

TOWN OF SEDGWICK, MAINE

*FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT*

*FOR THE FISCAL YEAR
ENDED JUNE 30, 2014*

TOWN OF SEDGWICK, MAINE
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Selectmen
Town of Sedgwick
Sedgwick, ME 04676

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Sedgwick, Maine (the Town) as of and for the fiscal year ended June 30, 2014, which collectively comprise the Town's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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

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 and each major fund of the Town of Sedgwick, Maine as of June 30, 2014, and the respective changes in financial position for the fiscal 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 3 through 6 and 19 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 Sedgwick, Maine's basic financial statements. The introductory section and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relate 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Respectfully Submitted,

James W. Wadman, C.P.A.

James W. Wadman, C.P.A.
March 4, 2015

TOWN OF SEDGWICK, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

The management of the Town of Sedgwick, Maine (the Town) offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net Position – The assets of the Town exceeded its liabilities at the fiscal year ending June 30, 2014 by \$6,253,771 (presented as “net position”). Of this amount, \$974,677 was reported as “unrestricted net position”. Unrestricted net position represent the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position – The Town's total net position increased by \$93,879 (a 1.5% increase) for the fiscal year ended June 30, 2014.

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2014, the Town's governmental funds reported a combined ending fund balance of \$1,151,109, an increase of \$187,396 in comparison with the prior year. Of this total fund balance, \$401,109 represents general unassigned fund balance. This unassigned fund balance represents approximately 15.3% of the total general fund expenditures for the fiscal year.

Long-term Debt:

The Town's total long-term debt obligations decreased \$1,250 (28.6%) during the current fiscal year. There was no new debt obligations issued during the year. Existing debt obligations were retired according to schedule.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison) and other supplementary information. These components are described below:

Government-wide Financial Statements

The government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting and are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. They distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of net position includes all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt), with the difference between the two reported as net position. The statement of activities shows how the Town's net position changed during the year, regardless of the timing of related cash flows. The government-wide financial statements can be found on pages 7 - 8 of this report.

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 fund financial statements include statements for one category of activity – governmental funds.

The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting and are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to explain the differences between the governmental funds and governmental activities. The basic governmental fund financial statements can be found on pages 9 - 10 of this report.

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 the financial statements can be found on pages 11 - 18 of this report.

Required Supplementary Information

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary). Required supplementary information can be found on page 19 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The largest portion of the Town's net position (80.0%) reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges and other immovable assets), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities	Business-like Activities	Total 2014	Total 2013
Current Assets	\$ 1,379,659	\$ 0	\$ 1,379,659	\$ 1,180,114
Capital Assets	\$ 5,006,546	\$ 0	\$ 5,006,546	\$ 5,096,787
<i>Total Assets</i>	\$ 6,386,205	\$ 0	\$ 6,386,205	\$ 6,276,901
Current Liabilities	\$ 128,622	\$ 0	\$ 128,622	\$ 113,888
Other Liabilities	\$ 1,818	\$ 0	\$ 1,818	\$ 3,120
Net Position;				
Invested in Capital Assets	\$ 5,003,426	\$ 0	\$ 5,003,426	\$ 5,092,417
Restricted	\$ 275,668	\$ 0	\$ 275,668	\$ 109,280
Unrestricted	\$ 974,677	\$ 0	\$ 974,677	\$ 958,195
<i>Total Liabilities and Net Position</i>	\$ 6,386,205	\$ 0	\$ 6,386,205	\$ 6,276,901

An additional portion of the Town's net position (4.4%) represents resources that are subject to external restrictions on their use. The remaining balance of unrestricted net position (15.6%) may be used to meet the government's ongoing obligations to citizens and creditors.

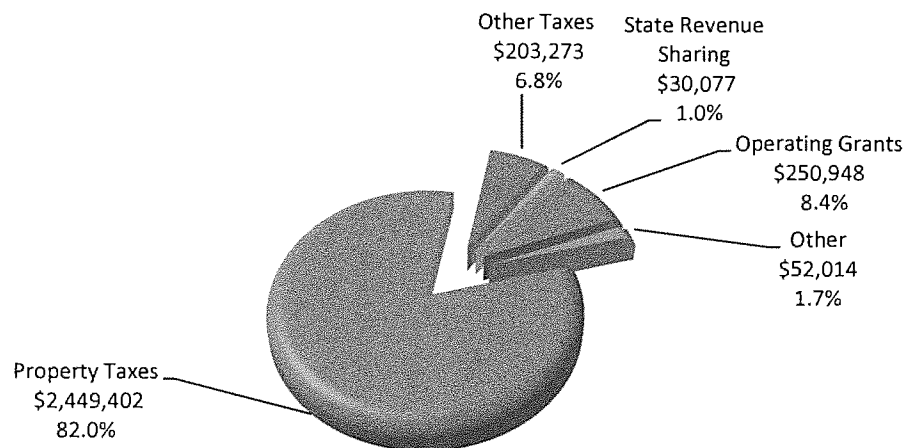
Changes in Net Position

Governmental activities increased the Town's net position by \$93,879. This increase was primarily due to budgeted increases to the education reserve to continue recovering from prior year's deficit balances plus conservative budgeting and controlled costs in other departments.

