

# Audited Financial Statements

## Town of Readfield, Maine

June 30, 2014



*Proven Expertise and Integrity*

TOWN OF READFIELD, MAINE

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JUNE 30, 2014

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## INDEPENDENT AUDITORS' REPORT

Select Board  
Town of Readfield  
Readfield, 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 Readfield, Maine, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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 Readfield, 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 11 and 39 through 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 Readfield, Maine's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*R.H.R. Smith & Company*

Buxton, Maine  
August 28, 2014

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

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Readfield, 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 Readfield'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 financial statements mentioned above have been presented for the following activity:

- *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, boards and commissions, town buildings, community services, recreation, parks and activities, protection, cemeteries, roads and drainage, solid waste, education, regional assessments and other.

### **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 Readfield, 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 Readfield are categorized as governmental funds.

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

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



The Town of Readfield 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 "Other Governmental Funds" column on these statements.

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

### **Notes to the Financial Statements**

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

### **Required Supplementary Information**

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

### **Other Supplementary Information**

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

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities increased by \$78,165 from \$22.69 million to \$22.77 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 for the governmental activities to a balance of \$2,258,957 at the end of the fiscal year.

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

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
Current and Other Assets	\$ 2,438,981	\$ 1,887,714
Capital Assets	21,905,317	21,906,149
Total Assets	<u>24,344,298</u>	<u>23,793,863</u>
<b>Liabilities</b>		
Current Liabilities	321,037	241,903
Long-Term Debt Outstanding	1,237,586	846,676
Total Liabilities	<u>1,558,623</u>	<u>1,088,579</u>
<b>Deferred Inflows of Resources</b>		
Prepaid Taxes	14,032	11,806
Total Deferred Inflows of Resources	<u>14,032</u>	<u>11,806</u>
<b>Net Position</b>		
Net Investment in Capital Assets	20,390,016	20,876,756
Restricted: Permanent Funds	122,670	121,779
Unrestricted	2,258,957	1,694,943
Total Net Position	<u>\$ 22,771,643</u>	<u>\$ 22,693,478</u>

**Table 2**  
**Town of Readfield, Maine**  
**Change 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	\$ 172,041	\$ 196,285
Operating Grants and Contributions	60,540	44,442
<i>General Revenues:</i>		
Taxes	4,832,328	4,309,193
Grants and Contributions Not Restricted to Specific Programs	210,431	271,032
Miscellaneous	399,227	571,970
Total Revenues	<u>5,674,567</u>	<u>5,392,922</u>
<b>Expenses</b>		
General Government	453,253	388,950
Boards and Commissions	8,176	4,416
Town Buildings	38,747	36,190
Community Services	52,780	56,817
Recreation, Parks & Activities	34,313	33,363
Protection	175,499	124,993
Cemeteries	30,688	30,013
Roads & Drainage	968,393	1,078,863
Solid Waste	250,979	243,641
Education	3,112,703	2,715,243
Regional Assessments	325,234	318,600
Unclassified	47,169	57,056
Interest on long-term debt	38,939	68,519
Capital Outlay	59,529	23,008
Total Expenses	<u>5,596,402</u>	<u>5,179,672</u>
Change in Net Position	78,165	213,250
Special Item: Sale of Equipment	-	3,700
Net Position - July 1	<u>22,693,478</u>	<u>22,476,528</u>
Net Position - June 30	<u><u>\$ 22,771,643</u></u>	<u><u>\$ 22,693,478</u></u>

## Revenues and Expenses

Revenues for the Town's governmental activities increased by 5.22%, while total expenses increased by 8.05%.

## 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 Readfield, Maine**  
**Fund Balances - Governmental Funds**  
**June 30,**

	<u>2014</u>	<u>2013</u>
Major Funds:		
General Fund:		
Nonspendable	\$ 4,047	\$ 4,047
Committed	622,619	675,023
Unassigned	1,394,248	801,170
Total General Fund	<u>\$ 2,020,914</u>	<u>\$ 1,480,240</u>
Non-Major Funds:		
Special revenue funds:		
Assigned	\$ 4,767	\$ 4,767
Permanent funds:		
Restricted	122,670	121,779
Assigned	101,523	84,464
Total Non-Major Funds	<u>\$ 228,960</u>	<u>\$ 211,010</u>

The general fund total fund balance increased by \$540,674 from the prior fiscal year. The non-major fund balances increased by \$17,950 from the prior fiscal year.

## Budgetary Highlights

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

The general fund actual revenues were over budget by \$239,215. This was primarily the result of taxes, licenses, permits and fees, and several miscellaneous revenues that were received and not budgeted for.

The general fund actual expenditures were under the budget by \$435,896. All expenditure 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 \$832 from the prior year. This decrease is a result of current year depreciation expense of \$467,990 less capital additions of \$467,158 Refer to Note 4 of Notes to Financial Statements for more detailed information.

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

	<u>2014</u>	<u>2013</u>
Land and construction in progress	\$ 2,865,844	\$ 3,478,966
Buildings and improvements	326,936	368,707
Equipment and vehicles	180,974	249,210
Infrastructure	<u>18,531,563</u>	<u>17,809,266</u>
Total	<u><u>\$ 21,905,317</u></u>	<u><u>\$ 21,906,149</u></u>

### **Debt**

At June 30, 2014, the Town had \$1,480,000 in bonds outstanding versus \$960,000 last year. Other obligations include capital leases payable and accrued vacation and sick time. Refer to Note 5 of Notes to Financial Statements for more detailed information.

## **Currently Known Facts, Decisions, or Conditions**

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

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

### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's Office at 8 Old Kents Hill Road, Readfield, Maine 04355.

