

Audited Financial Statements

Town of Eliot, Maine

June 30, 2014



Proven Expertise and Integrity

TOWN OF ELIOT, MAINE

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JUNE 30, 2014

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INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Eliot
Eliot, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Town of Eliot, Maine, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609



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 the aggregate remaining fund information of the Town of Eliot, Maine as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and budgetary comparison information on page 41 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 Eliot, Maine's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

RHR Smith & Company

Buxton, Maine
November 11, 2014

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

(UNAUDITED)

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

Financial Statement Overview

The Town of Eliot's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position – this statement presents *all* of the government's assets and liabilities with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have separate columns for the two different types of town activities. The types of activities presented for the Town of Eliot are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, health and sanitation, recreation and culture, education, and other unclassified.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and / or charges to external users for goods and/or services. These activities for the Town of Eliot include the sewer and community services funds.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Eliot, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Eliot can be divided into two categories: governmental funds and proprietary funds.

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

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



The Town of Eliot presents two columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "All Nonmajor Funds" column on these statements.

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

Proprietary Funds: The Town of Eliot maintains two proprietary funds, the sewer and community services funds. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows.

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental activities increased by \$502,425 from \$5.56 million to \$6.06 million. The Town's total net position for business-type activities decreased by \$63,991 from \$2.56 million to \$2.50 million.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased by \$73,094 for governmental activities to a balance of \$4,488,811 at the end of this year. Unrestricted net position for business-type activities decreased by \$179 to a balance of \$172,689.

Table 1
Town of Eliot, Maine
Net Position
June 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets:				
Current and Other Assets	\$ 4,851,067	\$ 4,722,864	\$ 172,689	\$ 172,868
Capital Assets	1,680,663	1,302,054	2,358,833	2,455,076
Total Assets	<u>\$ 6,531,730</u>	<u>\$ 6,024,918</u>	<u>\$ 2,531,522</u>	<u>\$ 2,627,944</u>
Liabilities:				
Current Liabilities	\$ 152,121	\$ 90,263	\$ 31,510	\$ 32,431
Long-term Debt Outstanding	299,208	364,220	-	31,510
Total Liabilities	<u>\$ 451,329</u>	<u>\$ 454,483</u>	<u>\$ 31,510</u>	<u>\$ 63,941</u>
Deferred Inflows of Resources:				
Prepaid taxes	\$ 16,356	\$ 8,815	\$ -	\$ -
Total Deferred Inflows of Resources	<u>\$ 16,356</u>	<u>\$ 8,815</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position:				
Net Investment in Capital Assets	\$ 1,524,071	\$ 1,094,355	\$ 2,327,323	\$ 2,391,135
Restricted: Permanent Funds	51,163	51,548	-	-
Unrestricted	<u>4,488,811</u>	<u>4,415,717</u>	<u>172,689</u>	<u>172,868</u>
Total Net Position	<u>\$ 6,064,045</u>	<u>\$ 5,561,620</u>	<u>\$ 2,500,012</u>	<u>\$ 2,564,003</u>

Table 2
Town of Eliot, Maine
Change in Net Position
For the Years Ended June 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues				
<i>Program revenues:</i>				
Charges for services	\$ 351,308	\$ 195,300	\$ 385,158	\$ 449,861
Operating grants and contributions	63,618	82,415	-	-
<i>General revenues:</i>				
Taxes	13,338,435	12,828,736	-	-
Grants and contributions not restricted to specific programs	372,009	506,149	-	-
Miscellaneous	642,789	114,419	-	325
Transfers in (net)	-	-	36,178	39,612
Total Revenues	<u>14,768,159</u>	<u>13,727,019</u>	<u>421,336</u>	<u>489,798</u>
Expenses				
General government	1,805,991	1,811,754	-	-
Protection	1,121,915	1,160,384	-	-
Public works	962,618	1,124,300	-	-
Health and sanitation	358,654	445,387	-	-
Recreation and culture	119,688	134,634	-	-
Education	8,229,226	7,877,584	-	-
Debt service	4,119	5,792	-	-
County tax	685,950	448,192	-	-
Capital outlay	-	125,093	-	-
Sewer fund	-	-	331,945	259,439
Community services fund	-	-	153,382	229,163
Unclassified	941,395	99,139	-	-
Transfers out (net)	36,178	39,612	-	-
Total Expenses	<u>14,265,734</u>	<u>13,271,871</u>	<u>485,327</u>	<u>488,602</u>
Change in Net Position	502,425	455,148	(63,991)	1,196
Net Position - July 1	<u>5,561,620</u>	<u>5,106,472</u>	<u>2,564,003</u>	<u>2,562,807</u>
Net Position - June 30	<u>\$ 6,064,045</u>	<u>\$ 5,561,620</u>	<u>\$ 2,500,012</u>	<u>\$ 2,564,003</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 7.58%, while total expenses increased by 7.48%. For the business-type activities revenues decreased by 13.98%, while total expenses decreased by 0.67%.

Financial Analysis of the Town's Fund Statements

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

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

	<u>2014</u>	<u>2013</u>
General Fund:		
Committed	\$ -	\$ 205,120
Nonspendable	35,529	-
Assigned	-	39,300
Unassigned	1,516,582	1,720,877
Total General Fund	<u>\$ 1,552,111</u>	<u>\$ 1,965,297</u>
Route 236 TIF Fund:		
Committed	\$ 2,050,943	\$ 1,537,559
Total Route 236 TIF Fund	<u>\$ 2,050,943</u>	<u>\$ 1,537,559</u>
Nonmajor Funds:		
Special Revenue Funds:		
Committed	\$ 390,037	\$ 339,747
Capital Project Funds:		
Committed	424,429	425,136
Unassigned	(3,078)	(579)
Permanent Funds:		
Restricted	51,163	51,548
Total Nonmajor Funds	<u>\$ 862,551</u>	<u>\$ 815,852</u>

The general fund total fund balance decreased by \$413,186 over the prior fiscal year. Revenues were over budget and expenditures were under budget for a total positive budget variance of \$54,485. A use of surplus was budgeted for \$467,671. The Route 236 TIF Fund increased by \$513,384 due mostly to a transfer from the general fund. The non-major fund balances increased by \$46,699 from the prior fiscal year mainly due to transfers in from the general fund.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The sewer fund had net loss of \$34,384 for the year ended June 30, 2014. Last year, the sewer department had net income of \$29,651. Revenues increased while expenses decreased from the prior fiscal year. Depreciation expense accounts for \$77,469 of the current year's expenses. The community services fund had a net loss of \$29,607 for the current year versus a net loss of \$28,455 for the prior year. Revenues and expenses both decreased from the prior fiscal year. Depreciation expense accounts for \$18,774 of the current year's expenses.