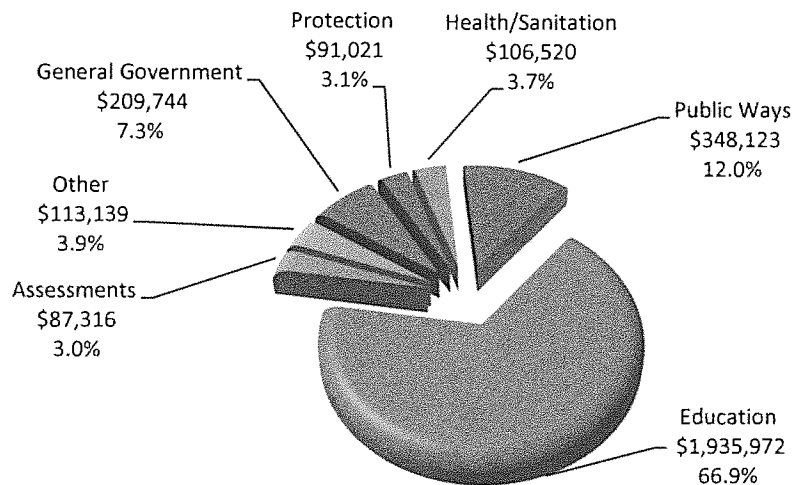
	Governmental Activities	Business-like Activities	Total 2014	Total 2013
<i>Revenues;</i>				
Tax Revenues	\$ 2,652,675	\$ 0	\$ 2,652,675	\$ 2,608,518
Program Revenues	\$ 287,387	\$ 0	\$ 287,387	\$ 337,729
Investments	\$ 779	\$ 0	\$ 779	\$ 1,175
Revenue Sharing	\$ 30,077	\$ 0	\$ 30,077	\$ 43,527
Other	\$ 14,796	\$ 0	\$ 14,796	\$ 16,363
<i>Total Revenues</i>	\$ 2,985,713	\$ 0	\$ 2,985,713	\$ 3,007,312

<i>Expenses;</i>				
General Government	\$ 209,744	\$ 0	\$ 209,744	\$ 151,620
Protection	\$ 91,021	\$ 0	\$ 91,021	\$ 90,778
Health/Sanitation	\$ 106,520	\$ 0	\$ 106,520	\$ 108,132
Transportation	\$ 348,123	\$ 0	\$ 348,123	\$ 332,582
Education	\$ 1,935,972	\$ 0	\$ 1,935,972	\$ 1,966,358
Contributions	\$ 45,604	\$ 0	\$ 45,604	\$ 39,758
Assessments	\$ 87,316	\$ 0	\$ 87,316	\$ 91,113
State Retirement Contributions	\$ 67,535	\$ 0	\$ 67,535	\$ 80,367
<i>Total Expenses</i>	\$ 2,891,835	\$ 0	\$ 2,891,835	\$ 2,860,708
Changes in Net Position	\$ 93,879	\$ 0	\$ 93,879	\$ 146,605

Revenues by Source - Governmental and Business-Type



Expenditures by Source - Governmental and Business-Type



FINANCIAL ANALYSIS OF THE TOWN'S INDIVIDUAL FUNDS

Governmental Funds

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

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of \$1,151,109, an increase of \$187,396 in comparison with the prior fiscal year. Approximately 34.8 percent of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for new spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

GENERAL FUND BUDGETARY HIGHLIGHTS

Variances between actual General Fund revenues and expenditures and the final amended budget included the following:

- \$39,627 positive variance in revenues. This is primarily due to conservative budgeting.
- \$185,718 positive variance in education expenditures. This is primarily due to an increased budget to continue funding prior year's deficit fund balance plus controlled costs and conservative budgeting.
- \$28,988 positive variance in assessments expenditures. This is primarily due to overlay.
- \$54,313 positive variance in all other expenditures. This is due to controlled costs and conservative budgeting.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities amounts to \$9,364,744, net of accumulated depreciation of \$4,358,196, leaving a net book value of \$5,006,546. There were current year additions of \$13,556 for town office improvements, \$24,515 towards Walker Pond access, and \$97,399 of road improvements. There were no current year retirements or impairments. Additional information on the Town's capital assets can be found in Note 4 of the notes to the financial statements on pages 16 - 17 of this report.

Debt

The Town has total bonded debt outstanding of \$0 and \$3,120 of total outstanding capital leases that is backed by the full faith and credit of the Town. The outstanding debt had a net increase of \$1,250 during the current fiscal year. Additional information on the Town's long-term debt can be found in Note 6 of the notes to the financial statements on page 17 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Sedgwick, P.O. Box 40, Sedgwick, ME 04676.

TOWN OF SEDGWICK, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2014

(Exhibit I)

	<u>Assets</u>	<u>Governmental Activities</u>
Cash and Cash Equivalents		\$240,236
Investments, at Fair Market Value		\$945,672
Accounts Receivable		\$75,685
Taxes Receivable		\$114,101
Inventory, at Cost		\$3,965
<u>Capital Assets</u>		
Land		\$131,144
Other Capital Assets, net of Accumulated Depreciation		\$4,875,403
Total Capital Assets		<u>\$5,006,546</u>
<u>Total Assets</u>		<u>\$6,386,205</u>
 <u>Liabilities, Deferred Inflows and Net Position</u>		
<u>Liabilities:</u>		
Accounts Payable		\$53,135
Accrued Contracted Salaries		\$74,186
<u>Capital Lease Payable</u>		
Due within one year		\$1,301
Due in more than one year		<u>\$1,818</u>
<u>Total Liabilities</u>		<u>\$130,441</u>
<u>Deferred Inflows of Resources</u>		
Prepaid Property Taxes		<u>\$1,993</u>
<u>Total Deferred Inflows of Resources</u>		<u>\$1,993</u>
<u>Net Position:</u>		
Net Investment in Capital Assets		\$5,003,426
Restricted		\$275,668
Unrestricted		<u>\$974,677</u>
<u>Total Net Position</u>		<u>\$6,253,771</u>
<u>Total Liabilities, Deferred Inflows and Net Position</u>		<u>\$6,386,205</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SEDGWICK, MAINE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(Exhibit II)