## TOWN OF READFIELD, MAINE

## STATEMENT OF NET POSITION

JUNE 30, 2014

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,696,680
Investments	310,577
Accounts receivable (net of allowance for uncollectibles):	
Taxes	310,120
Liens	71,457
Other	46,100
Tax acquired property	4,047
Total current assets	<u>2,438,981</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	2,865,844
Buildings, equipment and infrastructure, net of accumulated depreciation	19,039,473
Total noncurrent assets	<u>21,905,317</u>
TOTAL ASSETS	<u>\$ 24,344,298</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ -
Accrued payroll	1,957
Other liabilities	10,272
Current portion of long-term obligations	308,808
Total current liabilities	<u>321,037</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	1,206,493
Accrued compensated absences	31,093
Total noncurrent liabilities	<u>1,237,586</u>
TOTAL LIABILITIES	<u>1,558,623</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	14,032
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>14,032</u>
NET POSITION	
Net investment in capital assets	20,390,016
Restricted	122,670
Unrestricted	2,258,957
TOTAL NET POSITION	<u>22,771,643</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 24,344,298</u>

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

## STATEMENT B

## TOWN OF READFIELD, 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	Totals
Governmental activities:					
General government	\$ 453,253	\$ 23,593	\$ -	\$ -	\$ (429,660)
Boards and commissions	8,176	-	-	-	(8,176)
Town buildings	38,747	-	-	-	(38,747)
Community services	52,780	-	-	-	(52,780)
Recreation, parks & activities	34,313	22,683	-	-	(11,630)
Protection	175,499	-	22,200	-	(153,299)
Cemeteries	30,688	-	-	-	(30,688)
Roads & drainage	968,393	-	38,340	-	(930,053)
Solid waste	250,979	120,898	-	-	(130,081)
Education	3,112,703	-	-	-	(3,112,703)
Regional assessments	325,234	4,867	-	-	(320,367)
Unclassified	47,169	-	-	-	(47,169)
Interest on long-term debt	38,939	-	-	-	(38,939)
Capital outlay	59,529	-	-	-	(59,529)
Total government	<u>\$ 5,596,402</u>	<u>\$ 172,041</u>	<u>\$ 60,540</u>	<u>\$ -</u>	<u>(5,363,821)</u>



STATEMENT B (CONTINUED)

TOWN OF READFIELD, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(5,363,821)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	4,365,349
Excise taxes	466,979
Grants and contributions not restricted to specific programs	210,431
Miscellaneous	<u>399,227</u>
Total general revenues and special items	<u>5,441,986</u>
Change in net position	78,165
NET POSITION - JULY 1	<u>22,693,478</u>
NET POSITION - JUNE 30	<u><u>\$ 22,771,643</u></u>

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

## STATEMENT C

## TOWN OF READFIELD, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2014

	General Fund	Other Governmental Funds	Totals Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,659,220	\$ 37,460	\$ 1,696,680
Investments	122,218	188,359	310,577
Accounts receivables (net of allowance for uncollectibles):		-	-
Taxes	310,120	-	310,120
Liens	71,457	-	71,457
Other	46,100	-	46,100
Tax acquired property	4,047	-	4,047
Due from other funds	1,976	5,117	7,093
<b>TOTAL ASSETS</b>	<b>\$ 2,215,138</b>	<b>\$ 230,936</b>	<b>\$ 2,446,074</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	1,957	-	1,957
Other liabilities	10,272	-	10,272
Due to other funds	5,117	1,976	7,093
<b>TOTAL LIABILITIES</b>	<b>17,346</b>	<b>1,976</b>	<b>19,322</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred tax revenues	162,846	-	162,846
Prepaid taxes	14,032	-	14,032
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>176,878</b>	<b>-</b>	<b>176,878</b>
<b>FUND BALANCES</b>			
Nonspendable	4,047	-	4,047
Restricted	-	122,670	122,670
Committed	622,619	-	622,619
Assigned	-	106,290	106,290
Unassigned	1,394,248	-	1,394,248
<b>TOTAL FUND BALANCES</b>	<b>2,020,914</b>	<b>228,960</b>	<b>2,249,874</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,215,138</b>	<b>\$ 230,936</b>	<b>\$ 2,446,074</b>

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

## TOWN OF READFIELD, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014

	Total Governmental Funds
Total Fund Balances	\$ 2,249,874
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	21,905,317
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	162,846
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(1,480,000)
Capital leases payable	(35,301)
Accrued compensated absences	(31,093)
Net position of governmental activities	<u>\$ 22,771,643</u>

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

## TOWN OF READFIELD, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES			
Taxes:			
Property taxes	\$ 4,359,349	\$ -	\$ 4,359,349
Excise taxes	466,979	-	466,979
Intergovernmental revenues	248,771	-	248,771
Charges for services	172,041	-	172,041
Miscellaneous revenues	397,492	23,935	421,427
TOTAL REVENUES	<u>5,644,632</u>	<u>23,935</u>	<u>5,668,567</u>
EXPENDITURES			
Current:			
General government	440,882	-	440,882
Boards and commissions	8,176	-	8,176
Town buildings	38,747	-	38,747
Community services	52,780	-	52,780
Recreation, parks & activities	27,730	-	27,730
Protection	121,966	-	121,966
Cemeteries	30,688	-	30,688
Roads & drainage	1,049,108	-	1,049,108
Solid waste	241,572	-	241,572
Education	3,112,703	-	3,112,703
Regional assessments	325,234	-	325,234
Unclassified	45,771	1,398	47,169
Debt service:			
Principal	180,000	-	180,000
Interest	38,939	-	38,939
Capital lease	34,720	-	34,720
Capital outlay	59,529	-	59,529
TOTAL EXPENDITURES	<u>5,808,545</u>	<u>1,398</u>	<u>5,809,943</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(163,913)</u>	<u>22,537</u>	<u>(141,376)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	700,000	-	700,000
Transfers in	4,587	-	4,587
Transfers (out)	-	(4,587)	(4,587)
TOTAL OTHER FINANCING SOURCES (USES)	<u>704,587</u>	<u>(4,587)</u>	<u>700,000</u>
NET CHANGE IN FUND BALANCES	540,674	17,950	558,624
FUND BALANCES - JULY 1	<u>1,480,240</u>	<u>211,010</u>	<u>1,691,250</u>
FUND BALANCES - JUNE 30	<u>\$ 2,020,914</u>	<u>\$ 228,960</u>	<u>\$ 2,249,874</u>

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

## TOWN OF READFIELD, 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>\$ 558,624</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset purchases	467,158
Capital asset disposals	-
Depreciation expense	<u>(467,990)</u>
	<u>(832)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>214,092</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(700,000)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>281</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>6,000</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 78,165</u></u>

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Reporting Entity***

The Town of Readfield was incorporated under the laws of the State of Maine. The Town operates under Town selectmen-manager form of government and provides the following services: general government, public safety, public works, solid waste, community services, education, recreation and other.