Budgetary Highlights

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

The general fund actual revenues were over budget by \$360,075. This was a result of excess receipts over budget in all categories except block grants and general assistance.

The general fund actual expenditures were over the budget by \$305,590. All of the expenditure accounts were under budget except for general government, public safety, public works, and unclassified.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2014, the net book value of capital assets recorded by the Town increased by \$282,366 from the prior year. The increase is the result of current year current year additions of \$524,903 less depreciation expenses of \$242,537.

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

	2014	2013
Land	\$ 165,822	\$ 165,822
Buildings & improvements	1,328,358	1,351,175
Furniture & fixtures	15,043	6,254
Machinery & equipment	58,627	87,591
Vehicles	291,086	350,647
Infrastructure	2,180,560	1,795,641
Total	<u>\$ 4,039,496</u>	<u>\$ 3,757,130</u>



Debt

At June 30, 2014, the Town had \$188,102 in bonds and capital leases outstanding versus \$271,640 last year, a decrease of 30.75% as shown in Note 5 of the financial statements.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

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

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Town of Eliot at 1333 State Road, Eliot, Maine 03903.

STATEMENT A

TOWN OF ELIOT, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,688,291	\$ 150,312	\$ 1,838,603
Investments	2,601,209	-	2,601,209
Accounts receivable (net of allowance for uncollectibles):			
Taxes	326,465	-	326,465
Liens	108,131	-	108,131
Other	8,859	104,960	113,819
Tax acquired property	35,529	-	35,529
Internal balances	82,583	(82,583)	-
Total current assets	4,851,067	172,689	5,023,756
Noncurrent assets:			
Capital assets:			
Land,	68,004	97,818	165,822
Buildings and vehicles net of accumulated depreciation	1,612,659	2,261,015	3,873,674
Total noncurrent assets	1,680,663	2,358,833	4,039,496
TOTAL ASSETS	\$ 6,531,730	\$ 2,531,522	\$ 9,063,252
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 95,587	\$ -	\$ 95,587
Other accrued payables	4,619	-	4,619
Current portion of long-term obligations	51,915	31,510	83,425
Total current liabilities	152,121	31,510	183,631
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	66,668	-	66,668
Capital leases payable	38,009	-	38,009
Accrued compensated absences	194,531	-	194,531
Total noncurrent liabilities	299,208	-	299,208
TOTAL LIABILITIES	451,329	31,510	482,839
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	16,356	-	16,356
TOTAL DEFERRED INFLOWS OF RESOURCES	16,356	-	16,356
NET POSITION			
Net investment in capital assets	1,524,071	2,327,323	3,851,394
Restricted for: Permanent funds	51,163	-	51,163
Unrestricted	4,488,811	172,689	4,661,500
TOTAL NET POSITION	6,064,045	2,500,012	8,564,057
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 6,531,730	\$ 2,531,522	\$ 9,063,252

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

TOWN OF ELIOT, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 1,805,991	\$ 119,555	\$ -	\$ -	\$ (1,686,436)	\$ -	\$ (1,686,436)
Protection	1,121,915	89,669	-	-	(1,032,246)	-	(1,032,246)
Public works	962,618	-	37,182	-	(925,436)	-	(925,436)
Health and sanitation	358,654	124,462	26,436	-	(207,756)	-	(207,756)
Recreation and culture	119,688	-	-	-	(119,688)	-	(119,688)
Education	8,229,226	-	-	-	(8,229,226)	-	(8,229,226)
County tax	685,950	-	-	-	(685,950)	-	(685,950)
Capital outlay	-	-	-	-	-	-	-
Interest on long-term debt	4,119	-	-	-	(4,119)	-	(4,119)
Unclassified	941,395	17,622	-	-	(923,773)	-	(923,773)
Total governmental activities	14,229,556	351,308	63,618	-	(13,814,630)	-	(13,814,630)
Business-type activities:							
Sewer fund	331,945	261,383	-	-	-	(70,562)	(70,562)
Community service fund	153,382	123,775	-	-	-	(29,607)	(29,607)
Total business-type activities	485,327	385,158	-	-	-	(100,169)	(100,169)
Total government	\$ 14,714,883	\$ 736,466	\$ 63,618	\$ -	(13,814,630)	(100,169)	(13,914,799)

STATEMENT B (CONTINUED)

TOWN OF ELIOT, MAINE

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

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	<u>(13,814,630)</u>	<u>(100,169)</u>	<u>(13,914,799)</u>
General revenues and transfers:			
Taxes:			
Property taxes, levied for general purposes	12,055,880	-	12,055,880
Excise taxes, levied for general purposes	1,282,555	-	1,282,555
Grants and contributions not restricted to specific programs	372,009	-	372,009
Miscellaneous	642,789	-	642,789
Transfers	<u>(36,178)</u>	<u>36,178</u>	<u>-</u>
Total general revenues and transfers	<u>14,317,055</u>	<u>36,178</u>	<u>14,353,233</u>
Change in net position	502,425	(63,991)	438,434
NET POSITION - JULY 1, 2013	<u>5,561,620</u>	<u>2,564,003</u>	<u>8,125,623</u>
NET POSITION - JUNE 30, 2014	<u>\$ 6,064,045</u>	<u>\$ 2,500,012</u>	<u>\$ 8,564,057</u>

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



STATEMENT C

TOWN OF ELIOT, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Route 236 TIF	All Nonmajor Funds	Total
ASSETS				
Cash and cash equivalents	\$ 1,688,291	\$ -	\$ -	\$ 1,688,291
Investments	76,938	1,497,900	1,026,371	2,601,209
Receivables (net of allowance for uncollectibles):				
Taxes	326,465	-	-	326,465
Liens	108,131	-	-	108,131
Other	8,859	-	-	8,859
Tax acquired properties	35,529			35,529
Due from other funds	305,693	553,043	59,290	918,026
TOTAL ASSETS	<u>\$ 2,549,906</u>	<u>\$ 2,050,943</u>	<u>\$ 1,085,661</u>	<u>\$ 5,686,510</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 95,587	\$ -	\$ -	\$ 95,587
Accrued expenses	4,619	-	-	4,619
Due to other funds	612,333	-	223,110	835,443
TOTAL LIABILITIES	<u>712,539</u>	<u>-</u>	<u>223,110</u>	<u>935,649</u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	16,356	-	-	16,356
Deferred tax revenues	268,900	-	-	268,900
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>285,256</u>	<u>-</u>	<u>-</u>	<u>285,256</u>
Fund Balances:				
Nonspendable	35,529	-	-	35,529
Restricted	-	-	51,163	51,163
Committed	-	2,050,943	814,466	2,865,409
Assigned	-	-	-	-
Unassigned	1,516,582	-	(3,078)	1,513,504
TOTAL FUND BALANCES	<u>1,552,111</u>	<u>2,050,943</u>	<u>862,551</u>	<u>4,465,605</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,549,906</u>	<u>\$ 2,050,943</u>	<u>\$ 1,085,661</u>	<u>\$ 5,686,510</u>

