

Federal Compliance Audit

Town of Winthrop, Maine

June 30, 2013



Proven Expertise and Integrity

TOWN OF WINTHROP, MAINE

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JUNE 30, 2013

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Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

Town Council
Town of Winthrop
Winthrop, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winthrop, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that 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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winthrop as of June 30, 2013, 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 47 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 an opinion on the financial statements that collectively comprise the Town of Winthrop's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2013, on our consideration of the Town of Winthrop's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in considering the Town of Winthrop's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
October 4, 2013

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

(UNAUDITED)

The following management's discussion and analysis of Town of Winthrop, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the above mentioned financial statements have separate columns for the two different types of town activities. The types of activities presented for the Town of Winthrop 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, education, health and sanitation, recreation and culture and other.
- *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 Winthrop include the school lunch program.

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 Winthrop, 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 Winthrop can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The Town of Winthrop presents four 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 funds are the general fund, the school construction fund and the library fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

Proprietary Funds: The Town of Winthrop maintains one proprietary fund, the school lunch fund. 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.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Town of Winthrop. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position for governmental funds is \$14.00 million compared to \$13.96 million in the prior year, an increase of \$37,514. For the business-type activities total net position is a deficit of \$142,192 as compared to a deficit of \$96,927 in the prior year, a decrease \$45,265.

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 – is \$1.89 million at the end of this year for governmental activities and a deficit of \$142,192 for the business-type activities.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets:				
Current and Other Assets	\$ 4,332,963	\$ 5,066,871	\$ (142,192)	\$ (96,922)
Capital Assets	20,134,204	20,000,441	-	-
Total Assets	<u>24,467,167</u>	<u>25,067,312</u>	<u>(142,192)</u>	<u>(96,922)</u>
Liabilities:				
Current Liabilities	2,012,218	1,879,325	-	5
Long-Term Debt Outstanding	8,445,045	9,221,800	-	-
Total Liabilities	<u>10,457,263</u>	<u>11,101,125</u>	<u>-</u>	<u>5</u>
Deferred Inflows of Resources:				
Prepaid Taxes	11,590	5,387	-	-
Total Deferred Inflows of Resources	<u>11,590</u>	<u>5,387</u>	<u>-</u>	<u>-</u>
Net Position:				
Invested in Capital Assets, Net of Related Debt	10,975,867	9,829,981	-	-
Restricted	1,126,771	2,052,526	-	-
Unrestricted (deficit)	1,895,676	2,078,293	(142,192)	(96,927)
Total Net Position	<u>\$ 13,998,314</u>	<u>\$ 13,960,800</u>	<u>\$ (142,192)</u>	<u>\$ (96,927)</u>

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

	Governmental Activities		Business-type Activities	
	2013	2012	2013	2012
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 1,092,612	\$ 1,019,028	\$ 103,027	\$ 117,504
Operating grants and contributions	-	63,348	-	-
Capital grants and contributions	4,994,918	4,884,210	217,639	228,413
<i>General Revenues:</i>				
Taxes	9,340,513	9,198,564	-	-
Grants and contributions not restricted to specific programs	765,137	619,768	-	-
Investment income	33,385	61,415	-	-
Miscellaneous	657,635	288,373	2,565	6,001
Total Revenues	16,884,200	16,134,706	323,231	351,918
Expenses				
<i>Current:</i>				
General government	945,240	1,418,374	-	-
Public safety	2,201,168	2,073,521	-	-
Public works	849,344	636,201	-	-
Recreation and culture	271,344	310,189	-	-
Health and sanitation	509,017	489,288	-	-
Social services	34,493	46,284	-	-
Education	10,182,619	9,594,996	-	-
County tax	611,006	587,407	-	-
TIF	63,302	59,840	-	-
Overlay	6,374	59,840	-	-
Unclassified	129,549	144,373	-	-
Program expenses	46,818	-	-	-
State of Maine on-behalf payments	595,502	691,595	-	-
Capital outlay	231,320	114,103	-	-
Interest on long-term debt	69,590	86,460	468,496	499,328
Total expenses	16,746,686	16,252,631	468,496	499,328
Total transfers	(100,000)	(130,000)	100,000	130,000
Change in Net Position	37,514	(247,925)	(45,265)	(17,410)
Net Position - July 1	13,960,800	14,208,725	(96,927)	(79,517)
Net Position - June 30	\$ 13,998,314	\$ 13,960,800	\$ (142,192)	\$ (96,927)

Revenues and Expenses

Revenues increased by 4.64% while expenses increased by 3.04% for governmental activities.