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 and No. 61.

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

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

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. 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 READFIELD, 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 funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. 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 READFIELD, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

**Budget**

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

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.



TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. A meeting of the Select Board was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. The Town does not adopt budgets for Special Revenue Funds.

**Deposits and Investments**

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

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

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

The Town of Readfield has a formal investment policy that 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.

**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.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2014.

**Capital Assets**

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

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

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

Estimated useful lives are as follows:

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

**Long-term Obligations**

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds payable, capital leases payable and compensated absences.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**Compensated Absences**

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2014, the Town's liability for compensated absences is \$31,093.

**Net Position**

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

**Fund Balance**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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 Select Board.

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.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no deferred outflows of resources.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

The Town's property tax for the current year was levied July 30, 2013 on the assessed value listed as of April 1, 2013, for all real and personal property located in the Town. Taxes were due in two installments on September 27, 2013 and February 28, 2014. Interest on unpaid taxes commenced on September 28, 2013 and March 1, 2014, at 4% 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 \$52,056, or approximately 12% of the permitted amount, for the year ended June 30, 2014.

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).

**Operating/Non-operating Proprietary Fund Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 cash and cash equivalents amounting to \$1,696,680 were comprised of bank deposits of \$1,741,252. Of these deposits \$1,660,745 were fully covered by federal depository insurance or collateralized with securities held by the financial institution in the Town's name and consequently was not exposed to custodial credit risk. The cash equivalents of \$37,460 were registered in the Town's name and covered by the Securities Investor Protection Corporation (SIPC) and consequently not exposed to custodial credit risk. The remaining deposits of \$43,047 were uninsured and uncollateralized.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Checking accounts	\$ 343,443
Sweep accounts	1,339,880
Savings accounts	20,469
Cash equivalents	37,460
	<u>\$ 1,741,252</u>

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. The Town's investment in certificates of deposit for \$122,218 was covered by federal depository insurance and not exposed to custodial credit risk. The mutual funds and fixed income securities of \$188,359 were not exposed to custodial credit risk because those securities are registered in the Town's name and are fully covered by the Securities Investor Protection Corporation (SIPC).

At June 30, 2014, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Mutual funds	\$ 135,525	\$ 135,525	\$ -	\$ -
U.S. gov't agency bonds	20,400	-	20,400	-
Municipal bonds	32,434	-	-	32,434
Certificates of deposit	122,218	-	122,218	-
	<u>\$ 310,577</u>	<u>\$ 135,525</u>	<u>\$ 142,618</u>	<u>\$ 32,434</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 and money market accounts and various insured certificates of deposit.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2014 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 1,976	\$ 5,117
Nonmajor special revenue funds	4,767	-
Nonmajor permanent funds	350	1,976
	<u>\$ 7,093</u>	<u>\$ 7,093</u>

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	\$ 2,865,844	\$ -	\$ -	\$ 2,865,844
Construction in progress	613,122	450,453	(1,063,575)	-
	<u>3,478,966</u>	<u>450,453</u>	<u>(1,063,575)</u>	<u>2,865,844</u>
Depreciated assets:				
Buildings & improvements	807,841	-	-	807,841
Land improvements	213,952	-	-	213,952
Equipment	190,626	16,705	-	207,331
Vehicles	755,178	-	-	755,178
Infrastructure	23,583,101	1,063,575	-	24,646,676
	<u>25,550,698</u>	<u>1,080,280</u>	<u>-</u>	<u>26,630,978</u>
Less: accumulated depreciation	<u>(7,123,515)</u>	<u>(467,990)</u>	<u>-</u>	<u>(7,591,505)</u>
	<u>18,427,183</u>	<u>612,290</u>	<u>-</u>	<u>19,039,473</u>
Net capital assets	<u>\$ 21,906,149</u>	<u>\$ 1,062,743</u>	<u>\$ (1,063,575)</u>	<u>\$ 21,905,317</u>



TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation

General government	\$ 21,639
Recreation, parks & activities	6,583
Protection	60,623
Roads & drainage	369,738
Solid waste	9,407
Total depreciation expense	<u>\$ 467,990</u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2014:

	Balance, 7/1/13	Additions	Deletions	Balance, 6/30/14	Current Year Portion
Bonds payable	\$ 960,000	\$ 700,000	\$ (180,000)	\$ 1,480,000	\$ 273,507
Capital leases payable	69,393	-	(34,092)	35,301	35,301
Accrued compensated absences	31,374	-	(281)	31,093	-
Totals	<u>\$ 1,060,767</u>	<u>\$ 700,000</u>	<u>\$ (214,373)</u>	<u>\$ 1,546,394</u>	<u>\$ 308,808</u>

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

\$300,000, 2004 General Obligation Bond due in annual principal installments of \$30,000 through 2015. Interest is charged at a rate varying from 3.019% to 3.644% per annum.	\$ 30,000
\$1,500,000, 2008 General Obligation Bond due in annual principal installments of \$150,000 through 2019. Interest is charged at a rate of 4.11% per annum.	750,000
\$700,000, 2013 General Obligation Bond due in annual principal and interest installments of \$109,167 through 2020. Interest is charged at a rate of 2.23% per annum.	<u>700,000</u>
Total Bonds Payable	<u>\$ 1,480,000</u>

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The annual principal and interest requirements to amortize the bonds are as follows:

Year Ending June 30,	Principal	Interest	Totals
2015	\$ 273,507	\$ 53,147	\$ 326,654
2016	245,592	44,350	289,942
2017	247,723	36,053	283,776
2018	249,903	27,759	277,662
2019	252,131	19,316	271,447
2020-2024	211,144	7,089	218,233
	<u>\$ 1,480,000</u>	<u>\$ 187,714</u>	<u>\$ 1,667,714</u>

All bonds 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. The General Fund of the Town is used to pay for all long-term debt.