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

TOWN OF ELIOT, MAINE

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

	Total Governmental Funds
Total Fund Balances	\$ 4,465,605
Amounts reported for governmental activities in the statement are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	1,680,663
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	268,900
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(100,002)
Capital leases payable	(56,590)
Accrued compensated absences	(194,531)
Net position of governmental activities	<u>\$ 6,064,045</u>

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



STATEMENT E

TOWN OF ELIOT, MAINE

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

	General Fund	Route 236 TIF	All Nonmajor Funds	Totals Governmental Funds
REVENUES				
Taxes	\$ 12,142,392	\$ -	\$ -	\$ 12,142,392
Excise taxes	1,282,555	-	-	1,282,555
Intergovernmental	435,627	-	-	435,627
Charges for services	351,308	-	-	351,308
Miscellaneous revenues	89,399	517,940	35,450	642,789
TOTAL REVENUES	14,301,281	517,940	35,450	14,854,671
EXPENDITURES				
Current:				
General government	1,803,805	-	-	1,803,805
Protection	1,046,843	-	-	1,046,843
Public works	905,906	-	-	905,906
Health and sanitation	358,654	-	-	358,654
Recreation and culture	119,688	-	-	119,688
Education	8,229,226	-	-	8,229,226
County tax	685,950	-	-	685,950
Unclassified	854,996	4,556	99,616	959,168
Debt service:				
Principal	33,334	-	-	33,334
Interest	4,119	-	-	4,119
Capital outlay	-	-	524,903	524,903
TOTAL EXPENDITURES	14,042,521	4,556	624,519	14,671,596
EXCESS REVENUES OVER (UNDER) EXPENDITURES	258,760	513,384	(589,069)	183,075
OTHER FINANCING SOURCES				
Transfers in	-	-	671,946	671,946
Transfers (out)	(671,946)	-	(36,178)	(708,124)
TOTAL OTHER FINANCING SOURCES (USES)	(671,946)	-	635,768	(36,178)
NET CHANGE IN FUND BALANCES	(413,186)	513,384	46,699	146,897
FUND BALANCES - JULY 1	1,965,297	1,537,559	815,852	4,318,708
FUND BALANCES - JUNE 30	\$ 1,552,111	\$ 2,050,943	\$ 862,551	\$ 4,465,605

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



TOWN OF ELIOT, MAINE

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 146,897</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocated those expenditures over the life of the assets:	
Capital asset purchases	524,903
Depreciation expense	<u>(146,294)</u>
	<u>378,609</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>(86,512)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>51,107</u>
Change in net position of governmental activities (Statement B)	<u>\$ 502,425</u>

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

TOWN OF ELIOT, MAINE

BALANCE SHEET – PROPRIETARY FUNDS
JUNE 30, 2014

	Enterprise Funds		Total
	Sewer Fund	Community Services Fund	Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 150,312	\$ 150,312
Accounts receivable (net of allowance for uncollectibles)	101,045	3,915	104,960
Due from other funds	-	-	-
Total current assets	<u>101,045</u>	<u>154,227</u>	<u>255,272</u>
Noncurrent assets:			
Capital assets:			
Land, infrastructure, and other assets not being depreciated	-	97,818	97,818
Buildings and equipment, net of accumulated depreciation	1,714,497	546,518	2,261,015
Total noncurrent assets	<u>1,714,497</u>	<u>644,336</u>	<u>2,358,833</u>
TOTAL ASSETS	<u><u>\$ 1,815,542</u></u>	<u><u>\$ 798,563</u></u>	<u><u>\$ 2,614,105</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	74,115	8,468	82,583
Current portion of long-term obligations	31,510	-	31,510
Total current liabilities	<u>105,625</u>	<u>8,468</u>	<u>114,093</u>
TOTAL LIABILITIES	<u>105,625</u>	<u>8,468</u>	<u>114,093</u>
NET POSITION			
Invested in capital assets, net of related debt	1,682,987	644,336	2,327,323
Unrestricted	26,930	145,759	172,689
TOTAL NET POSITION	<u>1,709,917</u>	<u>790,095</u>	<u>2,500,012</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 1,815,542</u></u>	<u><u>\$ 798,563</u></u>	<u><u>\$ 2,614,105</u></u>

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

TOWN OF ELIOT, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise Funds		Total Enterprise Funds
	Sewer Fund	Community Services Fund	
OPERATING REVENUES			
Charges for services	\$ 261,383	\$ 123,775	\$ 385,158
TOTAL OPERATING REVENUES	<u>261,383</u>	<u>123,775</u>	<u>385,158</u>
OPERATING EXPENSES			
Community service	-	134,608	134,608
Operating	250,729	-	250,729
Depreciation	77,469	18,774	96,243
TOTAL OPERATING EXPENSES	<u>328,198</u>	<u>153,382</u>	<u>481,580</u>
OPERATING INCOME (LOSS)	<u>(66,815)</u>	<u>(29,607)</u>	<u>(96,422)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	36,178	-	36,178
Interest expense	(3,747)	-	(3,747)
TOTAL OTHER FINANCING SOURCES (USES)	<u>32,431</u>	<u>-</u>	<u>32,431</u>
NET INCOME (LOSS)	<u>(34,384)</u>	<u>(29,607)</u>	<u>(63,991)</u>
NET POSITION - JULY 1, 2013	<u>1,744,301</u>	<u>819,702</u>	<u>2,564,003</u>
NET POSITION - JUNE 30, 2014	<u>\$ 1,709,917</u>	<u>\$ 790,095</u>	<u>\$ 2,500,012</u>

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



TOWN OF ELIOT, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise Funds		Total Enterprise Funds
	Sewer Fund	Community Services Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 241,162	\$ 125,456	\$ 366,618
Other receipts	-	-	-
Interfund activity	9,567	-	9,567
Payments to suppliers	(250,729)	(126,140)	(376,869)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-	(684)	(684)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Transfers in from general fund	36,178	-	36,178
Principal paid on capital debt	(32,431)	-	(32,431)
Interest paid on capital debt	(3,747)	-	(3,747)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	-
INCREASE (DECREASE) IN CASH	-	(684)	(684)
CASH AND CASH EQUIVALENTS - JULY 1, 2013	-	150,996	150,996
CASH AND CASH EQUIVALENTS - JUNE 30, 2014	\$ -	\$ 150,312	\$ 150,312
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (66,815)	\$ (29,607)	\$ (96,422)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization expense	77,469	18,774	96,243
Changes in operating assets and liabilities:			
(Increase) decrease in receivables	(20,221)	1,681	(18,540)
Increase (decrease) in due to other funds	9,567	8,468	18,035
	\$ -	\$ (684)	\$ (684)

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



TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Eliot was incorporated under the laws of the State of Maine. The Town operates under the selectmen-treasurer form of government and provides the following services: general government services, public safety, public works, health and sanitation, recreation and culture and education.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 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 Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statement No. 39.

