>(2,826)</u>
Present value of future minimum lease payments	<u>\$ 43,038</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, 2014

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 of 2017. Interest is charged at a rate of 6.15% per annum. Monthly payments are \$135.

Year Ending June 30:		
2015		\$ 1,614
2016		1,614
2017		1,479
2018		-
		<u>\$ 4,707</u>
	Less: amount representing interest	<u>(663)</u>
	Present value of minimum lease payments	<u><u>\$ 4,044</u></u>

NOTE 7 – OVERLAPPING DEBT

The Town is responsible for its proportionate share of County debt. As of June 30, 2014, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of York	\$ 9,039,196	1.96%	<u><u>\$ 176,878</u></u>

NOTE 8 – NONSPENDABLE FUND BALANCES

The town had the following nonspendable fund balance at June 30, 2014:

School lunch inventory	\$ 3,021
Gravel inventory	11,975
Tax acquired property	3,025
	<u><u>\$ 18,021</u></u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 9 - RESTRICTED FUND BALANCES

The town had the following restricted fund balances at June 30, 2014:

Education	\$	948,442
Education - retirement reserve		105,108
Education capital		50,000
Education - fuel reserve		10,000
URIP		54,276
FEMA Reserve		16,447
Special revenue funds (Schedule E)		3,659
Permanent funds (Schedule G)		112,609
		<u>112,609</u>
	\$	<u>1,300,541</u>

NOTE 10 – COMMITTED FUND BALANCES

The town had the following committed fund balances at June 30, 2014:

Gravel pit	\$	28,302
Mary Grant		1,917
Town hall windows		2,229
Cable access		54,605
Forestry reserve		24,474
Fire department donations		869
Fire department grants		300
Fire department capital		21,599
Conservation committee		370
Gym donations		55
Cemeteries		1,200
District one road repair & maintenance		111,898
District two road repair & maintenance		12,865
Dams		15,000
FY 2015 appropriations		100,000
		<u>100,000</u>
	\$	<u>375,683</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 11 – ASSIGNED FUND BALANCES

The town had the following assigned fund balances at June 30, 2014:

Recreation	\$	33,048
Capital improvements		<u>40,378</u>
	\$	<u><u>73,426</u></u>

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
2015	\$ 20,004
2016	40,000

For the twelve months ended June 30, 2014, 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, 2014. 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.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

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 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, 2014. 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 \$203,385 for the year ended June 30, 2014. There is no contribution required by the School Department, except for federally funded teachers. The School Department's contributions to the plan for 2014, 2013, and 2012 were \$13,337, \$14,361 and \$19,096, 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.



TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 15 - DEFERRED COMPENSATION PLAN (CONTINUED)

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.

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, 2014, 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, 2015, authorizes one draw only up to the amount of \$3,400,000. There were no draws for the year ended June 30, 2014.

NOTE 19 – DEFICIT FUND BALANCES

At June 30, 2014, the Town had the following funds with a deficit fund balance:

Small Rural School	\$	2,708
Local Entitlement Preschool		138
	\$	<u>2,846</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 20 – RELATED PARTIES TRANSACTIONS

One of the Town's Selectmen provides student transportation to the Town. We understand that the Selectman recuses himself in any matters concerning school transportation. During the fiscal year ended June 30, 2014, payments to the Selectman for student transportation totaled \$77,814. Also, one of the Town's part-time Highway Department employees is related to the Town's Treasurer. During fiscal year 2014, payments for these services totaled \$6,531.

NOTE 21 – EXPENDITURES OVER APPROPRIATIONS

At June 30, 2014 the Town of Acton had the following overspent appropriations:

Governing body	\$	860
Town gym expenses		2,024
Registrar of voters		170
Finance/treasury		67
	\$	<u>2,261</u>

NOTE 22 – SEVERANCE PAY

On June 13, 2014, the Town of Acton entered into an agreement with an employee to pay severance pay upon the employee's departure from the town. The Town agreed to pay the employee \$406 per week until the final fiscal pay week ending before June 30, 2015. The Town also agreed to pay the employee's currently existing supplemental health insurance premium until the final fiscal pay week ending before June 30, 2016.

NOTE 23 – SUBSEQUENT EVENTS

On July 10, 2014, the Town of Acton entered into a lease agreement for a parcel of land where a communications tower has been erected. The term of the lease is 10 years, due in monthly installments of \$400.