<u>Functions/Programs</u>		<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and Changes</u>
<u>Primary Government</u>	<u>Expenses</u>	<u>Services</u>	<u>Grants</u>	<u>in Net Position</u>
<u>Governmental Activities</u>				<u>Governmental</u>
General Government	\$209,744	\$9,907		<u>Activities</u>
Protection	\$91,021	\$296		
Health & Sanitation	\$106,520			
Public Ways	\$348,123	\$8,822	\$33,744	
Education	\$1,935,972	\$17,414	\$149,669	
Contributions	\$45,604			
Assessments and Debt Service	\$87,316			
State Retirement Contributions	\$67,535		\$67,535	
Total Governmental Activities	\$2,891,835	\$36,439	\$250,948	(\$199,837)
Total Primary Government	\$2,891,835	\$36,439	\$250,948	(\$90,725)
<u>General Revenues</u>				(\$106,520)
Tax Revenues, Including Homestead Exemption				(\$305,557)
Excise Taxes				(\$1,768,889)
State Revenue Sharing				(\$45,604)
Interest on Delinquent Taxes				(\$87,316)
Investment Interest				\$0
Other Revenues				
Total Revenues				(\$2,604,448)
Changes in Net Position				(\$2,604,448)
Net Position - Beginning				\$2,439,446
Net Position - Ending				\$203,273
				\$30,077
				\$9,956
				\$779
				\$14,796
				\$2,698,326
				\$93,879
				\$6,159,893
				\$6,253,771

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SEDGWICK, MAINE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

(Exhibit III)

	<i>Permanent Funds</i>			<i>Total</i>
	<i>General Fund</i>	<i>Ministerial School Fund</i>	<i>Cemetery Trust</i>	<i>Governmental Funds</i>
<i>Assets</i>				
Cash and Cash Equivalents	\$239,323	\$914		\$240,236
Investments, at Fair Market Value	\$945,672			\$945,672
Accounts Receivable	\$75,685			\$75,685
Due from Other Funds		\$4	\$12,356	\$12,360
Taxes Receivable	\$114,101			\$114,101
Inventory, at Cost	\$3,965			\$3,965
<i>Total Assets</i>	<u>\$1,378,745</u>	<u>\$918</u>	<u>\$12,356</u>	<u>\$1,392,018</u>
<i>Liabilities & Fund Balances</i>				
<i>Liabilities:</i>				
Accounts Payable	\$53,135			\$53,135
Due to Other Funds	\$12,360			\$12,360
Accrued Contracted Salaries	\$74,186			\$74,186
<i>Total Liabilities</i>	<u>\$139,681</u>	<u>\$0</u>	<u>\$0</u>	<u>\$139,681</u>
<i>Deferred Inflows of Resources</i>				
Prepaid Property Taxes	\$1,993			\$1,993
Unearned Property Tax Revenue	\$99,236			\$99,236
<i>Total Deferred Inflows of Resources</i>	<u>\$101,229</u>	<u>\$0</u>	<u>\$0</u>	<u>\$101,229</u>
<i>Fund Balances:</i>				
Nonspendable	\$3,965	\$903	\$13,084	\$17,952
Restricted	\$257,716			\$257,716
Committed	\$461,500			\$461,500
Assigned	\$13,545	\$15		\$13,560
Unassigned	\$401,109		(\$728)	\$400,380
<i>Total Fund Balances</i>	<u>\$1,137,835</u>	<u>\$918</u>	<u>\$12,356</u>	<u>\$1,151,109</u>
<i>Total Liabilities & Fund Balances</i>	<u>\$1,378,745</u>	<u>\$918</u>	<u>\$12,356</u>	<u>\$1,392,018</u>
<i>Total Fund Balance - Governmental Funds</i>				\$1,151,109
<i>Net position reported for governmental activities in the statement of net position are different because:</i>				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds				\$5,006,546
Some liabilities are not due and payable in the current period and therefore, are not reported in the funds, including:				
Capital Leases Payable				(\$3,120)
Delinquent taxes are recognized as revenue in the period for which levied in the government-wide financial statements, but are reported as unearned revenue (a liability) in governmental funds				\$99,236
<i>Net Position of Governmental Activities</i>				<u>\$6,253,771</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SEDGWICK, MAINE

(Exhibit IV)

STATEMENT OF REVENUES, EXPENDITURES & CHANGESIN FUND BALANCE - GOVERNMENTAL FUNDSFOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	Permanent Funds Ministerial School Fund	Cemetery Trust	Total Governmental Funds
<u>Revenues:</u>				
Tax Revenues, Including Homestead Exemption	\$2,443,973			\$2,443,973
State Retirement Contributions	\$67,535			\$67,535
State Road Assistance	\$33,744			\$33,744
Excise Taxes	\$203,273			\$203,273
State Revenue Sharing	\$30,077			\$30,077
Interest on Delinquent Taxes	\$9,956			\$9,956
Investment Interest	\$715	\$2	\$62	\$779
Other Revenues	\$14,796			\$14,796
<u>Total Revenues</u>	<u>\$2,804,068</u>	<u>\$2</u>	<u>\$62</u>	<u>\$2,804,132</u>
<u>Expenditures (Net of Departmental Revenues):</u>				
General Government	\$193,432	\$2		\$193,434
Protection	\$51,584			\$51,584
Health & Sanitation	\$106,520			\$106,520
Public Ways	\$211,475			\$211,475
Education	\$1,717,799			\$1,717,799
Contributions	\$45,542		\$62	\$45,604
Assessments and Debt Service	\$87,316			\$87,316
Capital Outlay	\$135,470			\$135,470
State Retirement Contributions	\$67,535			\$67,535
<u>Total Expenditures</u>	<u>\$2,616,671</u>	<u>\$2</u>	<u>\$62</u>	<u>\$2,616,735</u>
<u>Excess Revenues Over Expenditures</u>	<u>\$187,396</u>	<u>\$0</u>	<u>\$0</u>	<u>\$187,396</u>
<u>Beginning Fund Balances</u>	<u>\$950,439</u>	<u>\$918</u>	<u>\$12,356</u>	<u>\$963,713</u>
<u>Ending Fund Balances</u>	<u>\$1,137,835</u>	<u>\$918</u>	<u>\$12,356</u>	<u>\$1,151,109</u>
<u>Reconciliation to Statement of Activities, Change in Net Position</u>				
Net Change in Fund Balances - Above				\$187,396
Revenues in the Statements of Activities that do not provide current financial resources are not reported as revenues in the funds				(\$4,527)
Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position.				
This amount represents long-term debt payments				\$1,250
Governmental funds report capital outlays as expenditures, while in the Statement of Activities, the cost of those assets is allocated over the useful lives as depreciation expense.				\$135,470
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.				(\$225,711)
<u>Changes in Net Position of Governmental Activities</u>				<u>\$93,879</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SEDGWICK, MAINE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Town of Sedgwick, Maine (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for the governmental accounting and financial reporting principles. The more significant of the Town's accounting principles are described below.