Government –Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's sewer and community services funds are categorized as business-type activities. All other activities of the Town are categorized as governmental.

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



TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- d. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. 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. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. 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 net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

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

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

Budget

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

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. The Town does not adopt budgets for Special Revenue Funds.

Deposits and Investments

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

It is the Town's policy to value investments at fair value. For purposes of the Statement of Cash Flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet.

Interfund Receivables and Payables

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

Transactions Between Funds

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

Allowance for Uncollectible Accounts

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

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

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

Estimated useful lives are as follows:

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

Long-term Obligations

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

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

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Compensated Absences

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

Net Position

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

Fund Balances

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

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

Restricted – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Board of Selectmen.

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 29, 2013 on the assessed value listed as of April 1, 2013, for all real and personal property located in the Town. Taxes were due in one installment on May 15, 2014. Interest on unpaid taxes commenced on May 16, 2014, at 7% per annum.



TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$37,804 for the year ended June 30, 2014.

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

Program Revenues

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

Operating/Non-operating Proprietary Fund Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2014, the Town's cash balances amounting to \$1,838,603 were comprised of deposits of \$2,035,195. All of these bank deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 2,033,033
Savings accounts	2,163
	<u>\$ 2,035,195</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

At June 30, 2014, the Town's investments were comprised of mutual funds of \$2,601,209. All of this amount was insured or collateralized with securities held by the financial institution in the Town's name and consequently was not exposed to custodial credit risk.

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Investment Type</u>	<u>Value</u>	<u><1 Year</u>	<u>1 - 5 Years</u>	<u>N/A</u>
Mutual funds:				
Cash equivalents	\$ 1,078,083	\$ -	\$ -	\$ 1,078,083
Fixed income	1,523,126	-	-	1,523,126
	<u>\$ 2,601,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,601,209</u>

Credit risk – Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a policy related to interest rate risk.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

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

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General Fund	\$ 305,693	\$ 612,333
Route 236 TIF	553,043	-
Special Revenue Funds	8,678	12,180
Capital Project Funds	50,612	210,391
Permanent Funds	-	539
Enterprise Funds	-	82,583
	<u>\$ 918,026</u>	<u>\$ 918,026</u>

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 - CAPITAL ASSETS

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

	Balance, 7/1/13	Additions	Disposals	Balance, 6/30/14
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 68,004	\$ -	\$ -	\$ 68,004
	68,004	-	-	68,004
Depreciated assets:				
Buildings & improvements	3,253,060	30,103	-	3,283,163
Furniture & fixtures	50,543	-	-	50,543
Machinery & equipment	1,133,276	9,858	-	1,143,134
Vehicles	1,641,515	22,498	-	1,664,013
Infrastructure	4,288	462,444	-	466,732
	6,082,682	524,903	-	6,607,585
Less: accumulated depreciation	(4,848,632)	(146,294)	-	(4,994,926)
	1,234,050	378,609	-	1,612,659
Net governmental capital assets	\$ 1,302,054	\$ 378,609	\$ -	\$ 1,680,663
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 97,818	\$ -	\$ -	\$ 97,818
	97,818	-	-	97,818
Depreciated assets:				
Buildings & improvements	776,280	-	-	776,280
Machinery & equipment	112,999	-	-	112,999
Vehicles	45,001	-	-	45,001
Infrastructure	3,873,456	-	-	3,873,456
	4,807,736	-	-	4,807,736
Less: accumulated depreciation	(2,450,478)	(96,243)	-	(2,546,721)
	2,357,258	(96,243)	-	2,261,015
Net business-type capital assets	\$ 2,455,076	\$ (96,243)	\$ -	\$ 2,358,833

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:

General government	\$ 14,510
Public safety	75,072
Public works	56,712
Total governmental activities	<u>146,294</u>
Sewer Fund	77,469
Community Services Fund	18,774
Total business-type activities	<u>96,243</u>
Total depreciation expense	<u>\$ 242,537</u>

NOTE 5 - LONG TERM DEBT

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

	Balance, 7/1/13	Additions	Deletions	Balance, 6/30/14	Current Portion
<i>Governmental activities:</i>					
Bonds payable	\$ 133,336	\$ -	\$ (33,334)	\$ 100,002	\$ 33,334
Capital leases payable	74,363	-	(17,773)	56,590	18,581
Accrued compensated absences	206,855	-	(12,324)	194,531	-
Totals	<u>\$ 414,554</u>	<u>\$ -</u>	<u>\$ (63,431)</u>	<u>\$ 351,123</u>	<u>\$ 51,915</u>
<i>Business-type activities:</i>					
Bonds payable	\$ 63,941	\$ -	\$ (32,431)	\$ 31,510	\$ 31,510
Totals	<u>\$ 63,941</u>	<u>\$ -</u>	<u>\$ (32,431)</u>	<u>\$ 31,510</u>	<u>\$ 31,510</u>

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds payable:

Bonds payable

Governmental activities:

\$500,000, 2001 bond payable due in annual principal payments of \$33,334, through November of 2016. Interest is charged at a rate varying from 3.250% to 5.125% per annum. \$ 100,002

Business-type activities:

\$400,000, 1988 bond payable due in varying annual principal payments of \$20,925 to \$33,286, through November of 2014. Interest is charged at a rate varying from 5.30% to 7.85% per annum. 31,510

Total bonds payable \$ 131,512

The following is a summary of outstanding bond principal and interest requirements for the next five fiscal years ending June 30 and in five year increments thereafter:

	Principal	Interest	Total Debt Service
2015	\$ 64,844	\$ 3,916	\$ 68,760
2016	33,334	2,563	35,897
2017	33,334	854	34,188
2018	-	-	-
2019	-	-	-
	<u>\$ 131,512</u>	<u>\$ 7,333</u>	<u>\$ 138,845</u>

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

The Town leases photocopiers under a non-cancelable lease agreement. The lease agreement calls for monthly payments of \$244 with maturity in November of 2016.

The Town leases a backhoe loader under a non-cancelable lease agreement. The lease agreement calls for annual payments of \$18,182 with maturity in August of 2016.

