

TOWN OF ST. AGATHA, MAINE

ANNUAL FINANCIAL REPORT
with Independent Auditors Report

For the Year Ending June 30, 2015

TOWN OF ST. AGATHA, MAINE
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2015
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KEEL J. HOOD

Certified Public Accountant

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INDEPENDENT AUDITORS REPORT

Board of Selectmen
Town of St. Agatha
St. Agatha, Maine

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and the major fund and the aggregate remaining fund information of St. Agatha, Maine, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the aggregate remaining fund information and the major fund of the St. Agatha, Maine as of June 30, 2015, and the respective changes in financial position, and where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters
Required Supplementary Information

Management has omitted Management's Discussion & Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. My opinion of the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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. I 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 for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtain during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 7, 2015, on my consideration of St. Agatha, Maine's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Keel J. Had CPA

TOWN OF ST. AGATHA, MAINE
Statement of Net Position
June 30, 2015

Statement 1

ASSETS	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current Assets:			
Cash	\$ 1,655,696	\$ 95,723	\$ 1,751,419
Receivables			
Taxes	1,106	20,512	21,618
Liens	53,211		53,211
Other governments	5,106		5,106
Accounts			0
Internal balances	(29,448)	29,448	0
Total Current Assets	<u>1,685,671</u>	<u>145,683</u>	<u>1,831,354</u>
Noncurrent Assets:			
Capital assets, net	1,263,780	8,844,360	10,108,140
Total Noncurrent Assets	<u>1,263,780</u>	<u>8,844,360</u>	<u>10,108,140</u>
Total Assets	<u>2,949,451</u>	<u>8,990,043</u>	<u>11,939,494</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	20,076		20,076
Accrued interest		11,015	11,015
Notes due within one year	45,672		45,672
Bonds due within one year		84,673	84,673
Total Current Liabilities	<u>65,748</u>	<u>95,688</u>	<u>161,436</u>
Noncurrent Liabilities:			
Notes due in more than one year	30,654		30,654
Bonds due in more than one year		1,417,778	1,417,778
Total Noncurrent Liabilities	<u>30,654</u>	<u>1,417,778</u>	<u>1,448,432</u>
Total Liabilities	<u>96,402</u>	<u>1,513,466</u>	<u>1,609,868</u>
NET POSITION			
Invested in capital assets, net of related debt	1,187,454	7,341,909	8,529,363
Unrestricted	1,665,595	134,668	1,800,263
Total net position	<u>\$ 2,853,049</u>	<u>\$ 7,476,577</u>	<u>\$ 10,329,626</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF ST. AGATHA, MAINE
Statement of Activities
For the Year Ended June 30, 2015

Function/Programs	Program Revenues				Net (Expense) Revenues
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	
Governmental activities:	\$				
General government	174,478	11,391	1,250		(161,837)
Public safety	52,860	180			(52,680)
Public works	312,876	17,901	27,400		(267,575)
Health and sanitation	120,546		57,787		(62,759)
Leisure services	64,740	29,085			(35,655)
Social services	14,613		1,272		(13,341)
Special assessments	536,293				(536,293)
Debt service	23,407				(23,407)
Capital outlay	6,600				(6,600)
Total governmental activities	1,306,413	58,557	87,709	0	(1,160,147)
Business type activities:					
Sewer	294,305	170,458		80,397	(43,450)
Total business type activities	294,305	170,458	0	80,397	(43,450)
Total	1,600,718	229,015	87,709	80,397	(1,203,597)

Changes in Net position:

	Governmental Activities	Business-Type Activities	Total
Net (expense) / revenue	(1,160,147)	(43,450)	(1,203,597)
General revenues:			
General property taxation			
Property taxes	893,820		893,820
Excise taxes	282,970		282,970
Interest and costs on taxes	10,892		10,892
Intergovernmental			
State revenue sharing	29,766		29,766
Homestead exemption	19,536		19,536
Snowmobile grant	0		0
Tree growth	788		788
Veterans exemption	517		517
BETE	29,047		29,047
Interest			
Interest income	913	1,907	2,820
Miscellaneous			
Miscellaneous	4,403		4,403
Transfer in out	0		0
Total general revenues	1,272,652	1,907	1,274,559
Change in Net position	112,505	(41,543)	70,962
Net position - beginning	2,740,544	7,518,120	10,258,664
Net position - ending	2,853,049	7,476,577	10,329,626

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF ST. AGATHA, MAINE
Balance Sheet
Governmental Funds
June 30, 2015