A. Financial Reporting Entity

The accompanying financial statements present the government of the Town of Sedgwick, Maine, which is identified based upon the criteria identified in Governmental Accounting Standards Board (GASB) Statement 14, The Financial Reporting Entity. The Town is governed under a Selectmen form of government. The Town engages in a comprehensive range of municipal services, including administrative services, police and fire protection, health and sanitation, highways and bridges and education. The financial statements include all operations of the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Fiduciary activities, whose resources are not available to finance the Town's programs are excluded from the government-wide statements. The effect of material 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.

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. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. *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*.

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

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*. Revenues and additions are recorded when earned and expenses and deductions 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 (i.e. intended to finance). Grants are recognized as revenue as soon as all eligibility requirements have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when 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 Town 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, including interest on long-term debt, are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports unearned revenue on its governmental fund financial statements. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

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.

Permanent funds are used to account for assets held in perpetuity and therefore cannot be used to support the Town's own programs, but the investment earnings may be used for designated purposes.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, fines and forfeitures, 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.

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 they are needed.

D. Assets, Liabilities and Net Position or Fund Equity

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 one year or less from the date of acquisition. These investments are not specifically identified with any one fund.

The Town may invest in certificates of deposits, in time deposits, and in any securities in which State of Maine Statutes authorize them to invest in.

Investments are carried at fair market value. Income from investments held by the individual funds are recorded in the respective funds as it is earned.

Accounts Receivable and Payable

All material receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are accounted for using the consumption method. Under this method, inventories are recorded as expenditures when used rather than when purchased. Inventory in the School Lunch Program consists of food, supplies and U.S.D.A. Donated Commodities.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The prepayments are charged to expenditures on the governmental fund financial statements over the period of their economic benefit. Amounts of governmental fund inventories are offset by a fund balance reserve account to indicate that they do not represent "available spending resources".

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost 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 asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Infrastructure	50
Equipment	10-20

Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds effected in the period in which transactions are executed.

Compensated Absences

Teachers may accumulate 120 days of sick leave at the rate of 15 days per year. Full time employees other than teachers accrue vacation and sick leave in varying amounts based on the length of service. Vacation pay accumulation does not exceed a normal year's allowance. An obligation for compensated absences is not recorded on the general fund balance sheet for compensated sick pay because current contract provisions do not allow for compensated sick pay.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources.

Governmental Fund Balances

The Town has applied GASB Statement No 54, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of its resources reported in governmental funds. As such, the Town has identified June 30, 2014 fund balances on the balance sheet as follows:

	<u>General Fund</u>	<u>Permanent Fund</u>	<u>Total</u>
<u>Nonspendable</u>			
School Lunch Inventory	\$3,965		\$3,965
Cemetery Trust Principal		\$903	\$903
Ministerial School Principal		\$13,084	\$13,084
<u>Restricted</u>			
State Revenue Sharing	\$5,077		\$5,077
Town Office Landscaping Reserve	\$2,497		\$2,497
Education	\$243,860		\$243,860
Walker Pond Access	\$6,283		\$6,283
<u>Committed</u>			
Legal	\$14,810		\$14,810

Town Office Repair	\$8,147		\$8,147
Town Office Equipment	\$2,405		\$2,405
Town House Improvement	\$11,590		\$11,590
Winter Roads	\$6,702		\$6,702
Town Roads	\$126,227		\$126,227
Sand/Salt Shed	\$59,500		\$59,500
Education Maintenance Reserve	\$78,418		\$78,418
Town Dock	\$46,081		\$46,081
Special Dock	\$3,000		\$3,000
Public Water Access	\$10,428		\$10,428
Public Shore ROW Access	\$2,036		\$2,036
Veteran's Graves	\$3,716		\$3,716
Fire Department Reserve	\$88,442		\$88,442
<u>Assigned</u>			
Town Records	\$5,266		\$5,266
Animal Control	\$1,595		\$1,595
Solid Waste	\$6,685		\$6,685
Ministerial School Income		\$15	\$15
<u>Unassigned</u>			
General Fund	\$401,670		\$401,670
Emergency Street Signs	(\$562)		(\$562)
Cemetery Trust Income		(\$728)	(\$728)
<u>Total Fund Balances</u>	<u>\$1,137,835</u>	<u>\$13,274</u>	<u>\$1,151,109</u>

In accordance with GASB Statement 34, the Town classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

*

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors or creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Town through formal action at the highest level of decision making authority and does not lapse at the end of the year.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered Restricted or Committed.

Unassigned - includes fund balance amounts that are not considered to be Non-spendable, Restricted, Committed or Assigned.

The Town considers restricted, committed, assigned and unassigned amounts to be spent in that order when expenditures are incurred for which any of those amounts are available.

The Board of Selectmen are authorized to make assignments pursuant to their appointment. Committed fund balances are determined based on the need of town meeting votes.

Net Position

Net position are required to be classified into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted - This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulation of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$275,668 of restricted net position, of which enabling legislation restricts \$0.