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

NOTE 5 - LONG TERM DEBT (CONTINUED)

Future minimum payments, for the next five years ending June 30, are as follows:

2015	\$ 21,110
2016	21,110
2017	19,403
2018	-
2019	-
Total payments	<u>\$ 61,623</u>
Less: interest portion of total payments	<u>(5,033)</u>
Present value of future minimum lease payments	<u>\$ 56,590</u>

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

NOTE 6 - RESTRICTED FUND BALANCES

The following fund balances have been restricted at June 30, 2014 for the following purposes:

Permanent funds (Schedule H)	<u>\$ 51,163</u>
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NOTE 7 - COMMITTED FUND BALANCES

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

Route 236 TIF	\$ 2,050,943
Special revenue funds (Schedule D)	390,037
Capital project funds (Schedule F)	<u>424,429</u>
	<u>\$ 2,865,409</u>

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 - NONSPENDABLE FUND BALANCES

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

Tax acquired property	\$ 35,529
	<u>\$ 35,529</u>

NOTE 9 - EXPENDITURES OVER APPROPRIATIONS

The Town had the following appropriations that were overspent at June 30, 2014:

	<u>Excess</u>
Article 7 - Administration	\$ 16
Article 7 - Hearing and elections	1,633
Article 15 - Police department	25,216
Article 19 - Fire department	7,431
Article 17 - Hydrant rental	4,496
Article 17 - Street lights	3,287
Article 22 - Public works	32,007
Overlay	281,715
	<u>\$ 354,152</u>

Several of the overspent appropriations were due to the accrual of accounts payable at year end.

NOTE 10 - DEFICIT FUND BALANCE

The following fund had a deficit fund balance as of June 30, 2014:

Police Cruisers Reserve	<u>\$ 3,078</u>
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NOTE 11 - OVERLAPPING DEBT

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

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of York	\$ 8,900,000	2.79%	\$ 248,310

TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

NOTE 12 - RISK MANAGEMENT

The Town faces a full realm of risks typical of a thriving entity. Liabilities associated with torts and protections against damage of loss of assets are the general categories of risk for which the Town carries commercial insurance. Specific insurance related to these categories includes general, police and public officials' liability coverage, workers compensation, and automobile insurance. The Town is liable for deductibles ranging up to \$1,000 for settlements exceeding the limits of coverage, which range from \$50,000 to \$3,000,000. The amount of settlements has not exceeded insurance coverage for each of the past three years.

NOTE 13 - DEFINED BENEFIT PENSION PLAN

Plan Description

The Town participates in the Maine Public Employees Retirement System Consolidated Plan, a cost-sharing multiple-employer defined benefit pension plan established by the Maine State legislature. The Maine Public Employees Retirement System Consolidated Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Maine State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333 or by calling (800) 451-9800.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Maine State Legislature. Employees are part of the regular plan 110 AC and are required to contribute 6.5% of their annual salary. The Town is required to contribute 2.8% of members' covered payroll annually to the system. The Town's contributions to the plan for the fiscal year ended June 30, 2014 was \$136,361.

Unfunded Actuarial Accrued Liability

The Town has no actuarial accrued liability.



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TOWN OF ELIOT, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 14 - TAX INCREMENT FINANCING DISTRICT

The Town has established two tax increment financing districts in accordance with Maine statutes to finance development programs located in the Town of Eliot. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the districts' so called "captured asset value". A portion of the incremental tax revenues will be returned to the district to repay principal and interest on any indebtedness to fund the expenditures of the development program and to finance future expansion.

Route 236 Municipal Tax Increment Financing District

The Town has established a municipal development tax increment financing district and development program on Route 236. The Town will capture and retain 100% of the increased assessed value from both taxable real and personal property improvements in the district and apply the revenues towards an engineering study, debt service on water and sewer improvements and extensions, water and sewer treatment and administrative and professional costs.

Eliot Commons Tax Increment Financing District

The Town has entered into a credit enhancement agreement with Sea Dog Realty, LLC where the Town will establish a development program fund which shall consist of a project cost account that is pledged to and charged with the payment of project costs.

NOTE 15 - CONTINGENCIES

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

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

Required Supplementary Information

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

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



TOWN OF ELIOT, MAINE

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

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 1,965,297	\$ 1,965,297	\$ 1,965,297	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	12,050,852	12,050,852	12,142,392	91,540
Excise taxes	1,160,000	1,160,000	1,282,555	122,555
Intergovernmental revenues:				
State revenue sharing	240,000	240,000	247,322	7,322
Homestead exemption	94,692	94,692	94,762	70
BETE reimbursement	5,542	5,542	5,556	14
Block grant funds	48,120	48,120	37,182	(10,938)
General assistance	32,500	32,500	26,436	(6,064)
Other revenues	-	-	24,369	24,369
Charges for services	264,000	264,000	351,308	87,308
Interest income	-	-	1,145	1,145
Miscellaneous revenues	45,500	45,500	88,254	42,754
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>15,906,503</u>	<u>15,906,503</u>	<u>16,266,578</u>	<u>360,075</u>
Charges to Appropriations (Outflows):				
General government	1,802,156	1,802,156	1,803,805	(1,649)
Public safety	1,020,980	1,020,980	1,046,843	(25,863)
Public works	873,899	873,899	905,906	(32,007)
Health and sanitation	378,380	378,380	358,654	19,726
Recreation and culture	135,606	135,606	119,688	15,918
Education	8,229,226	8,229,226	8,229,226	-
County tax	685,950	685,950	685,950	-
Unclassified	573,281	573,281	854,996	(281,715)
Debt service:				
Principal	33,334	33,334	33,334	-
Interest	4,119	4,119	4,119	-
Transfers to other funds	671,946	671,946	671,946	-
Total Charges to Appropriations	<u>14,408,877</u>	<u>14,408,877</u>	<u>14,714,467</u>	<u>(305,590)</u>
Budgetary Fund Balance, June 30	<u>\$ 1,497,626</u>	<u>\$ 1,497,626</u>	<u>\$ 1,552,111</u>	<u>\$ 54,485</u>
Utilization of Assigned Fund Balance	\$ 39,300	\$ 39,300	\$ -	\$ (39,300)
Utilization of Unassigned Fund Balance	428,371	428,371	-	(428,371)
	<u>\$ 467,671</u>	<u>\$ 467,671</u>	<u>\$ -</u>	<u>\$ (467,671)</u>

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

Other Supplementary Information

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

- Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations – General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet – Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds
- Combining Balance Sheet – Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function