A summary of the outstanding capital leases payable is as follows:

The Town leases a Freightliner Rescue Truck under a non-cancellable lease agreement dated April of 2010. The term of the lease is for a four year period expiring in July of 2014. Annual principal and interest payments are \$34,720.

The Town leases a Toshiba copier under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in February 2015. Interest is charged at a rate of 3.00% per annum. Annual principal and interest payments are \$1,928.

Future minimum payments, by year and in the aggregate, under these leases are as follows:

2015	\$ 36,648
2016	-
2017	-
2018	-
2019	-
Total minimum lease payments	<u>36,648</u>
Less: Amount representing interest	<u>(1,347)</u>
Present value of future minimum lease payments	<u>\$ 35,301</u>

TOWN OF READFIELD, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 6 – NONSPENDABLE FUND BALANCES

At June 30, 2014, the Town had the following nonspendable fund balances

General fund:

Tax acquired property	<u>\$ 4,047</u>
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NOTE 7 – RESTRICTED FUND BALANCES

At June 30, 2014, the Town had the following restricted fund balances:

Nonmajor permanent funds (Schedule F)	<u>\$ 122,670</u>
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TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 8 – COMMITTED FUND BALANCES

At June 30, 2014, the Town had the following committed fund balances:

	Balance 7/1/13	Appropriation	Applied Receipts	Actual Expenditures	Counted Rev Reduction	Use of CF to reduce Budget	Use of Trust Fund	Balance 6/30/14
Admin Technology	\$ 4,239	\$ 5,000	\$ -	\$ 3,731	\$ -	\$ -	\$ -	\$ 5,508
Backhoe	15,111	7,600	3,040	6,920	-	-	-	18,831
Ballfield	11,722	50,000	25,000	16,567	38,279	11,721	-	20,155
Beach	11,838	11,138	8,481	8,645	8,638	-	2,500	11,674
Cemeteries	(3,095)	33,083	38	30,688	-	-	4,587	(5,249)
Cemetery - Living Fence	-	-	2,766	-	-	-	-	2,766
Cemetery Capital	1,680	-	-	-	-	-	-	1,680
Community Park	(255)	307	-	225	-	-	-	(173)
Dispatching	2,600	24,802	-	21,877	-	-	-	5,525
FD Annual Physicals	4,667	125	-	-	-	125	-	4,667
FD Emerg Comm	2,348	-	1,500	-	1,500	-	-	2,348
Fire Dept Equip	52,800	88,065	17,767	74,311	6,000	8,000	-	70,321
Fire PPG Replacement	4,000	2,000	-	-	-	-	-	6,000
Fire Station Addition	35,522	-	-	-	-	-	-	35,522
Fire Station Improvements	-	25,000	-	15,795	-	-	-	9,205
Forestry	697	-	-	-	-	-	-	697
Gardiner Sav Bldg	3,876	-	-	-	-	-	-	3,876
Gile Hall	15,668	30,000	10,695	20,027	-	15,000	-	21,336
Grant Writing	6,366	2,500	-	-	-	2,500	-	6,366
Heating Assistance	1,501	1,500	995	889	1,500	-	-	1,607
Heritage Days	1,121	11,430	2,128	9,401	4,600	1,100	-	(422)
Library Operations	4,906	26,393	4,507	26,824	2,075	-	-	6,907
Library Building Imp	12,932	-	-	809	-	-	-	12,123
Maranacook Dam	14,400	2,400	-	-	-	-	-	16,800
MillStream Bridge	369	-	-	-	-	-	-	369
Open Space	4,897	-	1,918	-	-	-	-	6,815
Playground	1,095	-	-	-	-	-	-	1,095
PW cap building	4,500	-	-	-	-	-	-	4,500
Capital Equipment	12,939	-	-	-	-	-	-	12,939
Public Works equip lease	(308)	-	-	-	-	-	-	(308)
Recreation	22,790	12,042	7,567	8,973	9,742	2,300	-	21,384
Reflections	1,044	-	21	-	-	-	-	1,065
Revaluation	55,000	5,000	-	-	-	-	-	60,000
Road /Bridge Bond	5,830	-	-	-	-	-	-	5,830
Road Bond 13-14	-	700,000	700,000	692,233	700,000	-	-	7,767
Sidewalks	(197,639)	-	199,602	2,600	-	-	-	(637)
Snowmobiling	1,053	1,052	1,231	1,052	-	1,052	-	1,232
Summer Roads/Regional	232,044	355,250	43,407	356,874	38,200	100,000	-	135,627
Torsey Pond Nature Preserve	1,918	-	-	-	-	1,918	-	-
Town Boundaries	-	2,500	-	2,240	-	-	-	260
Conservation Land	15,834	4,188	18,960	2,795	-	4,273	-	31,914
TS Operations	37,981	124,828	17,127	117,326	17,275	-	-	45,335
TS Capital	17,211	8,500	-	-	-	-	-	25,711
Vernal Pools	(86)	-	-	-	-	-	-	(86)
Water Holes(Fund 5	3,907	500	-	670	-	-	-	3,737
	<u>\$ 425,023</u>	<u>\$ 1,535,203</u>	<u>\$ 1,066,750</u>	<u>\$ 1,421,472</u>	<u>\$ 827,809</u>	<u>\$ 147,989</u>	<u>\$ 7,087</u>	<u>\$ 622,619</u>

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 9 – ASSIGNED FUND BALANCES

At June 30, 2014, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 4,767
Nonmajor permanent funds (Schedule F)	101,523
	<u>\$ 106,290</u>

NOTE 10 – JOINT VENTURE

The Town has entered into a joint venture with a number of other Towns. This joint venture is considered to be a separate reporting entity and has not been included within the financial statements of the Town of Readfield. A brief description of the joint venture, FirstPark, follows:

FirstPark

Kennebec Regional Development Authority (FirstPark) was formed in 1998 through an act of the Maine State Legislature. Its primary purposes, according to the act, were to strengthen the financial condition of local governments within the geographic territory of the Authority, while combining resources and sharing costs for meeting regional and economic development needs and challenges; to promote and develop infrastructure and programs for employment and economic development opportunities; and other conditions to positively affect regional development. The intent was that the members would fund the startup costs and then jointly benefit from the tax revenues generated later on. There are currently 24 local governments who are members of the Authority, including the Town of Readfield.