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 Winthrop, Maine
Fund Balances - Governmental Funds
June 30,

	<u>2013</u>	<u>2012</u>
Major Funds:		
General Fund:		
Nonspendable	\$ 20,273	\$ 39,649
Assigned	-	204,300
Unassigned	997,908	836,216
School Construction:		
Restricted	630,783	1,270,136
Library Fund:		
Committed	399,028	399,028
Total Major Funds	<u>\$ 2,047,992</u>	<u>\$ 2,749,329</u>
Nonmajor Funds:		
Special revenue funds:		
Restricted	\$ 98,693	\$ 81,851
Committed	29,176	27,558
Assigned	17	-
Unassigned	(86,754)	(85,681)
Capital project funds:		
Restricted	53	53
Committed	134,170	202,252
Unassigned	(23,028)	-
Permanent funds:		
Nonspendable - principal	325,644	325,644
Restricted	397,242	374,842
Total Nonmajor Funds	<u>\$ 875,213</u>	<u>\$ 926,519</u>

The general fund total fund balance decreased by \$61,984 from the prior fiscal year. The School Construction Project decreased by \$639,353 and the Library Fund had no change. The non-major fund balances decreased by \$51,306 from the prior fiscal year.

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 school lunch fund had an operating loss for the current year of \$45,265.

Budgetary Highlights

There were no significant differences between the original and final budget for the general fund.

The general fund actual revenues exceeded budget by \$265,187. This was mostly a result of tax revenues and miscellaneous revenues.

The general fund actual expenditures were under budget by \$189,096. All expenditures were under budget with the exception of general government, public safety, recreation and culture, county tax and unclassified.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2013 the net book value of capital assets recorded by the Town increased by \$133,763. This increase was due to capital additions of \$1,298,734 less current year depreciation expense of \$1,164,971.

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

	2013	2012
Land and improvements	\$ 1,261,371	\$ 1,166,335
Construction in progress	735,140	95,787
Buildings and improvements	13,644,999	14,157,638
Books and collections	264,184	285,324
Furniture and fixtures	153,819	3,247
Machinery and equipment	485,804	788,677
Vehicles	1,141,879	1,090,862
Infrastructure	2,447,008	2,412,571
Total	\$ 20,134,204	\$ 20,000,441

Debt

At June 30, 2013, the Town had \$9.00 million in bonds outstanding versus \$9.93 million last year. Other obligations include capital leases payable and accrued vacation and sick time. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

The Town's unassigned fund balance has fallen below a level sufficient to sustain government operations for a period of approximately two months while also maintaining significant reserves for future operations, capital and program needs. The Town is working to rebuild this balance to a sufficient level.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's Finance Department at 17 Highland Avenue, Winthrop, Maine 04364.

STATEMENT A

TOWN OF WINTHROP, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,203,857	\$ -	\$ 2,203,857
Investments	656,380	-	656,380
Accounts receivable (net of allowance for uncollectibles):			
Taxes/liens	837,378	-	837,378
Other	283,266	-	283,266
Due from other governments	179,686	-	179,686
Prepaid expenses	16,212	-	16,212
Inventory	4,061	9,931	13,992
Internal balances	152,123	(152,123)	-
Total current assets	<u>4,332,963</u>	<u>(142,192)</u>	<u>4,190,771</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	1,963,849	-	1,963,849
Buildings and vehicles net of accumulated depreciation	18,170,355	-	18,170,355
Total noncurrent assets	<u>20,134,204</u>	<u>-</u>	<u>20,134,204</u>
TOTAL ASSETS	<u>\$ 24,467,167</u>	<u>\$ (142,192)</u>	<u>\$ 24,324,975</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 28,570	\$ -	\$ 28,570
Accrued payroll and related benefits	660,343	-	660,343
Due to other governments	31,130	-	31,130
Other liabilities	193,299	-	193,299
Current portion of long-term obligations	1,098,876	-	1,098,876
Total current liabilities	<u>2,012,218</u>	<u>-</u>	<u>2,012,218</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	7,928,439	-	7,928,439
Capital lease payable	131,022	-	131,022
Accrued compensated absences	385,584	-	385,584
Total noncurrent liabilities	<u>8,445,045</u>	<u>-</u>	<u>8,445,045</u>
TOTAL LIABILITIES	<u>10,457,263</u>	<u>-</u>	<u>10,457,263</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	11,590	-	11,590
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>11,590</u>	<u>-</u>	<u>11,590</u>
NET POSITION			
Invested in capital assets, net of related debt	10,975,867	-	10,975,867
Restricted	1,126,771	-	1,126,771
Unrestricted (deficit)	1,895,676	(142,192)	1,753,484
TOTAL NET POSITION	<u>13,998,314</u>	<u>(142,192)</u>	<u>13,856,122</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
	<u>\$ 24,467,167</u>	<u>\$ (142,192)</u>	<u>\$ 24,324,975</u>