TOWN OF ELIOT, MAINE

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

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 12,050,852	\$ 12,050,852	\$ 12,142,392	\$ 91,540
Motor vehicle excise	1,150,000	1,150,000	1,269,402	119,402
Boat excise	10,000	10,000	13,153	3,153
Intergovernmental revenues:				
State revenue sharing	240,000	240,000	247,322	7,322
Homestead exemption	94,692	94,692	94,762	70
BETE reimbursement	5,542	5,542	5,556	14
Block grant funds	48,120	48,120	37,182	(10,938)
General assistance	32,500	32,500	26,436	(6,064)
Other revenues	-	-	24,369	24,369
Charges for services:				
Town clerk fees	30,000	30,000	33,079	3,079
Building & plumbing permits	30,000	30,000	86,476	56,476
Police	82,000	82,000	89,669	7,669
Recycling/clear bags	100,000	100,000	124,462	24,462
Mooring and boat basin fees	22,000	22,000	17,622	(4,378)
Interest income	-	-	1,145	1,145
Other revenues:				
Tax interest and fees	27,500	27,500	50,395	22,895
Insurance reimbursement	3,000	3,000	8,686	5,686
Misc. other	15,000	15,000	29,173	14,173
Transfers in from other funds	-	-	-	-
Amounts Available for Appropriation	<u>\$ 13,941,206</u>	<u>\$ 13,941,206</u>	<u>\$ 14,301,281</u>	<u>\$ 360,075</u>

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

TOWN OF ELIOT, MAINE

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

	Budget	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Administration	\$ 1,653,126	\$ -	\$ 1,653,126	\$ 1,662,011	\$ (8,885)
Town committees	143,530	-	143,530	134,661	8,869
Hearings & elections	5,500	-	5,500	7,133	(1,633)
	<u>1,802,156</u>	<u>-</u>	<u>1,802,156</u>	<u>1,803,805</u>	<u>(1,649)</u>
Public safety:					
Police department	710,110	-	710,110	735,326	(25,216)
Fire department	138,870	-	138,870	146,301	(7,431)
Animal control	3,000	-	3,000	1,645	1,355
Harbor master	5,000	-	5,000	1,788	3,212
Hydrant rental	63,000	-	63,000	67,496	(4,496)
Ambulance service	10,000	-	10,000	-	10,000
24 hour answering service	70,000	-	70,000	70,000	-
Street lights	21,000	-	21,000	24,287	(3,287)
	<u>1,020,980</u>	<u>-</u>	<u>1,020,980</u>	<u>1,046,843</u>	<u>(25,863)</u>
Public works:					
Highway department	454,115	-	454,115	423,474	30,641
Snow & winter maintenance	182,000	-	182,000	270,119	(88,119)
Summer maintenance	36,600	-	36,600	30,379	6,221
Roads & bridges	156,814	-	156,814	163,915	(7,101)
Town parks maintenance	44,370	-	44,370	18,019	26,351
	<u>873,899</u>	<u>-</u>	<u>873,899</u>	<u>905,906</u>	<u>(32,007)</u>
Health & sanitation:					
Transfer station	288,048	-	288,048	286,982	1,066
Social services	25,332	-	25,332	22,582	2,750
General assistance	65,000	-	65,000	49,090	15,910
	<u>378,380</u>	<u>-</u>	<u>378,380</u>	<u>358,654</u>	<u>19,726</u>

TOWN OF ELIOT, MAINE

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

	Budget	Budget Adjustments	Total Available	Actual	Variance Positive (Negative)
Recreation & culture:					
Community services					
	135,606	-	135,606	119,688	15,918
	<u>135,606</u>	<u>-</u>	<u>135,606</u>	<u>119,688</u>	<u>15,918</u>
Debt service:					
Principal	33,334	-	33,334	33,334	-
Interest	4,119	-	4,119	4,119	-
	<u>37,453</u>	<u>-</u>	<u>37,453</u>	<u>37,453</u>	<u>-</u>
Education	8,229,226	-	8,229,226	8,229,226	-
County tax	685,950	-	685,950	685,950	-
Unclassified:					
TIF Expenditures	535,477	-	535,477	535,477	-
Overlay	37,804	-	37,804	319,519	(281,715)
	<u>573,281</u>	<u>-</u>	<u>573,281</u>	<u>854,996</u>	<u>(281,715)</u>
Transfers out	671,946	-	671,946	671,946	-
Total Expenditures	<u>\$ 14,408,877</u>	<u>\$ -</u>	<u>\$ 14,408,877</u>	<u>\$ 14,714,467</u>	<u>\$ (305,590)</u>

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

TOWN OF ELIOT, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	393,539	581,130	51,702	1,026,371
Accounts receivable	-	-	-	-
Due from other funds	8,678	50,612	-	59,290
Total assets	<u>\$ 402,217</u>	<u>\$ 631,742</u>	<u>\$ 51,702</u>	<u>\$ 1,085,661</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	12,180	210,391	539	223,110
Total liabilities	<u>12,180</u>	<u>210,391</u>	<u>539</u>	<u>223,110</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	51,163	51,163
Committed	390,037	424,429	-	814,466
Assigned	-	-	-	-
Unassigned	-	(3,078)	-	(3,078)
Total fund balances	<u>390,037</u>	<u>421,351</u>	<u>51,163</u>	<u>862,551</u>
Total liabilities and fund balances	<u>\$ 402,217</u>	<u>\$ 631,742</u>	<u>\$ 51,702</u>	<u>\$ 1,085,661</u>

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



TOWN OF ELIOT, MAINE

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

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income	\$ (63)	\$ (417)	\$ 154	\$ (326)
Other	2,560	33,216	-	35,776
TOTAL REVENUES	<u>2,497</u>	<u>32,799</u>	<u>154</u>	<u>35,450</u>
EXPENDITURES				
Capital outlay	-	524,903	-	524,903
Other	9,725	89,352	539	99,616
TOTAL EXPENDITURES	<u>9,725</u>	<u>614,255</u>	<u>539</u>	<u>624,519</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,228)</u>	<u>(581,456)</u>	<u>(385)</u>	<u>(589,069)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	93,696	578,250	-	671,946
Transfers (Out)	(36,178)	-	-	(36,178)
TOTAL OTHER FINANCING SOURCES (USES)	<u>57,518</u>	<u>578,250</u>	<u>-</u>	<u>635,768</u>
NET CHANGE IN FUND BALANCES	50,290	(3,206)	(385)	46,699
FUND BALANCES - JULY 1	<u>339,747</u>	<u>424,557</u>	<u>51,548</u>	<u>815,852</u>
FUND BALANCES - JUNE 30	<u>\$ 390,037</u>	<u>\$ 421,351</u>	<u>\$ 51,163</u>	<u>\$ 862,551</u>

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

Special Revenue Funds

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

TOWN OF ELIOT, MAINE

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

	Sewer Betterment Reserve	Sick Leave Reserve	Town Insurance Reserve	Revaluation Reserve	Legal Fees Reserve	200th Celebration Reserve	Street Lights Reserve
ASSETS							
Investments	\$ 22,697	\$ 56,699	\$ 8,326	\$ 36,836	\$ 73,766	\$ 25	\$ 6,264
Accounts receivable	-	-	-	-	-	-	-
Due from other funds	7,024	-	-	-	-	-	-
TOTAL ASSETS	\$ 29,721	\$ 56,699	\$ 8,326	\$ 36,836	\$ 73,766	\$ 25	\$ 6,264
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	9,725	-	-
TOTAL LIABILITIES	-	-	-	-	9,725	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	29,721	56,699	8,326	36,836	64,041	25	6,264
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	29,721	56,699	8,326	36,836	64,041	25	6,264
TOTAL LIABILITIES AND FUND BALANCES	\$ 29,721	\$ 56,699	\$ 8,326	\$ 36,836	\$ 73,766	\$ 25	\$ 6,264