This statute states that the Town may be responsible for liabilities it incurs during its membership that may not have been paid for. It may withdraw its membership at any time with one year's warning to the corporation and the sale of its stake. An amount for any contingent liabilities at this time cannot be determined.

The Authority derives the bulk of its revenue from the participants, but also receives some grant revenues from the State of Maine and tenant's rental income. In fiscal year 2014, the Town of Readfield contributed \$25,998. Complete financial statements may be obtained from Kennebec Regional Development Authority/First Park at P.O. Box 246, Oakland, Maine 04963.

# TOWN OF READFIELD, MAINE

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

### NOTE 11 – OVERLAPPING DEBT

The Town is responsible for its proportionate share of certain outside agency's debt. As of June 30, 2014, the County of Kennebec did not have any debt. The Town's share of school debt was as follows:

	Outstanding Debt	Town's Percentage	Total Share
RSU #38	3,948,022	27.46%	<u>\$ 1,084,158</u>

### NOTE 12 – 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 either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently the Town participates in several public-entity and self-insured risk pools sponsored by the Maine Municipal Association.

Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2014.

### NOTE 13 – DEFERRED COMPENSATION PLAN

#### INTERNATIONAL CITY MANAGEMENT ASSOCIATION – RETIREMENT CORPORATION

##### A. Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the International City Management Association Retirement Corporation (ICMA-RC). The plan, available to Town employees, Town management and professional level employees, permits them to defer a portion of their salary, in addition to Town contributions, until future years. 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. Employees may opt to use a different plan with similar terms.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 13 – DEFERRED COMPENSATION PLAN (CONTINUED)

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Select Board. For professional employees that choose to participate in the 457 plan alone, the Town will contribute an amount equal to the required employer contribution for the defined benefit plan up to 10.00% of an employee's annual salary. For the Town's non-professional employees, the Town will contribute an amount equal to 5%, 8%, or 10% of their annual salary depending on years of service. Employees may contribute additional amounts of their own choosing.

The Town's contributions to the plan for 2014, 2013, and 2012 were \$5,947, \$14,936, and \$11,951, respectively.

NOTE 14 – OVERSPENT APPROPRIATIONS

At June 30, 2014, the Town had the following overspent appropriations which were approved in the subsequent town meeting:

Administration	\$ 12,840
Insurance	521
Trail Committee	451
Fire Station	1,136
Library - town buildings	905
Library - community services	431
Water holes	170
Emergency ops	3,121
Summer roads	3,597
Vehicle maintenance	763
Sidewalks	2,600
Library building	809
Kennebec County Tax	108
First Park	486
	<u>\$ 27,938</u>

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 15 – 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.



### 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 READFIELD, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 1,480,240	\$ 1,480,240	\$ 1,480,240	\$ -
Resources (Inflows):				
Taxes:				
Property Taxes	4,338,689	4,338,689	4,338,764	75
Excise Taxes	396,000	396,000	466,979	70,979
Interest on Taxes	16,000	16,000	20,585	4,585
Total Taxes	4,750,689	4,750,689	4,826,328	75,639
Intergovernmental revenues:				
State Revenue Sharing	120,000	120,000	120,093	93
Homestead Exemption	72,163	72,163	65,793	(6,370)
Local Road Assistance	36,000	36,000	38,340	2,340
Other	28,076	28,076	24,545	(3,531)
Total Intergovernmental Revenues	256,239	256,239	248,771	(7,468)
Licenses, permits & fees	18,902	18,902	23,593	4,691
Charges for services:				
Library	2,075	2,075	4,507	2,432
Recreation	22,980	22,980	18,176	(4,804)
Regional Assessments	2,200	2,200	4,867	2,667
Transfer Station	142,103	142,103	120,898	(21,205)
Total Charges for Services	169,358	169,358	148,448	(20,910)
Investment income	2,800	2,800	3,043	243
Miscellaneous revenues:				
Athletic Fields	38,279	38,279	25,000	(13,279)
Cable TV Franchise Fees	24,000	24,000	24,915	915
First Park	9,000	9,000	10,421	1,421
Sidewalks	-	-	199,602	199,602
Protection	7,500	7,500	22,200	14,700
Other	128,650	128,650	112,311	(16,339)
Bond proceeds	700,000	700,000	700,000	-
Operating Transfers In	4,587	4,587	4,587	-
Total Miscellaneous Revenues	912,016	912,016	1,099,036	187,020
Amounts Available for Appropriation	7,590,244	7,590,244	7,829,459	239,215

SCHEDULE 1 (CONTINUED)  
TOWN OF READFIELD, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Charges to Appropriations (Outflows):				
General government	446,244	446,244	440,882	5,362
Boards and commissions	9,597	9,597	8,176	1,421
Town buildings	41,445	41,445	38,747	2,698
Community services	55,681	55,681	52,780	2,901
Recreation, parks & activities	37,335	37,335	27,730	9,605
Protection	138,242	138,242	121,966	16,276
Cemeteries	33,083	33,083	30,688	2,395
Roads & drainage	1,057,140	1,057,140	1,049,108	8,032
Solid waste	257,256	257,256	241,572	15,684
Education	3,112,703	3,112,703	3,112,703	-
Regional assessments	326,637	326,637	325,234	1,403
Unclassified	243,302	243,302	45,771	197,531
Debt service:				
Principal	271,888	271,888	180,000	91,888
Interest	58,267	58,267	38,939	19,328
Capital lease	34,721	34,721	34,720	1
Capital outlay	120,900	120,900	59,529	61,371
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	6,244,441	6,244,441	5,808,545	435,896
Budgetary Fund Balance, June 30	\$ 1,345,803	\$ 1,345,803	\$ 2,020,914	\$ 675,111
Utilization of committed fund balance	\$ 134,437	\$ 134,437	\$ -	\$ (134,437)

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.

- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor 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
- Schedule of Valuation, Assessment and Collection of Taxes

## TOWN OF READFIELD, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General Government -					
Administration	\$ 288,563	\$ -	\$ 288,563	\$ 301,403	\$ (12,840)
Grant writing	2,500	-	2,500	-	2,500
Insurance	21,250	-	21,250	21,771	(521)
Office equipment	4,650	-	4,650	2,629	2,021
Assessing	32,800	-	32,800	27,535	5,265
Code enforcement	22,762	-	22,762	19,053	3,709
Boundaries	2,500	-	2,500	2,240	260
Municipal maintenance	69,719	-	69,719	65,361	4,358
Heating assistance	1,500	-	1,500	890	610
	<u>446,244</u>	<u>-</u>	<u>446,244</u>	<u>440,882</u>	<u>5,362</u>
Boards and Commissions -					
Appeals Board	610	-	610	327	283
Conservation Commission	4,093	-	4,093	2,701	1,392
Planning Board	2,799	-	2,799	2,602	197
Trail Committee	2,095	-	2,095	2,546	(451)
	<u>9,597</u>	<u>-</u>	<u>9,597</u>	<u>8,176</u>	<u>1,421</u>
Town Buildings -					
Fire Station	8,734	-	8,734	9,870	(1,136)
Gile Hall	22,228	-	22,228	17,639	4,589
Library	8,983	-	8,983	9,888	(905)
Maintenance building	1,500	-	1,500	1,350	150
	<u>41,445</u>	<u>-</u>	<u>41,445</u>	<u>38,747</u>	<u>2,698</u>
Community Services -					
Animal control	16,918	-	16,918	16,284	634
Kennebec Land Trust	250	-	250	-	250
Library	26,393	-	26,393	26,824	(431)
Maranacook Lake Dam	250	-	250	-	250
Readfield TV	6,275	-	6,275	4,442	1,833
Street lights	5,500	-	5,500	5,136	364
Town farm forest	95	-	95	94	1
	<u>55,681</u>	<u>-</u>	<u>55,681</u>	<u>52,780</u>	<u>2,901</u>

## TOWN OF READFIELD, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Recreation, Parks & Activities -					
Beach	\$ 11,138	\$ -	\$ 11,138	\$ 8,645	\$ 2,493
Recreation	12,042	-	12,042	8,973	3,069
Heritage Days	11,430	-	11,430	9,401	2,029
Torsey Pond	500	-	500	486	14
Open space	1,918	-	1,918	-	1,918
Community Park	307	-	307	225	82
	<u>37,335</u>	<u>-</u>	<u>37,335</u>	<u>27,730</u>	<u>9,605</u>
Protection -					
Fire department - Operations	80,065	-	80,065	74,312	5,753
Fire department - Equipment	8,000	-	8,000	-	8,000
Ambulance	20,250	-	20,250	19,485	765
Water holes	500	-	500	670	(170)
Dispatching	24,802	-	24,802	21,878	2,924
Annual physicals	125	-	125	-	125
Personal protection gear	2,000	-	2,000	-	2,000
Emergency ops	2,500	-	2,500	5,621	(3,121)
	<u>138,242</u>	<u>-</u>	<u>138,242</u>	<u>121,966</u>	<u>16,276</u>
Cemeteries	<u>33,083</u>	<u>-</u>	<u>33,083</u>	<u>30,688</u>	<u>2,395</u>
Roads & drainage -					
Summer roads	91,540	-	91,540	95,137	(3,597)
Road reconstruction/paving	700,000	-	700,000	692,233	7,767
Winter maintenance	251,600	-	251,600	248,440	3,160
Vehicle maintenance	11,800	-	11,800	12,563	(763)
Interlocal	2,200	-	2,200	735	1,465
	<u>1,057,140</u>	<u>-</u>	<u>1,057,140</u>	<u>1,049,108</u>	<u>8,032</u>

## TOWN OF READFIELD, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Capital outlay -					
ADM technology	5,000	-	5,000	3,731	1,269
Fire station addition	25,000	-	25,000	15,795	9,205
Gile Hall	30,000	-	30,000	20,027	9,973
Fairgrounds athletic fields	50,000	-	50,000	16,567	33,433
Sidewalks	-	-	-	2,600	(2,600)
Library building	-	-	-	809	(809)
Transfer station	8,500	-	8,500	-	8,500
Maranacook Dam	2,400	-	2,400	-	2,400
	<u>120,900</u>	<u>-</u>	<u>120,900</u>	<u>59,529</u>	<u>61,371</u>
Solid Waste -					
Transfer station	249,656	-	249,656	234,652	15,004
Backhoe	7,600	-	7,600	6,920	680
	<u>257,256</u>	<u>-</u>	<u>257,256</u>	<u>241,572</u>	<u>15,684</u>
Education -					
RSU #38	3,112,703	-	3,112,703	3,112,703	-
	<u>3,112,703</u>	<u>-</u>	<u>3,112,703</u>	<u>3,112,703</u>	<u>-</u>