Unrestricted - This component consists of net position that do not meet the definition of "restricted" or "net investment in capital assets".

E. Budgetary Accounting

Formal budgetary accounting is employed as a management control for the general fund only. Annual operating budgets are adopted each fiscal year by the registered voters of the Town at their annual Town meeting. Budgets are established in accordance with generally accepted accounting principles. Budgetary control is exercised at the selectman level, since individual department heads do not exist. All unencumbered budget appropriations lapse at the end of the year unless specifically designated by the Board of Selectmen or required by law.

F. Endowments

In the permanent funds, there are established endowment funds of \$903 for the Ministerial School Fund, and \$13,084 for the Cemetery Trust Fund. The investment earnings of these funds are used for the specific purposes that the funds were established for and shall be paid out by order of those persons responsible for administering the funds. State law directs that, subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established. The current amount available for expenditure is \$15 from the Ministerial School Fund and \$(728) from the Cemetery Trust Fund, which is reported as unrestricted net position in the statement of net position. The initial endowment principal is reported as restricted net position the statement of net position.

G. Estimates

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

Note 2 - Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town's deposit policy for custodial credit risk requires compliance with the provisions authorized by Maine State Statutes. The Town requires that, at the time funds are deposited, there is collateral in place to cover the deposits in excess of the FDIC insurance limits.

State Statutes require banks either to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the Town in the amount of the Town's deposits. The Statutes allow pledged securities to be reduced by the amount of the deposits insured by the Federal Deposit Insurance Corporation (FDIC).

The financial institution holding the Town's cash accounts is participating in the FDIC Transaction Account Guarantee Program. Under the program, all accounts, including noninterest bearing accounts, are aggregated and are insured up to \$250,000 in total by the FDIC. Any cash deposits, including certificates of deposit, in excess of the \$250,000 FDIC limits are not covered by collateral and thus, custodial credit risk could exist. In order to protect deposits in excess of the \$250,000 FDIC limits, the Town deposits excess funds into a sweep repurchase account, which is collateralized by U.S. Treasury securities purchased by the financial institution in the name of the Town. However, the Town has other cash accounts that are in excess of the FDIC limits that are not separately collateralized, so custodial credit risk exists.

At year end, the carrying value of the Town's deposits was \$240,236 and the bank balance was \$289,230. The Town has \$34,871 of uninsured and uncollateralized deposits as of June 30, 2014.

Investments

At year end, the Town's Governmental Fund investment balances were as follows:

	<i>Fair Market Value</i>	<i>Maturities (yrs)</i>		
		<i>Less than 1 yr</i>	<i>1-5 yrs</i>	<i>Long-term</i>
U.S. Treasury Securities- Agencies	\$945,672	\$945,672		
	\$945,672	\$945,672	\$0	\$0

Generally, the Town's investing activities are managed under the custody of the Town Treasurer. Investing is performed in accordance with State Statutes. The Town may legally invest in U.S. Government securities and agencies, U.S. Government sponsored agencies and in bank repurchase agreements.

Custodial credit risk - for an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment securities that are in the possession of an outside party. As a means of limiting its exposure to custodial credit risk, the Town requires that, at the time funds are invested, collateral for repurchase agreements be held in the Town's name by a custodial agent for the term of the agreement and investments in obligations of the United States or its agencies be held by the Federal Reserve.

Interest rate risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town invests in short-term repurchase obligations and short-term investments held by a local banking institution.

Credit risk - credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town limits its investments to those authorized by Maine State Statutes, which authorize the Town to make deposits/investments in insured commercial banks, insured credit union and direct debt securities of the United States Government unless such an investment is expressly prohibited by law.

Note 3 - Property Taxes

Property taxes were assessed on April 1, 2013 and committed on July 11, 2013. Interest of 7.0% per annum is charged on delinquent taxes. Tax liens are recorded on property taxes remaining unpaid twelve months after the commitment date. Tax liens unpaid for a period of eighteen months expire and the property becomes tax acquired by the Town. For governmental funds, only property taxes which are intended to finance the current fiscal period and collected within 60 days subsequent to year-end are recorded as revenue. Accordingly, \$99,236 of the property taxes receivable have been classified as unearned property tax revenue on the general fund balance sheet.

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<u>Governmental Activities:</u>				
<u>Capital assets not being depreciated</u>				
Land	\$131,144			\$131,144
<u>Capital assets being depreciated</u>				
Buildings	\$3,170,135	\$13,556		\$3,183,691
Equipment	\$665,087			\$665,087
Infrastructure	\$5,262,908	\$121,914		\$5,384,822
<u>Total capital assets being depreciated</u>	<u>\$9,098,130</u>	<u>\$135,470</u>	<u>\$0</u>	<u>\$9,233,600</u>

<u>Less accumulated depreciation for</u>				
Buildings	\$1,256,765	\$65,775		\$1,322,540
Equipment	\$465,836	\$34,170		\$500,006
Infrastructure	\$2,409,885	\$125,767		\$2,535,651
<i>Total accumulated depreciation</i>	<u>\$4,132,486</u>	<u>\$225,711</u>	<u>\$0</u>	<u>\$4,358,197</u>
<i>Net capital assets being depreciated</i>	<u>\$4,965,644</u>	<u>(\$90,241)</u>	<u>\$0</u>	<u>\$4,875,403</u>
<u><i>Governmental Activities, Capital Assets, net</i></u>	<u>\$5,096,787</u>	<u>(\$90,241)</u>	<u>\$0</u>	<u>\$5,006,546</u>

Depreciation expense was charged to functions/programs of the primary government as follows;

Governmental Activities

General Government	\$6,402
Protection	\$39,142
Education	\$52,341
Public Transportation, including depreciation of general infrastructure assets	\$127,826
Total Depreciation Expense - Governmental Activities	<u><u>\$225,711</u></u>

Note 5 - Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. On the Governmental Fund financial statements, the payables are classified as Due to Other Funds with offsetting receivables on the Governmental Fund financial statements classified as Due from Other Funds. At June 30, 2014, the offsetting receivable and payable balances were \$12,360. The balances represent amounts due to the cemetery trust and ministerial school fund and is expected to be repaid upon need of the funds.