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

STATEMENT B

TOWN OF WINTHROP, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

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
<u>Governmental activities:</u>							
General government	\$ 945,240	\$ 39,503	\$ 19,962	\$ -	\$ (885,775)	\$ -	\$ (885,775)
Public safety	2,201,168	715,826	-	-	(1,485,342)	-	(1,485,342)
Public works	849,344	-	63,348	-	(785,996)	-	(785,996)
Recreation and culture	271,344	14,101	-	-	(257,243)	-	(257,243)
Health and sanitation	509,017	275,369	-	-	(233,648)	-	(233,648)
Social services	34,493	-	-	-	(34,493)	-	(34,493)
Education	10,182,619	37,786	4,316,106	-	(5,828,727)	-	(5,828,727)
County tax	611,006	-	-	-	(611,006)	-	(611,006)
TIF	63,302	-	-	-	(63,302)	-	(63,302)
Overlay	6,374	-	-	-	(6,374)	-	(6,374)
Unclassified	129,549	-	-	-	(129,549)	-	(129,549)
Program expenses	46,818	10,027	-	-	(36,791)	-	(36,791)
State of Maine on-behalf payments	595,502	-	595,502	-	-	-	-
Capital outlay	231,320	-	-	-	(231,320)	-	(231,320)
Interest on long-term debt	69,590	-	-	-	(69,590)	-	(69,590)
Total governmental activities	<u>16,746,686</u>	<u>1,092,612</u>	<u>4,994,918</u>	<u>-</u>	<u>(10,659,156)</u>	<u>-</u>	<u>(10,659,156)</u>
<u>Business-type activities:</u>							
School lunch program	468,496	103,027	217,639	-	-	(147,830)	(147,830)
Total business-type activities	<u>468,496</u>	<u>103,027</u>	<u>217,639</u>	<u>-</u>	<u>-</u>	<u>(147,830)</u>	<u>(147,830)</u>
Total government	<u>\$ 17,215,182</u>	<u>\$ 1,195,639</u>	<u>\$ 5,212,557</u>	<u>\$ -</u>	<u>(10,659,156)</u>	<u>(147,830)</u>	<u>(10,806,986)</u>

STATEMENT B (CONTINUED)

TOWN OF WINTHROP, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	<u>(10,659,156)</u>	<u>(147,830)</u>	<u>(10,806,986)</u>
General revenues:			
Taxes			
Property taxes, levied for general purposes	8,398,343	-	8,398,343
Excise taxes	942,170	-	942,170
Grants and contributions not restricted to specific programs	765,137	-	765,137
Investment income	33,385	-	33,385
Other income	657,635	2,565	660,200
Transfers	<u>(100,000)</u>	<u>100,000</u>	<u>-</u>
Total general revenues and transfers	<u>10,696,670</u>	<u>102,565</u>	<u>10,799,235</u>
Change in net position	37,514	(45,265)	(7,751)
NET POSITION - JULY 1	<u>13,960,800</u>	<u>(96,927)</u>	<u>13,863,873</u>
NET POSITION - JUNE 30	<u><u>\$ 13,998,314</u></u>	<u><u>\$ (142,192)</u></u>	<u><u>\$ 13,856,122</u></u>

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

TOWN OF WINTHROP, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	School Maintenance Reserve	Library Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,575,756	\$ -	\$ 399,028	\$ 229,073	\$ 2,203,857
Investments	-	-	-	656,380	656,380
Accounts receivable (net of allowance for uncollectibles):					
Taxes/liens	837,378	-	-	-	837,378
Other	283,266	-	-	-	283,266
Due from other governments	44,686	135,000	-	-	179,686
Prepaid expenses	16,212	-	-	-	16,212
Inventory	4,061	-	-	-	4,061
Due from other funds	287,814	495,783	-	149,938	933,535
TOTAL ASSETS	\$ 3,049,173	\$ 630,783	\$ 399,028	\$ 1,035,391	\$ 5,114,375
LIABILITIES					
Accounts payable	\$ 28,570	\$ -	\$ -	\$ -	\$ 28,570
Accrued payroll and related expenditures	635,856	-	-	24,487	660,343
Due to other funds	645,721	-	-	135,691	781,412
Other liabilities	193,299	-	-	-	193,299
Due to other governments	31,130	-	-	-	31,130
TOTAL LIABILITIES	1,534,576	-	-	160,178	1,694,754
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	11,590	-	-	-	11,590
Deferred tax revenues	484,826	-	-	-	484,826
TOTAL DEFERRED INFLOWS OF RESOURCES	496,416	-	-	-	496,416
FUND BALANCES					
Nonspendable	20,273	-	-	325,644	345,917
Restricted	-	630,783	-	495,988	1,126,771
Committed	-	-	399,028	163,346	562,374
Assigned	-	-	-	17	17
Unassigned	997,908	-	-	(109,782)	888,126
TOTAL FUND BALANCES	1,018,181	630,783	399,028	875,213	2,923,205
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,049,173	\$ 630,783	\$ 399,028	\$ 1,035,391	\$ 5,114,375