## 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, 2014

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,465,099	\$ 2,465,099	\$ 2,465,099	\$ -
Resources (Inflows):				
Property taxes	6,218,773	6,218,773	6,324,774	106,001
Excise taxes	360,000	360,000	444,202	84,202
Intergovernmental	136,723	553,967	735,872	181,905
Charges for services	47,703	47,703	74,252	26,549
Investment income	10,000	10,000	14,642	4,642
Other revenue	107,229	107,229	127,125	19,896
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>9,345,527</u>	<u>9,762,771</u>	<u>10,185,966</u>	<u>423,195</u>
Charges to Appropriations (Outflows):				
General government	559,942	559,942	526,027	33,915
Public safety	158,100	158,100	157,863	237
Public works	1,013,512	1,013,512	889,723	123,789
Social services	65,262	65,262	65,187	75
Recreation	12,400	12,400	8,577	3,823
General assistance	10,000	10,000	9,683	317
County tax	447,956	447,956	447,956	-
Education	4,654,829	5,072,073	4,990,237	81,836
Debt service:				
Principal	108,152	108,152	108,152	-
Interest	5,317	5,317	5,317	-
Other	238,944	238,944	172,911	66,033
Transfers to other funds	25,547	25,547	-	25,547
Total Charges to Appropriation	<u>7,299,961</u>	<u>7,717,205</u>	<u>7,381,633</u>	<u>335,572</u>
Budgetary Fund Balance, June 30	<u>\$ 2,045,566</u>	<u>\$ 2,045,566</u>	<u>\$ 2,804,333</u>	<u>\$ 758,767</u>
Utilization of committed fund balance	\$ 83,163	\$ 83,163	\$ -	\$ (83,163)
Utilization of unassigned fund balance	336,370	336,370	-	(336,370)
	<u>\$ 419,533</u>	<u>\$ 419,533</u>	<u>\$ -</u>	<u>\$ (419,533)</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, 2014

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 6,218,773	\$ 6,218,773	\$ 6,324,774	\$ 106,001
Motor vehicle excise	350,000	350,000	429,919	79,919
Boat excise	10,000	10,000	14,283	4,283
Intergovernmental revenues:				
State revenue sharing	68,000	68,000	78,902	10,902
Education subsidy	-	337,244	413,808	76,564
Homestead exemption	45,849	45,849	45,849	-
Local road assistance	-	-	54,276	54,276
School - Mainecare	-	15,000	10,667	(4,333)
School lunch revenue	-	65,000	88,458	23,458
Tree growth	20,000	20,000	23,322	3,322
General assistance	2,000	2,000	5,661	3,661
Veterans' reimbursement	-	-	2,878	2,878
Other state/federal funds	874	874	12,051	11,177
Charges for services:				
Town clerk fees	10,000	10,000	11,787	1,787
Building permits	30,000	30,000	47,551	17,551
Plumbing permits	5,000	5,000	7,007	2,007
Animal control fees	1,000	1,000	1,023	23
Planning board fees	-	-	100	100
Appeals board fees	-	-	100	100
Marriage licenses	-	-	612	612
Other	1,703	1,703	6,072	4,369
Investment income, net of unrealized gains/(losses)	10,000	10,000	14,642	4,642
Other revenues:				
Recycling income	25,500	25,500	28,640	3,140
Transfer station	-	-	75	75
Cable access	46,229	46,229	40,399	(5,830)
Misc. other	35,500	35,500	58,011	22,511
Operating transfer in	-	-	-	-
Amounts Available for Appropriation	<u>\$ 6,880,428</u>	<u>\$ 7,297,672</u>	<u>\$ 7,720,867</u>	<u>\$ 423,195</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, 2014

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
<b>GENERAL GOVERNMENT</b>					
Governing body	\$ 53,484	\$ -	\$ 53,484	\$ 54,344	\$ (860)
Town gym expenses	3,400	-	3,400	5,424	(2,024)
Boards	370	-	370	242	128
Warrant and finance	266	-	266	52	214
Municipal management	262,644	-	262,644	254,472	8,172
Elections	6,883	-	6,883	3,410	3,473
Registrar of voters	4,436	-	4,436	4,606	(170)
Planning/Economic development	4,100	-	4,100	730	3,370
Finance/Treasury	41,262	-	41,262	41,329	(67)
Town clerk/Tax collector	68,462	-	68,462	59,956	8,506
Assesment and revaluations	41,400	-	41,400	33,981	7,419
CEO and building inspector	73,235	-	73,235	67,481	5,754
Total	<u>559,942</u>	<u>-</u>	<u>559,942</u>	<u>526,027</u>	<u>33,915</u>
<b>PUBLIC SAFETY</b>					
Fire department	124,978	-	124,978	124,974	4
Communications	21,796	-	21,796	21,787	9
Animal control	8,333	-	8,333	8,333	-
EMA	1,293	-	1,293	1,292	1
Street lights	1,700	-	1,700	1,477	223
Total	<u>158,100</u>	<u>-</u>	<u>158,100</u>	<u>157,863</u>	<u>237</u>
<b>PUBLIC WORKS</b>					
Transfer station	272,288	-	272,288	253,442	18,846
District 1	272,697	-	272,697	171,723	100,974
District 2	294,409	-	294,409	294,409	-
Sand/Salt Stockpile	159,080	-	159,080	159,080	-
Public works buildings/equipment	15,038	-	15,038	11,069	3,969
Total	<u>1,013,512</u>	<u>-</u>	<u>1,013,512</u>	<u>889,723</u>	<u>123,789</u>