Note 6 - Long-Term Debt

The following is a summary of long-term debt transactions of the Town of Sedgwick, Maine for the fiscal year ended June 30, 2014:

<u>Long-Term Debt payable at July 1, 2013</u>	\$4,370
Long-Term Debt Proceeds	\$0
Long-Term Debt Retired	<u>(\$1,250)</u>
<u>Long-Term Debt payable at June 30, 2014</u>	<u><u>\$3,120</u></u>

General Obligation bonds and notes are direct obligations and pledge the full faith and credit of the Town of Sedgwick, Maine. Outstanding notes at June 30, 2013 are as follows:

In August 2011, the Town entered into a municipal lease agreement with Gorham Leasing for the purchase of a copier. The lease is for 63 months with interest at 4.010%. The monthly payment totals \$116.90. The balance at June 30, 2014 was \$3,120. This lease is accounted for as a capital lease.

Annual debt service requirements to maturity, including estimated interest are as follows:

<i>Fiscal Year Ended</i>	<i>Principal</i>	<i>Estimated Interest</i>	<i>Total</i>
2015	\$1,301	\$101	\$1,403
2016	\$1,355	\$48	\$1,403
2017	\$464	\$4	\$468
	<u>\$3,120</u>	<u>\$153</u>	<u>\$3,273</u>

Note 7 - Defined Benefit Employee Pension Plan

Most employees of the School Department participate in the Maine Public Employees Retirement System. The Maine Public Employees Retirement System is a multiple-employer, cost-sharing pension plan. Benefits provided by the Maine Public Employees Retirement System arise from employee and employer contributions determined on a statutory actuarial reserve basis.

School Department employees are eligible for normal retirement at age 60, provided that they have 25 years of service credited under the System. School Department employees over age 60 who become permanently disabled receive normal retirement benefits. School Department employees under the age of 60 who become permanently disabled receive 2/3 of their average final compensation, reduced by other forms of disability benefits received.

School Department employees contribute 7.65% of their salaries to the Retirement System while the School Department's share is the responsibility of the State of Maine. The School Department is responsible for the employer contributions for employees paid with Federal funds. The cost of these benefits is charged to the applicable Federally funded program. The School Department's total earnings covered by the program were \$518,302 for the fiscal year ended June 30, 2014. Employee contributions totaled \$44,164. Employer contributions made to the pooled account by the State, estimated at a rate of 13.03% are \$67,535. Employer contributions made by the School Department for Federal programs totaled \$7,966. A financial report for the Maine Public Employees Retirement System can be obtained at: Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046.

Note 8 - Restricted Net Position

The Town reports restricted net position totaling \$275,668 on its statement of net position. This restricted net position represents the nonspendable and restricted fund balances detailed in the governmental fund balance note above.

Note 9 - Commitment and Contingencies

The School Department participates in a number of federal and state assisted grant programs. These programs are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agencies is not determinable at this time, however, the School Department does not believe such amounts would be significant.

Note 10 - Participation in Public Entity Risk Pool

The Town participates in Public Entity Risk Pools for the purposes of Workers Compensation, Property and Liability Insurance and Unemployment Compensation. The Public Entity Risk Pool is administered by the Maine Municipal Association. The Public Entity Risk Pools were established for the purposes of lowering costs for members and for developing specific programs to control losses. Members pay annual premiums to the Maine Municipal Association for participation in the respective programs.

The Town is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which it carries municipal and commercial insurance. The Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2014.

Note 11 - Pending Litigation

According to management, there are no matters that would result in material adverse losses, claims or assessments against the Town of Sedgwick, Maine through the date of the audit report.

TOWN OF SEDGWICK, MAINE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(Exhibit V)