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

TOWN OF WINTHROP, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

	Total Governmental Funds
Total Fund Balances	\$ 2,923,205
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	20,134,204
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	484,826
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(8,929,057)
Capital lease payable	(229,280)
Accrued compensated absences	(385,584)
	<u> </u>
Net position of governmental activities	<u><u>\$ 13,998,314</u></u>

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

TOWN OF WINTHROP, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	School Maintenance Reserve	Library Fund	Nonmajor Funds	Totals Governmental Funds
REVENUES					
General tax revenue	\$ 9,507,714	\$ -	\$ -	\$ -	\$ 9,507,714
Intergovernmental revenue	4,434,428	-	-	730,125	5,164,553
Charges for services	1,082,585	-	-	10,027	1,092,612
Investment income, net of unrealized gains/(losses)	2,299	-	-	31,086	33,385
State of Maine on-behalf payments	595,502	-	-	-	595,502
Other revenue	635,575	-	-	22,060	657,635
TOTAL REVENUES	<u>16,258,103</u>	<u>-</u>	<u>-</u>	<u>793,298</u>	<u>17,051,401</u>
EXPENDITURES					
Current:					
General government	1,365,458	-	-	-	1,365,458
Public safety	1,954,426	-	-	4,907	1,959,333
Public works	590,295	-	-	-	590,295
Recreation and culture	261,968	-	-	-	261,968
Health and sanitation	509,017	-	-	-	509,017
Social services	34,493	-	-	-	34,493
Education	9,623,335	-	-	672,772	10,296,107
County tax	611,006	-	-	-	611,006
TIF	63,302	-	-	-	63,302
Overlay	6,374	-	-	-	6,374
Unclassified	129,549	-	-	-	129,549
Program expenses	-	-	-	46,818	46,818
State of Maine on-behalf payments	595,502	-	-	-	595,502
Debt service	351,921	-	-	-	351,921
Capital outlay	102,448	639,353	-	141,100	882,901
TOTAL EXPENDITURES	<u>16,199,094</u>	<u>639,353</u>	<u>-</u>	<u>865,597</u>	<u>17,704,044</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>59,009</u>	<u>(639,353)</u>	<u>-</u>	<u>(72,299)</u>	<u>(652,643)</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	-	-
Operating transfers in	4,007	-	-	63,038	67,045
Operating transfers (out)	(125,000)	-	-	(42,045)	(167,045)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(120,993)</u>	<u>-</u>	<u>-</u>	<u>20,993</u>	<u>(100,000)</u>
NET CHANGE IN FUND BALANCES	(61,984)	(639,353)	-	(51,306)	(752,643)
FUND BALANCES - JULY 1	<u>1,080,165</u>	<u>1,270,136</u>	<u>399,028</u>	<u>926,519</u>	<u>3,675,848</u>
FUND BALANCES - JUNE 30	<u>\$ 1,018,181</u>	<u>\$ 630,783</u>	<u>\$ 399,028</u>	<u>\$ 875,213</u>	<u>\$ 2,923,205</u>

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

TOWN OF WINTHROP, 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, 2013

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (752,643)</u>
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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	1,298,734
Capital asset disposals	-
Depreciation expense	<u>(1,164,971)</u>
	<u>133,763</u>

Revenues in the Statement of Activities that do not provide current financial
resources are not reported.

Taxes and liens receivable	<u>(167,201)</u>
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Debt proceeds provide current financial resources to governmental funds, but
long-term liabilities in the Statement of Net Position.