TOWN OF ACTON, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
RECREATION	12,400	-	12,400	8,577	3,823
GENERAL ASSISTANCE	10,000	-	10,000	9,683	317
COUNTY TAX	447,956	-	447,956	447,956	-
EDUCATION					
General education	4,654,829	417,244	5,072,073	4,990,237	81,836
Total	4,654,829	417,244	5,072,073	4,990,237	81,836
SOCIAL SERVICES					
Donations	65,262	-	65,262	65,187	75
Total	65,262	-	65,262	65,187	75
DEBT SERVICE					
Principal	108,152	-	108,152	108,152	-
Interest	5,317	-	5,317	5,317	-
Total	113,469	-	113,469	113,469	-
OTHER					
Health officer	108	-	108	108	-
Mary Grant	78	-	78	78	-
SCBA capital	10,800	-	10,800	10,800	-
Cemeteries	550	-	550	550	-
Cable access	44,229	-	44,229	37,295	6,934
Forestry reserve	538	-	538	538	-
Gym donations	179	-	179	179	-
Conservation	250	-	250	165	85
Fire capital	100,882	-	100,882	99,837	1,045
Balch Lake	5,000	-	5,000	5,000	-
Dams	5,500	-	5,500	500	5,000
Overlay	35,740	-	35,740	-	35,740
Window improvement	4,233	-	4,233	2,004	2,229
Handicapped ramp	14,453	-	14,453	14,453	-
Insurance claim	530	-	530	530	-
Contingency	15,000	-	15,000	-	15,000
Snowmobile club	874	-	874	874	-
Total	238,944	-	238,944	172,911	66,033
TOTAL EXPENDITURES	\$ 7,274,414	\$ 417,244	\$ 7,691,658	\$ 7,381,633	\$ 310,025

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, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
State subsidy	\$ 337,244	\$ 337,244	\$ 413,808	\$ 76,564
Local appropriation	4,654,829	4,654,829	4,654,829	-
School lunch revenue	65,000	65,000	88,458	23,458
Mainecare	15,000	15,000	10,667	(4,333)
Investment income, net of unrealized gains/(losses)	-	-	2,180	2,180
Other	-	-	7,831	7,831
Operating transfers in	-	-	-	-
<b>TOTAL REVENUES</b>	<u>5,072,073</u>	<u>5,072,073</u>	<u>5,177,773</u>	<u>105,700</u>
<b>EXPENDITURES</b>				
Regular instruction (Article 2)	2,497,968	2,497,968	2,371,007	126,961
Special education (Article 3)	1,056,036	1,056,036	1,044,462	11,574
Other instruction (Article 5)	44,451	44,451	37,755	6,696
Student & staff support (Article 6)	368,717	368,717	354,345	14,372
System administration (Article 7)	219,997	219,997	219,835	162
School administration (Article 8)	170,905	170,905	166,346	4,559
Transportation (Article 9)	256,640	256,640	254,408	2,232
Facilities maintenance (Article 10)	441,878	441,878	431,998	9,880
All other expenditures (Article 12)	135,481	135,481	110,081	25,400
Retirement payoff	-	-	-	-
Capital expenditures paid by the town	-	-	-	-
Operating transfers (out)	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>5,192,073</u>	<u>5,192,073</u>	<u>4,990,237</u>	<u>201,836</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (120,000)</u>	<u>\$ (120,000)</u>	187,536	<u>\$ 307,536</u>
<b>FUND BALANCE - JULY 1</b>			<u>926,014</u>	
<b>FUND BALANCE - JUNE 30</b>			<u>\$ 1,113,550</u>	