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<u>Revenues:</u>				
Tax Revenues, Including Homestead Reimbursement	\$2,440,412	\$2,440,412	\$2,443,973	\$3,561
Excise Taxes	\$186,750	\$186,750	\$203,273	\$16,523
State Revenue Sharing	\$25,000	\$25,000	\$30,077	\$5,077
Interest on Delinquent Taxes	\$0	\$0	\$9,956	\$9,956
Investment Interest	\$3,000	\$3,000	\$715	(\$2,285)
Other Revenues	\$8,000	\$8,000	\$14,796	\$6,796
<u>Total Revenues</u>	<u>\$2,663,162</u>	<u>\$2,663,162</u>	<u>\$2,702,789</u>	<u>\$39,627</u>
<u>Expenditures (Net of Departmental Revenues):</u>				
General Government	\$226,150	\$226,150	\$206,988	\$19,162
Protection	\$67,275	\$67,275	\$51,584	\$15,691
Health & Sanitation	\$109,129	\$109,129	\$106,520	\$2,609
Public Ways	\$315,863	\$315,863	\$299,645	\$16,218
Education	\$1,903,517	\$1,903,517	\$1,717,799	\$185,718
Contributions	\$46,175	\$46,175	\$45,542	\$633
Assessments and Debt Service	\$116,303	\$116,303	\$87,316	\$28,988
<u>Total Expenditures</u>	<u>\$2,784,412</u>	<u>\$2,784,412</u>	<u>\$2,515,393</u>	<u>\$269,019</u>
<u>Excess Revenues Over Expenditures</u>	<u>(\$121,250)</u>	<u>(\$121,250)</u>	<u>\$187,396</u>	<u>\$308,646</u>
<u>Beginning Fund Balances</u>	<u>\$950,439</u>	<u>\$950,439</u>	<u>\$950,439</u>	<u>\$0</u>
<u>Ending Fund Balances</u>	<u>\$950,439</u>	<u>\$950,439</u>	<u>\$1,137,835</u>	<u>\$0</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SEDGWICK, MAINE
SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Department</u>	<u>Beginning Balance</u>	<u>Appropriations</u>	<u>Departmental Revenues</u>	<u>Total Available</u>	<u>Net Expenditures</u>	<u>Lapsed Unexpended (Overdraft)</u>	<u>Ending Balance</u>
<u>General Government:</u>							
Administration	\$0	\$133,000	\$9,907	\$142,907	\$139,004	\$3,904	\$0
Legal	\$6,092	\$12,000	\$0	\$18,092	\$3,282	\$0	\$14,810
Town Office	\$0	\$5,000	\$251	\$5,251	\$4,912	\$339	\$0
Town Office Repair Reserve	\$1,267	\$32,000	\$0	\$33,267	\$25,121	\$0	\$8,147
Town Office Landscaping Reserve	\$2,497	\$0	\$0	\$2,497	\$0	\$0	\$2,497
Town Office Equipment	\$1,718	\$1,000	\$80	\$2,798	\$393	\$0	\$2,405
Town House	\$0	\$650	\$0	\$650	\$523	\$127	\$0
Town Records	\$4,766	\$500	\$0	\$5,266	\$0	\$0	\$5,266
Town House Improvement Reserve	\$13,583	\$500	\$0	\$14,083	\$2,492	\$0	\$11,590
Revaluation	\$0	\$41,500	\$0	\$41,500	\$41,500	\$0	\$0
	\$29,922	\$226,150	\$10,238	\$266,310	\$217,227	\$4,370	\$44,714
<u>Protection:</u>							
Fire Protection	\$0	\$45,500	\$756	\$46,256	\$47,149	(\$893)	\$0
Forest Fire	\$0	\$1,000	\$0	\$1,000	\$0	\$1,000	\$0
Streetlights	\$0	\$2,200	\$0	\$2,200	\$2,020	\$180	\$0
Civil Defense	\$0	\$75	\$0	\$75	\$75	\$0	\$0
Animal Control	\$1,191	\$3,500	\$296	\$4,987	\$3,392	\$0	\$1,595
	\$1,191	\$52,275	\$1,052	\$54,518	\$52,636	\$287	\$1,595
<u>Health & Sanitation:</u>							
Solid Waste	\$6,685	\$99,629	\$0	\$106,314	\$99,629	\$0	\$6,685
Sludge Disposal	\$0	\$9,500	\$0	\$9,500	\$6,891	\$2,609	\$0
	\$6,685	\$109,129	\$0	\$115,814	\$106,520	\$2,609	\$6,685
<u>Education:</u>							
Education - General	\$77,106	\$1,888,517	\$346,402	\$2,312,025	\$2,064,200	\$0	\$247,825
Education Maintenance Reserve	\$63,418	\$15,000	\$0	\$78,418	\$0	\$0	\$78,418
	\$140,524	\$1,903,517	\$346,402	\$2,390,443	\$2,064,200	\$0	\$326,242

TOWN OF SEDGWICK, MAINE
SCHEDULE OF DEPARTMENTAL OPERATIONS - continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Department</u>	<u>Beginning Balance</u>	<u>Appropriations</u>	<u>Departmental Revenues</u>	<u>Total Available</u>	<u>Net Expenditures</u>	<u>Lapsed Unexpended (Overdraft)</u>	<u>Ending Balance</u>
<u>Capital Reserves:</u>							
Fire Department Reserve	\$73,442	\$15,000	\$0	\$88,442	\$0	\$0	\$88,442
	\$73,442	\$15,000	\$0	\$88,442	\$0	\$0	\$88,442
<u>Public Ways:</u>							
Local Road Assistance	\$0	\$0	\$33,744	\$33,744	\$33,744	\$0	\$0
Snow Removal	\$0	\$176,400	\$0	\$176,400	\$176,400	\$0	\$0
Winter Roads	\$8,963	\$30,000	\$0	\$38,963	\$32,261	\$0	\$6,702
Town Roads	\$106,097	\$90,000	\$33,744	\$229,841	\$103,615	\$0	\$126,227
Sand Salt Shed	\$59,400	\$100	\$0	\$59,500	\$0	\$0	\$59,500
Town Dock	\$38,345	\$1,000	\$8,822	\$48,167	\$2,086	\$0	\$46,081
Special Dock	\$3,000	\$0	\$0	\$3,000	\$0	\$0	\$3,000
Public Water Access	\$10,228	\$200	\$0	\$10,428	\$0	\$0	\$10,428
Walker Pond Access	\$15,690	\$15,000	\$0	\$30,690	\$24,407	\$0	\$6,283
Public Shore ROW Access	\$2,036	\$0	\$0	\$2,036	\$0	\$0	\$2,036
Emergency Street Signs	(\$282)	\$3,163	\$0	\$2,880	\$3,442	\$0	(\$562)
	\$243,476	\$315,863	\$76,310	\$635,649	\$375,955	\$0	\$259,694
<u>Contributions:</u>							
General Assistance	\$0	\$7,500	\$5,793	\$13,293	\$13,920	(\$627)	\$0
Public Service Organizations	\$0	\$34,675	\$0	\$34,675	\$34,675	\$0	\$0
Veteran's Graves	\$2,456	\$4,000	\$0	\$6,456	\$2,740	\$0	\$3,716
	\$2,456	\$46,175	\$5,793	\$54,424	\$51,335	(\$627)	\$3,716
<u>Debt Service and Assessments:</u>							
County Tax	\$0	\$87,316	\$0	\$87,316	\$87,316	\$0	\$0
Overlay	\$0	\$28,988	\$0	\$28,988	\$0	\$28,988	\$0
	\$0	\$116,303	\$0	\$116,303	\$87,316	\$28,988	\$0
<u>TOTALS</u>	\$497,695	\$2,784,412	\$439,795	\$3,721,902	\$2,955,188	\$35,626	\$731,088