Statement 3

ASSETS	General Fund	Other Governmental Funds	Total Governmental Funds
Cash	\$ 1,655,696	\$	\$ 1,655,696
Receivables			
Taxes	1,106		1,106
Liens	53,211		53,211
Other governments	5,106		5,106
Due from other funds	(13,839)	(15,609)	(29,448)
Total Assets	1,701,280	(15,609)	1,685,671
LIABILITIES			
Accounts payable	20,076		20,076
Deferred property taxes	44,000		44,000
Total Liabilities	64,076	0	64,076
FUND BALANCES			
Fund Balances			
Committed for Capital purchases	680,948		680,948
Assigned revenues	1,743		1,743
Unassigned	954,513	(15,609)	938,904
Total Fund Equity	1,637,204	(15,609)	1,621,595
Total Liabilities and Fund Equity	\$ 1,701,280	\$ (15,609)	\$

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.

1,263,780

Other long-term assets are not available to pay for current-periods expenditures and therefore are deferred in the funds.

44,000

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.

 Notes payable

(76,326)

Net position of governmental activities

\$ 2,853,049

TOWN OF ST. AGATHA, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Taxes	\$ 1,208,681	\$	\$ 1,208,681
Intergovernmental	109,575	57,787	167,362
Interest	913		913
Charges for services	58,557		58,557
Miscellaneous	4,403		4,403
Total Revenues	<u>1,382,129</u>	<u>57,787</u>	<u>1,439,916</u>
Expenditures:			
Current:			
General government	172,407		172,407
Public safety	44,264		44,264
Public works	200,866		200,866
Health and sanitation	69,294	51,252	120,546
Leisure services	55,698	1,727	57,425
Social services	14,613		14,613
Special assessments	536,293		536,293
Debt service	54,198		54,198
Capital outlay	6,600		6,600
Total Expenditures	<u>1,154,233</u>	<u>52,979</u>	<u>1,207,212</u>
Excess of Revenues Over (Under) Expenditures	<u>227,896</u>	<u>4,808</u>	<u>232,704</u>
Other Financing Sources (Uses):			
Operating Transfer In (Out)	(21,275)	21,275	0
Total Other Financing Sources (Uses)	<u>(21,275)</u>	<u>21,275</u>	<u>0</u>
Net Change in Fund Balances	206,621	26,083	232,704
Fund Balances - beginning	1,430,583	(41,692)	1,388,891
Fund Balances - ending	<u>\$ 1,637,204</u>	<u>\$ (15,609)</u>	<u>\$ 1,621,595</u>

TOWN OF ST. AGATHA, MAINE
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances
 Of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2015

Net change in fund balances - total governmental funds		\$ 232,704
Amounts reported for governmental activities in the Statement of Activities are different because:		
Government funds report capital outlays as expenditures. While governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Depreciation expense		(129,992)
Repayment of debt principal is an expenditure in the governmental funds, ut the repayment reduces long-term liabilities in the Statement of Net Position:		
Capital note obligation principal payments		22,043
Capital bond obligation principal payments		8,750
Revenues in the Statement of Activities that do not provide current financial resources are not reported as Revenues in the funds:		
Deferred property tax revenue		(21,000)
Change in Net position of Governmental Activities	\$	112,505

TOWN OF ST. AGATHA, MAINE
Statement of Net Position
Proprietary Fund
June 30, 2015

ASSETS	Enterprise Sewer	Total
Current assets:		
Cash	\$ 95,723	\$ 95,723
Receivables:		
Liens	20,512	20,512
Internal balances	29,448	29,448
Total current assets	<u>145,683</u>	<u>145,683</u>
Noncurrent assets:		
Capital assets (net)	8,844,360	8,844,360
Total Assets	<u>8,990,043</u>	<u>8,990,043</u>
LIABILITIES		
Current liabilities:		
Accrued interest	11,015	11,015
Notes payable	84,673	84,673
Total current liabilities	<u>95,688</u>	<u>95,688</u>
Noncurrent liabilities:		
Notes payable in more than one year	1,417,778	1,417,778
Bonds payable in more than one year		
Total noncurrent liabilities	<u>1,417,778</u>	<u>1,417,778</u>
Total Liabilities	<u>1,513,466</u>	<u>1,513,466</u>
NET POSITION		
Investment in capital assets, net of related debt	7,341,909	7,341,909
Unrestricted	134,668	134,668
Total net position	<u>\$ 7,476,577</u>	<u>\$ 7,476,577</u>