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

## TOWN OF ACTON, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 60,820	\$ 60,820
Investments	-	51,789	51,789
Due from other governments	-	-	-
Due from other funds	3,659	300	3,959
TOTAL ASSETS	<u>\$ 3,659</u>	<u>\$ 112,909</u>	<u>\$ 116,568</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	2,846	300	3,146
TOTAL LIABILITIES	<u>2,846</u>	<u>300</u>	<u>3,146</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	3,659	112,609	116,268
Committed	-	-	-
Assigned	-	-	-
Unassigned	(2,846)	-	(2,846)
FUND BALANCES	<u>813</u>	<u>112,609</u>	<u>113,422</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,659</u>	<u>\$ 112,909</u>	<u>\$ 116,568</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, 2014

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental income	\$ 242,014	\$ -	\$ 242,014
Investment income, net of unrealized gains/(losses)	-	10,036	10,036
Other income	-	-	-
TOTAL REVENUES	<u>242,014</u>	<u>10,036</u>	<u>252,050</u>
EXPENDITURES			
Education	239,102	-	239,102
Other	-	4,600	4,600
TOTAL EXPENDITURES	<u>239,102</u>	<u>4,600</u>	<u>243,702</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,912</u>	<u>5,436</u>	<u>8,348</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	2,912	5,436	8,348
FUND BALANCES - JULY 1	<u>(2,099)</u>	<u>107,173</u>	<u>105,074</u>
FUND BALANCES - JUNE 30	<u>\$ 813</u>	<u>\$ 112,609</u>	<u>\$ 113,422</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, 2014

	Local Entitlement	Title IA	Title IIA	Small Rural School	Local Entitlement Preschool	HS Diploma Assistance	Totals
<b>ASSETS</b>							
Due from other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-	3,659	3,659
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,659</u>	<u>\$ 3,659</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	2,708	138	-	2,846
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,708</u>	<u>138</u>	<u>-</u>	<u>2,846</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	3,659	3,659
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	(2,708)	(138)	-	(2,846)
<b>FUND BALANCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,708)</u>	<u>(138)</u>	<u>3,659</u>	<u>813</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,659</u>	<u>\$ 3,659</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, 2014

	Local Entitlement	Title IA	Title IIA	Small Rural School	Local Entitlement Preschool	HS Diploma Assistance	Totals
REVENUES							
Intergovernmental revenue	\$ 131,007	\$ 66,528	\$ 12,393	\$ 28,381	\$ 46	\$ 3,659	\$ 242,014
TOTAL REVENUES	<u>131,007</u>	<u>66,528</u>	<u>12,393</u>	<u>28,381</u>	<u>46</u>	<u>3,659</u>	<u>242,014</u>
EXPENDITURES							
Education	129,884	66,136	11,993	31,089	-	-	239,102
TOTAL EXPENDITURES	<u>129,884</u>	<u>66,136</u>	<u>11,993</u>	<u>31,089</u>	<u>-</u>	<u>-</u>	<u>239,102</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,123</u>	<u>392</u>	<u>400</u>	<u>(2,708)</u>	<u>46</u>	<u>3,659</u>	<u>2,912</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	400	(2,708)	46	3,659	2,912
FUND BALANCES - JULY 1	<u>(1,123)</u>	<u>(392)</u>	<u>(400)</u>	<u>-</u>	<u>(184)</u>	<u>-</u>	<u>(2,099)</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,708)</u>	<u>\$ (138)</u>	<u>\$ 3,659</u>	<u>\$ 813</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, 2014

	Cemetery Fund	Holdsworth Scholarship	Lawrence Family Trust	Dorothy Dunnells	Holdsworth Trust	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 9,617	\$ 41,358	\$ 2,276	\$ 7,569	\$ -	\$ 60,820
Investments	-	-	-	-	51,789	51,789
Due from other funds	-	-	-	300	-	300
<b>TOTAL ASSETS</b>	<b>\$ 9,617</b>	<b>\$ 41,358</b>	<b>\$ 2,276</b>	<b>\$ 7,869</b>	<b>\$ 51,789</b>	<b>\$ 112,909</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ 300
<b>LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>300</b>	<b>-</b>	<b>-</b>	<b>300</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	9,617	41,358	1,976	7,869	51,789	112,609
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>FUND BALANCES</b>	<b>9,617</b>	<b>41,358</b>	<b>1,976</b>	<b>7,869</b>	<b>51,789</b>	<b>112,609</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 9,617</b>	<b>\$ 41,358</b>	<b>\$ 2,276</b>	<b>\$ 7,869</b>	<b>\$ 51,789</b>	<b>\$ 112,909</b>