TOWN OF ELIOT, MAINE

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

	General Assistance Reserve	Community Center Reserve	Consultant Reserve	Contingency Reserve	Ash Reserve	Petroleum Products Reserve	Totals
ASSETS							
Investments	\$ 1,218	\$ 83,602	\$ 1,042	\$ 80,104	\$ 3,048	\$ 19,912	\$ 393,539
Accounts receivable	-	-	-	-	-	-	-
Due from other funds	-	-	1,654	-	-	-	8,678
TOTAL ASSETS	\$ 1,218	\$ 83,602	\$ 2,696	\$ 80,104	\$ 3,048	\$ 19,912	\$ 402,217
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	2,455	-	-	12,180
TOTAL LIABILITIES	-	-	-	2,455	-	-	12,180
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	1,218	83,602	2,696	77,649	3,048	19,912	390,037
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	1,218	83,602	2,696	77,649	3,048	19,912	390,037
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,218	\$ 83,602	\$ 2,696	\$ 80,104	\$ 3,048	\$ 19,912	\$ 402,217

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

TOWN OF ELIOT, MAINE

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

	Sewer Betterment Reserve	Sick Leave Reserve	Town Insurance Reserve	Revaluation Reserve	Legal Fees Reserve	200th Celebration Reserve	Street Lights Reserve
REVENUES							
Investment income	\$ (28)	\$ 161	\$ (13)	\$ 64	\$ (205)	\$ -	\$ 50
Other	2,560	-	-	-	-	-	-
TOTAL REVENUES	<u>2,532</u>	<u>161</u>	<u>(13)</u>	<u>64</u>	<u>(205)</u>	<u>-</u>	<u>50</u>
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	-
Other	-	-	-	-	9,725	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,725</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,532</u>	<u>161</u>	<u>(13)</u>	<u>64</u>	<u>(9,930)</u>	<u>-</u>	<u>50</u>
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	38,696	-	-	5,000	-	-	-
Operating Transfers (Out)	(36,178)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,518</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>5,050</u>	<u>161</u>	<u>(13)</u>	<u>5,064</u>	<u>(9,930)</u>	<u>-</u>	<u>50</u>
FUND BALANCES - JULY 1	<u>24,671</u>	<u>56,538</u>	<u>8,339</u>	<u>31,772</u>	<u>73,971</u>	<u>25</u>	<u>6,214</u>
FUND BALANCES - JUNE 30	<u>\$ 29,721</u>	<u>\$ 56,699</u>	<u>\$ 8,326</u>	<u>\$ 36,836</u>	<u>\$ 64,041</u>	<u>\$ 25</u>	<u>\$ 6,264</u>

TOWN OF ELIOT, MAINE

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

	General Assistance Reserve	Community Center Reserve	Consultant Reserve	Contingency Reserve	Ash Reserve	Petroleum Products Reserve	Totals
REVENUES							
Interest	\$ 11	\$ 83	\$ -	\$ (93)	\$ (5)	\$ (88)	\$ (63)
Other	-	-	-	-	-	-	2,560
TOTAL REVENUES	11	83	-	(93)	(5)	(88)	2,497
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	9,725
TOTAL EXPENDITURES	-	-	-	-	-	-	9,725
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11	83	-	(93)	(5)	(88)	(7,228)
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	-	-	-	30,000	-	20,000	93,696
Operating Transfers (Out)	-	-	-	-	-	-	(36,178)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	30,000	-	20,000	57,518
NET CHANGE IN FUND BALANCES	11	83	-	29,907	(5)	19,912	50,290
FUND BALANCES - JULY 1	1,207	83,519	2,696	47,742	3,053	-	339,747
FUND BALANCES - JUNE 30	\$ 1,218	\$ 83,602	\$ 2,696	\$ 77,649	\$ 3,048	\$ 19,912	\$ 390,037

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



Capital Project Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF ELIOT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2014

	Eliot Commons TIF	Town Facilities Reserve	Fire Truck Reserve	Police Cruisers Reserve	Land Bank Reserve	Road Equipment Reserve	Sewer Capital
ASSETS							
Investments	\$ 85,603	\$ 6,396	\$ 96,732	\$ 11,639	\$ 71,097	\$ 79,724	\$ 152,484
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 85,603</u>	<u>\$ 6,396</u>	<u>\$ 96,732</u>	<u>\$ 11,639</u>	<u>\$ 71,097</u>	<u>\$ 79,724</u>	<u>\$ 152,484</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	41,528	773	-	14,717	-	50,612	72,121
TOTAL LIABILITIES	<u>41,528</u>	<u>773</u>	<u>-</u>	<u>14,717</u>	<u>-</u>	<u>50,612</u>	<u>72,121</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	44,075	5,623	96,732	-	71,097	29,112	80,363
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	(3,078)	-	-	-
TOTAL FUND BALANCES	<u>44,075</u>	<u>5,623</u>	<u>96,732</u>	<u>(3,078)</u>	<u>71,097</u>	<u>29,112</u>	<u>80,363</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 85,603</u>	<u>\$ 6,396</u>	<u>\$ 96,732</u>	<u>\$ 11,639</u>	<u>\$ 71,097</u>	<u>\$ 79,724</u>	<u>\$ 152,484</u>

TOWN OF ELIOT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2014

	CSD Building Reserve	Police Dept. Capital	Fire Dept. Capital	Town Office Capital	Public Works Garage	Road Construction	Totals
ASSETS							
Investments	\$ 9,235	\$ 4,949	\$ 54,524	\$ 8,747	\$ -	\$ -	\$ 581,130
Due from other funds	-	-	-	-	50,612	-	50,612
TOTAL ASSETS	<u>\$ 9,235</u>	<u>\$ 4,949</u>	<u>\$ 54,524</u>	<u>\$ 8,747</u>	<u>\$ 50,612</u>	<u>\$ -</u>	<u>\$ 631,742</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	30,640	-	-	-	210,391
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>30,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,391</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	9,235	4,949	23,884	8,747	50,612	-	424,429
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(3,078)
TOTAL FUND BALANCES	<u>9,235</u>	<u>4,949</u>	<u>23,884</u>	<u>8,747</u>	<u>50,612</u>	<u>-</u>	<u>421,351</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,235</u>	<u>\$ 4,949</u>	<u>\$ 54,524</u>	<u>\$ 8,747</u>	<u>\$ 50,612</u>	<u>\$ -</u>	<u>\$ 631,742</u>