TOWN OF ST. AGATHA, MAINE
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2015

	<u>Enterprise Fund Sewer</u>	<u>Total</u>
Operating Revenues:		
Charges for services	\$ 165,735	\$ 165,735
Other income	4,723	4,723
Total Operating Revenues	<u>170,458</u>	<u>170,458</u>
Operating Expenses:		
Administration	17,044	17,044
Utilities	51,176	51,176
Professional fees	2,949	2,949
Repairs and maintenance	14,265	14,265
Testing	305	305
Depreciation	148,982	148,982
Licenses	39,083	39,083
Total Operating Expenses	<u>273,804</u>	<u>273,804</u>
Operating Income (Loss)	<u>(103,346)</u>	<u>(103,346)</u>
Nonoperating Revenues (Expenses):		
Interest on operating funds	47	47
Interest on charges	1,860	1,860
Interest expense	(20,501)	(20,501)
Governmental Grants	80,397	80,397
Net Nonoperating Revenues (Expenses)	<u>61,803</u>	<u>61,803</u>
Change in net position	(41,543)	(41,543)
Net position - beginning	7,518,120	7,518,120
Net position - ending	<u>\$ 7,476,577</u>	<u>\$ 7,476,577</u>

TOWN OF ST. AGATHA, MAINE
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2015

	<u>Enterprise Fund Sewer</u>	<u>Total</u>
Cash Flows from Operating Activities:		
Receipts from customers	\$ 172,828	\$ 172,828
Payments to suppliers	(124,822)	(124,822)
Interfund use of services	(38,605)	(38,605)
Net Increase in Cash from Operating Activities	<u>9,401</u>	<u>9,401</u>
Cash Flows from Capital and Related Financing Activities:		
Retirement of debt	(62,462)	(62,462)
Interest expense	(20,944)	(20,944)
Governmental capital grants	80,397	80,397
Net Decrease in Cash from Capital and Related Financing Activities	<u>(3,009)</u>	<u>(3,009)</u>
Cash Flows from Non capital Financing Activities:		
Interest revenue	47	47
Net Increase in Cash from Investing Activities	<u>47</u>	<u>47</u>
Net Increase (Decrease) in Cash	6,439	6,439
Cash Balance - beginning	89,284	89,284
Cash Balance - ending	<u>\$ 95,723</u>	<u>\$ 95,723</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ (103,346)	\$ (103,346)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	148,982	148,982
Non utility billing	1,860	1,860
Decrease (Increase) in receivables	510	510
Increase (Decrease) in internal balances	(38,605)	(38,605)
Net Cash Provided by operating activities	<u>\$ 9,401</u>	<u>\$ 9,401</u>

TOWN OF ST. AGATHA, MAINE
Notes to Combined Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies

The Town of St. Agatha was incorporated under the laws of the State of Maine. The Town operates under the Town Manager/Town Meeting form of government.

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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit is made by applying the criteria set forth in GAAP which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there were no potential component units required to be included in this report.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

1. Summary of Significant Accounting Policies, continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Licenses, permits, fees, excise taxes and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Interest income and charges for services are recorded as revenues when earned, since they are measurable and available.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

1. Summary of Significant Accounting Policies, continued

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Other Governmental funds account for the activity of several grant projects.

Additionally, the Town reports the following fund types:

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

1. Summary of Significant Accounting Policies, continued

D. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives ranging from 3 to 50 years.

E. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, if material, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, if material, are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

F. Fund Equity

Restricted fund equity is the portion of funds donated or granted to the town and limited in use. Committed fund balance indicates that a portion of the fund balance is constrained for a specific future use, and is indicated by the title of each purpose listed in the balance sheet. Committed fund balances are voted on at Town Meetings. Assigned fund balances indicate amounts which either are intended to be carried forward by law or contractual agreement, or which the Board of Selectmen has voted to carry forward.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and

1. Summary of Significant Accounting Policies, continued

liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Deposits

The Town's policy is to invest all available funds at the highest possible rates, in conformance with legal and administrative guidelines, while avoiding unreasonable risk.

At year end, the Town's carrying amount of deposits was \$1,751,420. The bank balances for all funds totaled \$632,116. Custodial credit risk is the risk that, in the event of a bank failure the District's deposits might not be recovered. As of June 30, 2015, all of the Town's deposits were insured or collateralized.