## TOWN OF READFIELD, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Regional Assessments -					
Cobbossee Watershed District	19,975	-	19,975	17,978	1,997
Kennebec County Tax	276,805	-	276,805	276,913	(108)
Kennebec Valley Council of Governments	4,345	-	4,345	4,345	-
First Park	25,512	-	25,512	25,998	(486)
	<u>326,637</u>	<u>-</u>	<u>326,637</u>	<u>325,234</u>	<u>1,403</u>
Debt Service -					
Principal	271,888	-	271,888	180,000	91,888
Interest	58,267	-	58,267	38,939	19,328
Capital lease	34,721	-	34,721	34,720	1
	<u>364,876</u>	<u>-</u>	<u>364,876</u>	<u>253,659</u>	<u>111,217</u>
Unclassified -					
Abatements/Overlay	52,056	-	52,056	25,259	26,797
Non-profits	8,572	-	8,572	4,931	3,641
Revaluation	5,000	-	5,000	-	5,000
Readfield enterprise fund	125,000	-	125,000	11,900	113,100
Contingency	47,417	-	47,417	-	47,417
Snowmobiling	1,052	-	1,052	1,052	-
General assistance	4,205	-	4,205	2,629	1,576
	<u>243,302</u>	<u>-</u>	<u>243,302</u>	<u>45,771</u>	<u>197,531</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 6,244,441</u>	<u>\$ -</u>	<u>\$ 6,244,441</u>	<u>\$ 5,808,545</u>	<u>\$ 435,896</u>

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



## TOWN OF READFIELD, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 37,460	\$ 37,460
Investments	-	188,359	188,359
Due from other funds	4,767	350	5,117
TOTAL ASSETS	<u>\$ 4,767</u>	<u>\$ 226,169</u>	<u>\$ 230,936</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	1,976	1,976
TOTAL LIABILITIES	<u>-</u>	<u>1,976</u>	<u>1,976</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	122,670	122,670
Committed	-	-	-
Assigned	4,767	101,523	106,290
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>4,767</u>	<u>224,193</u>	<u>228,960</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,767</u>	<u>\$ 226,169</u>	<u>\$ 230,936</u>

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

## TOWN OF READFIELD, 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
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Investment income, net of unrealized gains/(losses)	\$ -	\$ 20,935	\$ 20,935
Miscellaneous	-	3,000	3,000
TOTAL REVENUES	<u>-</u>	<u>23,935</u>	<u>23,935</u>
EXPENDITURES	<u>-</u>	<u>1,398</u>	<u>1,398</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>22,537</u>	<u>22,537</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	(4,587)	(4,587)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(4,587)</u>	<u>(4,587)</u>
NET CHANGE IN FUND BALANCES	-	17,950	17,950
FUND BALANCES - JULY 1	<u>4,767</u>	<u>206,243</u>	<u>211,010</u>
FUND BALANCES - JUNE 30	<u><u>\$ 4,767</u></u>	<u><u>\$ 224,193</u></u>	<u><u>\$ 228,960</u></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 READFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2014

	Town Boundary Lines	Readfield Corner Sewage	Beach Tractor Replacement	Beach Equipment	Totals
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	656	1,705	2,400	6	4,767
TOTAL ASSETS	<u>\$ 656</u>	<u>\$ 1,705</u>	<u>\$ 2,400</u>	<u>\$ 6</u>	<u>\$ 4,767</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	656	1,705	2,400	6	4,767
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>656</u>	<u>1,705</u>	<u>2,400</u>	<u>6</u>	<u>4,767</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 656</u>	<u>\$ 1,705</u>	<u>\$ 2,400</u>	<u>\$ 6</u>	<u>\$ 4,767</u>

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

## TOWN OF READFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	Town Boundary Lines	Readfield Corner Sewage	Beach Tractor Replacement	Beach Equipment	Totals
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-
EXPENDITURES					
Program Expenses	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCES - JULY 1	656	1,705	2,400	6	4,767
FUND BALANCES - JUNE 30	\$ 656	\$ 1,705	\$ 2,400	\$ 6	\$ 4,767

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 Readfield, 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 READFIELD, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS  
JUNE 30, 2014

	Cemetery Funds						
	Cemetery Fund	Whittier Fund	Kents Hill Fund	Cemetery Expansion Fund	Kesner Fund	Kolreg Fund	Lincoln Fund
ASSETS							
Cash and cash equivalents	\$ 19,176	\$ 571	\$ 2,649	\$ 2,442	\$ 125	\$ 364	\$ 345
Investments	96,515	2,863	13,298	12,281	659	1,827	1,733
Due from other funds	-	-	-	350	-	-	-
TOTAL ASSETS	<u>\$ 115,691</u>	<u>\$ 3,434</u>	<u>\$ 15,947</u>	<u>\$ 15,073</u>	<u>\$ 784</u>	<u>\$ 2,191</u>	<u>\$ 2,078</u>
LIABILITIES							
Due to other funds	\$ 1,937				\$ 13	\$ 13	
TOTAL LIABILITIES	<u>1,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13</u>	<u>13</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	74,550	500	4,910	-	300	500	500
Committed	-	-	-	-	-	-	-
Assigned	39,204	2,934	11,037	15,073	471	1,678	1,578
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>113,754</u>	<u>3,434</u>	<u>15,947</u>	<u>15,073</u>	<u>771</u>	<u>2,178</u>	<u>2,078</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 115,691</u>	<u>\$ 3,434</u>	<u>\$ 15,947</u>	<u>\$ 15,073</u>	<u>\$ 784</u>	<u>\$ 2,191</u>	<u>\$ 2,078</u>

## TOWN OF READFIELD, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS  
JUNE 30, 2014

	Cemetery Funds						
	Walker Fund	Townsend Fund	Couture Fund	War Memorial	Leon Tibbetts Fund	Beach Improvement Fund	Totals
ASSETS							
Cash and cash equivalents	\$ 369	\$ 429	\$ 5,028	\$ 528	\$ -	\$ 5,434	\$ 37,460
Investments	1,809	2,128	25,316	2,656	-	27,274	188,359
Due from other funds	-	-	-	-	-	-	350
TOTAL ASSETS	<u>\$ 2,178</u>	<u>\$ 2,557</u>	<u>\$ 30,344</u>	<u>\$ 3,184</u>	<u>\$ -</u>	<u>\$ 32,708</u>	<u>\$ 226,169</u>
LIABILITIES							
Due to other funds	\$ 13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,976
TOTAL LIABILITIES	<u>13</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,976</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	600	1,738	20,000	2,157	-	16,915	122,670
Committed	-	-	-	-	-	-	-
Assigned	1,565	819	10,344	1,027	-	15,793	101,523
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,165</u>	<u>2,557</u>	<u>30,344</u>	<u>3,184</u>	<u>-</u>	<u>32,708</u>	<u>224,193</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,178</u>	<u>\$ 2,557</u>	<u>\$ 30,344</u>	<u>\$ 3,184</u>	<u>\$ -</u>	<u>\$ 32,708</u>	<u>\$ 226,169</u>