TOWN OF SEDGWICK, MAINE
SCHEDULE OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(Exhibit A-2)

<u>Beginning Unassigned Fund Balance</u>		\$452,744
<u>Additions:</u>		
Lapsed Accounts (Exhibit A-1)	\$35,626	
Decrease in Unearned Property Tax Revenue (Note 3)	\$4,527	
Supplemental Taxes	\$5,063	
Excise Taxes (Net of Appropriation)	\$16,523	
Interest on Delinquent Taxes	\$9,956	
In Lieu of Taxes (Net of Appropriation)	\$483	
Tree Growth (Net of Appropriation)	\$6,216	
Other Revenues (Net of Appropriation)	\$579	
<u>Total Additions</u>		\$78,973
<u>Reductions:</u>		
Appropriations from Unassigned Fund Balance	\$121,250	
Interest Earned	\$2,285	
Abatements Granted	\$6,512	
<u>Total Reductions</u>		\$130,047
<u>Ending Unassigned Fund Balance</u>		<u>\$401,670</u>

TOWN OF SEDGWICK, MAINE
SCHEDULE OF VALUATION, COMMITMENT AND COLLECTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(Exhibit A-3)

Taxable Valuation:

Land and Buildings	\$235,857,000
Personal Property	<u>\$169,697</u>

Taxable Valuation \$236,026,697

Rate per \$1,000 Valuation \$10.25

Tax Commitment \$2,419,274

Collections and Adjustments:

Cash Collections	\$2,362,511
Supplemental Taxes	(\$3,378)
Abatements Granted	<u>\$5,156</u>

Total Collections and Adjustments \$2,364,289

Uncollected Taxes June 30, 2014 \$54,985

TOWN OF SEDGWICK, MAINE
SCHEDULE OF APPROPRIATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(Exhibit A-4)

Revenues:

Tax Commitment	\$2,419,274
Motor Vehicle Excise	\$186,750
In Lieu of Taxes	\$4,500
State Revenue Sharing	\$25,000
Homestead Reimbursement	\$16,638
Tree Growth	\$8,000
Interest Earned	\$3,000
Undesignated Fund Balance	<u>\$121,250</u>

Total Revenues

\$2,784,412

Expenditures (See Exhibit A-1 for Detail)

General Government	\$226,150
Protection	\$52,275
Health & Sanitation	\$109,129
Public Transportation	\$315,863
Education	\$1,903,517
Contributions	\$46,175
Capital Reserves	\$15,000
Assessments & Debt Service	<u>\$116,303</u>

Total Expenditures

\$2,784,412

TOWN OF SEDGWICK, MAINE
TREASURER'S CASH RECONCILIATION - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(Exhibit A-5)

<u>Beginning Cash/Investments Balance</u>			\$986,294
<u>Cash Receipts:</u>			
<u>Tax Collector:</u>			
Property Taxes and Liens	\$2,429,211		
Motor Vehicle Excise	\$196,298		
Boat Excise	\$3,768		
Interest on Delinquent Taxes	\$9,956		
		\$2,639,233	
<u>Other Receipts:</u>			
Departmental Receipts - Exhibit A-1	\$403,638		
State Revenue Sharing	\$30,077		
Licenses, Fees and Permits	\$91,814		
Interest Earned	\$823		
Homestead Exemption	\$11,344		
Prior Year Accounts Receivable	\$70,723		
Other Revenues	\$6,678		
		\$615,097	
<u>Total Receipts</u>			<u>\$3,254,330</u>
<u>Total Cash/Investments Available</u>			\$4,240,624
<u>Disbursements and Adjustments:</u>			
Warrants Drawn (Net of Certificates of Deposit Purchased)		\$3,052,622	
Returned Checks, Service Charges and Adjustments		\$2,094	
<u>Total Disbursements and Adjustments:</u>			<u>\$3,054,716</u>
<u>Ending Cash/Investments Balance</u>			<u>\$1,185,908</u>
<u>Cash/Investment Balances Consist of:</u>			
Checking Account (Union Trust Company)		\$25,000	
Sweep Account (Union Trust Company)		\$945,672	
School Checking		\$21	
Payroll EFT		\$75	
Walker Pond Savings		\$214,226	
Ministerial School Savings		\$914	
			<u>\$1,185,908</u>

TOWN OF SEDGWICK, MAINE

(Exhibit B-1)

SCHEDULE OF PERMANENT FUNDS**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<i>Principal Balance 7/1/2013</i>	<i>Income Balance 7/1/2013</i>	<i>Current Earnings</i>	<i>With- Drawn</i>	<i>Income Balance 6/30/2014</i>	<i>Principal Balance 6/30/2014</i>
<u><i>Cemetery Trust:</i></u>						
Forest Home	\$3,066	(\$466)	\$13	\$13	(\$466)	\$3,066
Pine Grove	\$1,879	(\$283)	\$8	\$8	(\$283)	\$1,879
Rural Cemetery	\$6,739	\$92	\$34	\$34	\$92	\$6,739
Settlers Rest Cemetery	\$500	(\$110)	\$2	\$2	(\$110)	\$500
Camp Stream	\$900	\$39	\$5	\$5	\$39	\$900
	<u>\$13,084</u>	<u>(\$728)</u>	<u>\$62</u>	<u>\$62</u>	<u>(\$728)</u>	<u>\$13,084</u>
<u><i>Special Funds:</i></u>						
Ministerial School Fund	\$903	\$15	\$2	\$2	\$15	\$903
	<u>\$903</u>	<u>\$15</u>	<u>\$2</u>	<u>\$2</u>	<u>\$15</u>	<u>\$903</u>
<u><i>Totals</i></u>	<u>\$13,987</u>	<u>(\$713)</u>	<u>\$64</u>	<u>\$64</u>	<u>(\$713)</u>	<u>\$13,987</u>