3. Operating Property

Operating and nonoperating property are recorded at cost or, in the case of contributed property, at the fair market value at the date of acquisition. Depreciation is computed on the straight line method based upon the estimated useful lives of the assets as follows:

	Balance July 1, 2014	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2015
Sewer Department:				
Land and easements	\$ 1,061	\$	\$	\$ 1,061
Operating property	4,480,330			4,480,330
Construction in progress	6,354,015			6,354,015
Accumulated Depreciation	(1,842,064)		148,982	(1,991,046)
Total Sewer	\$ 8,993,342	\$ 0	\$ 148,982	\$ 8,844,360
Governmental Activities:				
Assets not being depreciated				
Land and easements	\$ 12,800	\$	\$	\$ 12,800
Assets being depreciated				
Buildings	267,300			267,300
Equipment	435,691			435,691
Vehicles	500,208			500,208
Infrastructure	3,347,362			3,347,362
	4,563,361	0	0	4,563,361
Less accumulated depreciation				
Buildings	162,023	5,129		167,152
Equipment	217,153	16,546		233,699
Vehicles	339,518	24,633		364,151
Infrastructure	2,450,895	83,684		2,534,579
	3,169,589	129,992	0	3,299,581
Capital Assets, net	\$ 1,393,772	\$ (129,992)	\$ 0	\$ 1,263,780
Depreciation Expense:				
General government	\$ 2,071			
Public safety	8,596			
Leisure services	7,315			
Public works	112,010			
	\$ 129,992			

4. Property Tax

Property taxes for the year were committed on July 14, 2015, on the assessed value listed as of April 1, 2014, for all taxable real and

4. Property Tax, continued

personal property located in the Town. Payment of taxes was due in equal installments on November 1, 2014 and May 1, 2015 with interest at 7% on all tax bills unpaid as of that date. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. The assessed value for the list of April 1, 2014 upon which the levy for the year ended June 30, 2015, was based, was \$48,314,571. This assessed value was 80% of the estimated market value.

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.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.

5. Long-term Debt

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

	Proprietary Fund Type <u>Enterprise Fund</u>	General <u>Long-term Debt</u>
Long-term debt payable at July 1, 2014	\$ 1,564,913	\$ 107,118
Debt Retired	(83,462)	(30,792)
Debt issued	21,000	0
Long-term debt payable at June 30, 2015	<u>\$ 1,502,451</u>	<u>\$ 76,326</u>
Interest Paid	<u>\$ 20,501</u>	<u>\$ 4,258</u>

Long-term debt payable at June 30, 2015 is comprised of the following:

	Interest rate	Final maturity date	Balance end of year
<u>General Long-term Debt</u>			
2011 Municipal note	5%	2020	\$ 31,185
2012 Municipal note	3%	2017	45,141
			<u>\$ 76,326</u>
<u>Enterprise Fund</u>			
<u>Sewer</u>			
Maine Municipal Bond Bank	1.0%	2029	557,044
Maine Municipal Bond Bank	4.5%	2026	78,000
Maine Municipal Bond Bank	2.02%	2027	208,336
Maine Municipal Bond Bank	0.00%	2024	21,000
Maine Municipal Bond Bank	1.86%	2022	118,594
Rural Development	1.88%	2041	519,477
			<u>\$ 1,502,451</u>

5. Long-term Debt, continued

The annual requirement to amortize all long-term debt outstanding as of June 30, 2015 are as follows:

<u>Year</u>	<u>Enterprise Fund</u>		<u>General Long-term Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 84,674	\$ 24,873	\$ 45,672	\$ 2,993
2016	88,007	23,359	14,919	908
2017	89,262	21,825	15,735	460
2018	90,537	20,249		
2019	91,838	18,673		
2020-2024	446,414	69,241		
2025-2029	361,169	35,619		
2030-2034	107,632	19,528		
2035-2039	118,108	9,052		
2040-2042	24,810	465		
Total	<u>\$ 1,502,451</u>	<u>\$ 242,884</u>	<u>\$ 76,326</u>	<u>\$ 4,361</u>

6. Committed

The Town has set aside certain balances for accumulation until expenditure in future years. These accounts were as follows at June 30, 2015:

Economic develop	\$	
Payloader reserve		73,864
LRA Reserve		244,090
Community development reserve		35,385
Capital equipment		70,094
Fitness Center		4,012
Community		7,250
Revaluation reserve		16,136
Public works truck		25,765
Econ development reserve		70,443
Ambulance building		38,345
Lawn mower		6,717
Grader		31,152
Sidewalk reserve		10,063
Pickup reserve		20,399
Recreation equipment		27,233
Total	\$	<u>680,948</u>