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



## TOWN OF READFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	Cemetery Funds						
	Cemetery Fund	Whittier Fund	Kents Hill Fund	Cemetery Expansion Fund	Kesner Fund	Kolreg Fund	Lincoln Fund
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 11,683	\$ 347	\$ 1,611	\$ 1,486	\$ 79	\$ 222	\$ 210
Other income	2,250	-	-	750	-	-	-
TOTAL REVENUES	13,933	347	1,611	2,236	79	222	210
EXPENDITURES	-	-	-	-	13	13	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	13,933	347	1,611	2,236	66	209	210
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	(4,187)	-	-	(400)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(4,187)	-	-	(400)	-	-	-
NET CHANGE IN FUND BALANCES	9,746	347	1,611	1,836	66	209	210
FUND BALANCES - JULY 1	104,008	3,087	14,336	13,237	705	1,969	1,868
FUND BALANCES - JUNE 30	\$ 113,754	\$ 3,434	\$ 15,947	\$ 15,073	\$ 771	\$ 2,178	\$ 2,078

## TOWN OF READFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	Cemetery Funds				Leon Tibbetts Fund	Beach Improvement Fund	Totals
	Walker Fund	Townsend Fund	Couture Fund	War Memorial			
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 221	\$ 258	\$ 3,064	\$ 321	\$ (1,870)	\$ 3,303	\$ 20,935
Other income	-	-	-	-	-	-	3,000
TOTAL REVENUES	<u>221</u>	<u>258</u>	<u>3,064</u>	<u>321</u>	<u>(1,870)</u>	<u>3,303</u>	<u>23,935</u>
EXPENDITURES	<u>13</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,359</u>	<u>-</u>	<u>1,398</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>208</u>	<u>258</u>	<u>3,064</u>	<u>321</u>	<u>(3,229)</u>	<u>3,303</u>	<u>22,537</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	(4,587)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,587)</u>
NET CHANGE IN FUND BALANCES	208	258	3,064	321	(3,229)	3,303	17,950
FUND BALANCES - JULY 1	<u>1,957</u>	<u>2,299</u>	<u>27,280</u>	<u>2,863</u>	<u>3,229</u>	<u>29,405</u>	<u>206,243</u>
FUND BALANCES - JUNE 30	<u>\$ 2,165</u>	<u>\$ 2,557</u>	<u>\$ 30,344</u>	<u>\$ 3,184</u>	<u>\$ -</u>	<u>\$ 32,708</u>	<u>\$ 224,193</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 READFIELD, MAINE

## SCHEDULE GENERAL CAPITAL ASSETS BY FUNCTION

JUNE 30, 2014

	Land and Non-depreciable Assets	Buildings Buildings Improvments & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
General government	\$ -	\$ 449,996	\$ 9,615	\$ -	\$ 459,611
Recreation, parks & activities	-	226,260	-	-	226,260
Protection	-	124,428	604,355	-	728,783
Roads & drainage	-	69,337	141,210	24,646,676	24,857,223
Solid waste	-	151,772	207,329	-	359,101
Town-wide	<u>2,865,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,865,844</u>
Total General Capital Assets	2,865,844	1,021,793	962,509	24,646,676	29,496,822
Less: Accumulated Depreciation	<u>-</u>	<u>(694,857)</u>	<u>(781,535)</u>	<u>(6,115,113)</u>	<u>(7,591,505)</u>
Net General Capital Assets	<u>\$ 2,865,844</u>	<u>\$ 326,936</u>	<u>\$ 180,974</u>	<u>\$ 18,531,563</u>	<u>\$ 21,905,317</u>

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

## TOWN OF READFIELD, MAINE

SCHEDULE CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2014

	General Capital Assets 7/1/13	Additions	Disposals	General Capital Assets 6/30/14
General government	\$ 449,996	\$ 9,615	\$ -	\$ 459,611
Recreation, parks & activities	226,260	-	-	226,260
Protection	721,693	7,090	-	728,783
Roads & drainage	24,406,770	1,514,028	(1,063,575)	24,857,223
Solid waste	359,101	-	-	359,101
Town-wide	<u>2,865,844</u>	<u>-</u>	<u>-</u>	<u>2,865,844</u>
Total General Capital Assets	29,029,664	1,530,733	(1,063,575)	29,496,822
Less: Accumulated Depreciation	<u>(7,123,515)</u>	<u>(467,990)</u>	<u>-</u>	<u>(7,591,505)</u>
Net General Capital Assets	<u>\$ 21,906,149</u>	<u>\$ 1,062,743</u>	<u>\$ (1,063,575)</u>	<u>\$ 21,905,317</u>

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

## TOWN OF READFIELD, MAINE

SCHEDULE OF VALUATION, ASSESSMENT, AND COLLECTION OF TAXES  
FOR THE YEAR ENDED JUNE 30, 2014

## VALUATION:

Real Estate	\$ 235,968,754
Personal Property	<u>2,420,797</u>

TOTAL VALUATION	<u><u>\$ 238,389,551</u></u>
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## ASSESSMENT:

Valuation x Rate - \$238,389,551 x .0182	\$ 4,338,689
Supplemental Taxes	<u>6,074</u>

TOTAL ASSESSMENT CHARGED TO COLLECTOR	4,344,763
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## COLLECTION AND CREDITS:

Cash Collections (92.48% of assessment)	4,017,998
Tax Abatements (0.58% of assessment)	<u>25,259</u>

TOTAL COLLECTION AND CREDITS	<u>4,043,257</u>
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2013/2014 TAXES RECEIVABLE - JUNE 30, 2014	<u><u>\$ 301,506</u></u>
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