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 PERMANENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Cemetery Fund	Holdsworth Scholarship	Lawrence Family Trust	Dorothy Dunnells	Holdsworth Trust	Totals
<b>REVENUES</b>						
Investment income, net of unrealized gains/(losses)	\$ 5	\$ 860	\$ 1	\$ 8	\$ 9,162	\$ 10,036
Other income	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>5</u>	<u>860</u>	<u>1</u>	<u>8</u>	<u>9,162</u>	<u>10,036</u>
<b>EXPENDITURES</b>						
Cemetery expenses	-	-	-	-	-	-
Scholarship / other	-	4,000	-	600	-	4,600
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>600</u>	<u>-</u>	<u>4,600</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>5</u>	<u>(3,140)</u>	<u>1</u>	<u>(592)</u>	<u>9,162</u>	<u>5,436</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers (out)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	5	(3,140)	1	(592)	9,162	5,436
<b>FUND BALANCES - JULY 1</b>	<u>9,612</u>	<u>44,498</u>	<u>1,975</u>	<u>8,461</u>	<u>42,627</u>	<u>107,173</u>
<b>FUND BALANCES - JUNE 30</b>	<u>\$ 9,617</u>	<u>\$ 41,358</u>	<u>\$ 1,976</u>	<u>\$ 7,869</u>	<u>\$ 51,789</u>	<u>\$ 112,609</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 ACTON, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2014

	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	\$ 967,301	\$ -	\$ 1,596,301
Highway	-	145,000	22,800	304,510	472,310
Education	-	4,550,770	853,411	-	5,404,181
Transfer station	-	124,515	49,905	-	174,420
Parks / recreation	29,000	128,100	-	-	157,100
Town-wide	43,700	266,292	48,433	7,675	366,100
Total General Capital Assets	110,200	5,806,177	1,941,850	312,185	8,170,412
Less: Accumulated Depreciation	-	(3,574,489)	(1,247,640)	(6,090)	(4,828,219)
Net General Capital Assets	<u>\$ 110,200</u>	<u>\$ 2,231,688</u>	<u>\$ 694,210</u>	<u>\$ 306,095</u>	<u>\$ 3,342,193</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, 2014

	General Capital Assets 7/1/13	Additions	Deletions	General Capital Assets 6/30/14
Public safety	\$ 1,503,769	\$ 92,532	\$ -	\$ 1,596,301
Highway	472,310	-	-	472,310
Education	5,367,365	36,816	-	5,404,181
Transfer station	174,420	-	-	174,420
Parks/recreation	157,100	-	-	157,100
Town-wide	<u>344,028</u>	<u>22,072</u>	<u>-</u>	<u>366,100</u>
Total General Capital Assets	8,018,992	151,420	-	8,170,412
Less: Accumulated Depreciation	<u>(4,605,940)</u>	<u>(222,279)</u>	<u>-</u>	<u>(4,828,219)</u>
Net General Capital Assets	<u>\$ 3,413,052</u>	<u>\$ (70,859)</u>	<u>\$ -</u>	<u>\$ 3,342,193</u>

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

TOWN OF ACTON, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2014

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	\$ 5,854
School Breakfast Program	10.555	013-06A-7127-05	14,464
School Lunch Program	10.555	013-06A-7128-95	45,781
Total Department of Agriculture			<u>66,099</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	66,136
Local Entitlement	84.027	013-05A-3046-12	129,884
Title VI Rural Low Income	84.358	013-06A-3005-03	31,089
Title IIA-Teaching Quality	84.367	013-05A-3042-11	11,993
Total Department of Education			<u>239,102</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 305,201</u>

TOWN OF ACTON, MAINE

NOTES TO SCHEDULE OF FEDERAL AWARDS  
JUNE 30, 2014

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, 2014 and have issued our report thereon dated August 1, 2014. 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  
August 1, 2014

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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, 2014

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Fund (3000)	Totals
June 30 Balance per MEDMS financial System	\$ 1,128,897	\$ 3,659	\$ -	\$ 1,132,556
<b>Revenue Adjustments:</b>				
	-	-	-	-
<b>Expenditure Adjustments:</b>				
Small Rural School	2,708	(2,708)	-	-
Local Entitlement Preschool	138	(138)	-	-
Beginning balance variance	(18,193)	-	-	(18,193)
Audited GAAP Basis Fund balance June 30	<u>\$ 1,113,550</u>	<u>\$ 813</u>	<u>\$ -</u>	<u>\$ 1,114,363</u>