7. Unassigned General Fund Fund Equity

The unassigned General Fund fund equity reflected a change for the current year as follows:

Balance - July 1, 2014	\$	886,020
Increase (Decrease):		
Actual over budgeted revenues		86,881
Actual over budgeted expenditures		(8,388)
Budgeted utilization		(10,000)
Net Increase (Decrease)		<u>68,493</u>
Balance - June 30, 2015	\$	<u>954,513</u>

5. Long-term Debt, continued

8. Assigned Revenues and Expenditures

The portion of the General Fund fund equity which has been designated for subsequent year's revenues represents amounts received during the current accounting period that are to be budgeted as revenues in the subsequent year. Historically, the townspeople vote to carry certain departmental unexpended balances forward to the following year for expenditure. This is usually in lieu of additional appropriations in any particular accounts. These accounts, were as follows at June 30, 2015:

<u>Subsequent Years</u>	<u>Revenues</u>
Lake shore permits	\$ 31
Dog shelter	718
Summer Festival	994
Total	<u>\$ 1,743</u>

9. Joint Venture - Northern Aroostook Regional Airport Authority

The Northern Aroostook Regional Airport is owned jointly by its eight member towns. The Town of St. Agatha, Maine owns 8% of the facility. Ownership is based on a formula using population and state valuation figures at the time of inception. Ownership percentage will not always be the same over the life of the joint venture. The Facility is administered by an eight member executive committee each town appoints 1 voting member to serve. No summary is available from the Authority's annual financial report, prepared on the accrual basis for the fiscal year ended December 31, 2015.

TOWN OF ST. AGATHA, MAINE
Budget Comparison Schedule
General Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>			Variance with final budget positive (negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 1,125,820	\$ 1,125,820	\$ 1,208,681	\$ 82,861
Intergovernmental	79,272	79,272	109,575	30,303
Charges for services	51,215	51,215	58,557	7,342
Interest	0		913	913
Miscellaneous	750	750	4,403	3,653
Total revenues	<u>1,257,057</u>	<u>1,257,057</u>	<u>1,382,129</u>	<u>125,072</u>
Expenditures:				
Current:				
General government	183,996	183,996	172,407	11,589
Public safety	40,730	40,730	44,264	(3,534)
Public works	218,156	218,156	200,866	17,290
Health and sanitation	79,774	79,774	69,294	10,480
Leisure services	55,209	55,209	55,698	(489)
Social services	14,614	14,614	14,613	1
Special assessments	537,108	537,108	536,293	815
Debt service	29,170	29,170	54,198	(25,028)
Capital outlay	108,300	108,300	6,600	101,700
Total expenditures	<u>1,267,057</u>	<u>1,267,057</u>	<u>1,154,233</u>	<u>112,824</u>
Excess (deficiency) of revenues over (under) expenditures	(10,000)	(10,000)	227,896	237,896
Other Financing Sources (Uses):				
Transfer In (out)	0	0	(21,275)	(21,275)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(21,275)</u>	<u>(21,275)</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(10,000)	(10,000)	206,621	216,621
Fund Balance - beginning	1,430,583	1,430,583	1,430,583	0
Fund Balance - ending	<u>\$ 1,420,583</u>	<u>\$ 1,420,583</u>	<u>\$ 1,637,204</u>	<u>\$ 216,621</u>

The accompanying notes to the financial statements are an integral part of this statement.

KEEL J. HOOD

Certified Public Accountant

PO Box 302 - Fairfield, Maine 04937 - (207)453-2006

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

Town Council
Town of St. Agatha, Maine
St. Agatha, Maine

I have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Town of St. Agatha, Maine as of and for the year ended June 30, 2015, which collectively comprise Town of St. Agatha, Maine's basic financial statements and have issued my report thereon dated October 7, 2015. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audits, I considered Town of St. Agatha, Maine's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of St. Agatha, Maine's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Town of St. Agatha, Maine's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Selectmen, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

October 7, 2015

KEEL J. HOOD

Certified Public Accountant

PO Box 302 - Fairfield, Maine 04937 - (207)453-2006

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

Town Council
Town of St. Agatha, Maine
St. Agatha, Maine

I have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Town of St. Agatha, Maine as of and for the year ended June 30, 2015, which collectively comprise Town of St. Agatha, Maine's basic financial statements and have issued my report thereon dated December 8, 2015. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audits, I considered Town of St. Agatha, Maine's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of St. Agatha, Maine's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Town of St. Agatha, Maine's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Selectmen, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

December 8, 2015