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

TOWN OF ELIOT, MAINE

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

	Eliot Commons TIF	Town Facilities Reserve	Fire Truck Reserve	Police Cruisers Reserve	Land Bank Reserve	Road Equipment Reserve	Sewer Capital
REVENUES							
Investment income	\$ (148)	\$ 100	\$ 94	\$ (1)	\$ 70	\$ (339)	\$ 416
Other	14,857	-	-	-	-	-	18,359
TOTAL REVENUES	<u>14,709</u>	<u>100</u>	<u>94</u>	<u>(1)</u>	<u>70</u>	<u>(339)</u>	<u>18,775</u>
EXPENDITURES							
Capital outlay	-	9,858	-	22,498	-	-	87,444
Other	56,388	6,915	-	-	-	18,182	-
TOTAL EXPENDITURES	<u>56,388</u>	<u>16,773</u>	<u>-</u>	<u>22,498</u>	<u>-</u>	<u>18,182</u>	<u>87,444</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(41,679)</u>	<u>(16,673)</u>	<u>94</u>	<u>(22,499)</u>	<u>70</u>	<u>(18,521)</u>	<u>(68,669)</u>
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	-	16,000	29,000	20,000	3,000	45,000	-
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>16,000</u>	<u>29,000</u>	<u>20,000</u>	<u>3,000</u>	<u>45,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(41,679)</u>	<u>(673)</u>	<u>29,094</u>	<u>(2,499)</u>	<u>3,070</u>	<u>26,479</u>	<u>(68,669)</u>
FUND BALANCES - JULY 1	<u>85,754</u>	<u>6,296</u>	<u>67,638</u>	<u>(579)</u>	<u>68,027</u>	<u>2,633</u>	<u>149,032</u>
FUND BALANCES - JUNE 30	<u>\$ 44,075</u>	<u>\$ 5,623</u>	<u>\$ 96,732</u>	<u>\$ (3,078)</u>	<u>\$ 71,097</u>	<u>\$ 29,112</u>	<u>\$ 80,363</u>

TOWN OF ELIOT, MAINE

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

	CSD Building Reserve	Police Dept. Capital	Fire Dept. Capital	Town Office Capital	Public Works Garage	Road Construction	Totals
REVENUES							
Investment income	\$ (81)	\$ (51)	\$ (387)	\$ (90)	\$ -	\$ -	\$ (417)
Other	-	-	-	-	-	-	33,216
TOTAL REVENUES	(81)	(51)	(387)	(90)	-	-	32,799
EXPENDITURES							
Capital outlay	-	-	30,103	-	-	375,000	524,903
Other	3,853	-	626	-	3,388	-	89,352
TOTAL EXPENDITURES	3,853	-	30,729	-	3,388	375,000	614,255
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,934)	(51)	(31,116)	(90)	(3,388)	(375,000)	(581,456)
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	6,250	-	30,000	-	54,000	375,000	578,250
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	6,250	-	30,000	-	54,000	375,000	578,250
NET CHANGE IN FUND BALANCES	2,316	(51)	(1,116)	(90)	50,612	-	(3,206)
FUND BALANCES - JULY 1	6,919	5,000	25,000	8,837	-	-	424,557
FUND BALANCES - JUNE 30	\$ 9,235	\$ 4,949	\$ 23,884	\$ 8,747	\$ 50,612	\$ -	\$ 421,351

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



Permanent Funds

Permanent funds are used to account for assets held by the Town of Eliot, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.

TOWN OF ELIOT, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS
JUNE 30, 2014

ASSETS	Cemetery	Little League	General Assistance	Recreation	Totals
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	2,775	11,988	36,025	914	51,702
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 2,775</u>	<u>\$ 11,988</u>	<u>\$ 36,025</u>	<u>\$ 914</u>	<u>\$ 51,702</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	406	-	-	133	539
Total liabilities	<u>406</u>	<u>-</u>	<u>-</u>	<u>133</u>	<u>539</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	2,369	11,988	36,025	781	51,163
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>2,369</u>	<u>11,988</u>	<u>36,025</u>	<u>781</u>	<u>51,163</u>
Total liabilities and fund balances	<u>\$ 2,775</u>	<u>\$ 11,988</u>	<u>\$ 36,025</u>	<u>\$ 914</u>	<u>\$ 51,702</u>

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



TOWN OF ELIOT, MAINE

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

	Cemetery	Little League	General Assistance	Recreation	Totals
REVENUES					
Investment income	\$ 1	\$ 2	\$ 151	\$ -	\$ 154
Other	-	-	-	-	-
TOTAL REVENUES	1	2	151	-	154
EXPENDITURES					
Capital outlay	-	-	-	-	-
Other	406			133	539
TOTAL EXPENDITURES	406	-	-	133	539
EXCESS OF REVENUES OVER EXPENDITURES	(405)	2	151	(133)	(385)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(405)	2	151	(133)	(385)
FUND BALANCES - JULY 1	2,774	11,986	35,874	914	51,548
FUND BALANCES - JUNE 30	\$ 2,369	\$ 11,988	\$ 36,025	\$ 781	\$ 51,163

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

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

TOWN OF ELIOT, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2014

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Town hall	\$ 68,001	\$ 421,271	\$ 164,387	\$ 4,288	\$ 657,947
Police	1	816,345	547,864	-	1,364,210
Fire	1	1,688,603	1,225,988	-	2,914,592
Public works	1	356,944	919,451	375,000	1,651,396
Sewer fund	-	-	-	3,960,900	3,960,900
Community services fund	97,818	776,280	158,000	-	1,032,098
Total General Capital Assets	165,822	4,059,443	3,015,690	4,340,188	11,581,143
Less: Accumulated Depreciation	-	(2,731,085)	(2,650,934)	(2,159,628)	(7,541,647)
Net General Capital Assets	\$ 165,822	\$ 1,328,358	\$ 364,756	\$ 2,180,560	\$ 4,039,496

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



TOWN OF ELIOT, MAINE

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

	General Capital Assets 7/1/13	Additions	Deletions	General Capital Assets 6/30/14
Town hall	\$ 648,089	\$ 9,858	-	\$ 657,947
Police	1,341,712	22,498	-	1,364,210
Fire	2,884,489	30,103	-	2,914,592
Public works	1,276,396	375,000	-	1,651,396
Sewer fund	3,873,456	87,444	-	3,960,900
Community services fund	1,032,098	-	-	1,032,098
Total General Capital Assets	11,056,240	524,903	-	11,581,143
Less: Accumulated Depreciation	(7,299,110)	(242,537)	-	(7,541,647)
Net General Capital Assets	\$ 3,757,130	\$ 282,366	-	\$ 4,039,496

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