	<u>(171,504)</u>
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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>1,183,627</u>
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Some expenses reported in the Statement of Activities do not require the use of
current financial resources and therefore are not reported as expenditures in
governmental funds:

Accrued compensated absences	<u>(188,528)</u>
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Change in net position of governmental activities (Statement B)

	<u><u>\$ 37,514</u></u>
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See accompanying independent auditors' report and notes to financial statements.

TOWN OF WINTHROP, MAINE

BALANCE SHEET – PROPRIETARY FUNDS
JUNE 30, 2013

	<u>Enterprise Funds</u>
	<u>School</u>
	<u>Lunch</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ -
Inventory	9,931
Due from other funds	-
Total current assets	<u>9,931</u>
Noncurrent assets:	
Capital assets:	
Machinery and equipment	-
Total capital assets	-
Less: accumulated depreciation	-
Net capital assets	-
 TOTAL ASSETS	 <u>\$ 9,931</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ -
Due to other funds	152,123
Total current liabilities	<u>152,123</u>
 Total liabilities	 <u>152,123</u>
NET POSITION	
Invested in capital assets, net of related debt	-
Restricted	-
Unrestricted (deficit)	(142,192)
Total net position	<u>(142,192)</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 9,931</u>

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

TOWN OF WINTHROP, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Enterprise Fund</u>
	School Lunch
OPERATING REVENUES	
Intergovernmental revenue	\$ 217,639
Charges for services	103,027
Other	2,565
TOTAL OPERATING REVENUES	<u>323,231</u>
OPERATING EXPENSES	
Salaries/wages	174,860
Payroll taxes/benefits	98,216
Food	169,164
Contracted services	3,566
Supplies	11,356
Other operating expenses	11,334
TOTAL OPERATING EXPENSES	<u>468,496</u>
OPERATING INCOME (LOSS)	<u>(145,265)</u>
NON-OPERATING INCOME (EXPENSE)	
Operating transfers in	100,000
Operating transfers (out)	<u>-</u>
TOTAL NON-OPERATING INCOME (EXPENSE)	<u>100,000</u>
CHANGE IN NET POSITION	(45,265)
NET POSITION - JULY 1	<u>(96,927)</u>
NET POSITION - JUNE 30	<u><u>\$ (142,192)</u></u>

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

TOWN OF WINTHROP, MAINE

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Enterprise Funds</u>
	<u>School Lunch</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 102,924
Internal activity - receipts from other funds	45,373
Other receipts	220,204
Payments to suppliers	(195,425)
Payments to employees	(273,076)
Net cash provided (used) by operating activities	<u>(100,000)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfers in	100,000
Net cash provided (used) by noncapital financing activities	<u>100,000</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - JULY 1	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u><u>\$ -</u></u>
RECOILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (145,265)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation & amortization expense	-
Changes in operating assets and liabilities:	
(Increase) decrease in inventory	(103)
(Increase) decrease in due from other funds	-
(Decrease) increase in accounts payable	(5)
(Decrease) increase in due to other funds	45,373
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (100,000)</u></u>

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

TOWN OF WINTHROP, MAINE

STATEMENT OF NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2013

	<u>Agency Funds</u> <u>Student</u> <u>Activities</u>
ASSETS	
Cash and cash equivalents	\$ 176,204
Investments	<u>-</u>
TOTAL ASSETS	<u><u>\$ 176,204</u></u>
LIABILITIES	
Accounts payable	\$ -
Deposits held for others	<u>176,204</u>
TOTAL LIABILITIES	<u><u>\$ 176,204</u></u>

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

TOWN OF WINTHROP, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statement No. 39.

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 school lunch funds are categorized as a business-type activity. 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 is 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 WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position which is reported using accounting principles similar to proprietary funds. Component units that are fiduciary in nature have been excluded from these financial statements.

TOWN OF WINTHROP, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

Budget

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

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments made by the State of Maine to the Maine State Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund.

Revenues per budgetary basis	\$15,666,608
Add: On-behalf payments	<u>595,502</u>
Total GAAP basis	<u>\$16,262,110</u>
Expenditures per budgetary basis	\$15,728,592
Add: On-behalf basis	<u>595,502</u>
Total GAAP basis	<u>\$16,324,094</u>

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 Town Council 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 Town Council.
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.

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.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. 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 a cash equivalent. 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.
- Prime bankers acceptances
- Prime commercial papers
- Repurchase agreements whose underlying collateral consist of the foregoing
- Money market mutual funds whose portfolios consist of the foregoing

It is the policy of the Town of Winthrop, Maine to invest public funds in a manner in which will provide safety of principal with a market rate of return while meeting the daily cash flow demands of the town, and conforming to all state and local statutes governing the investment of public 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. The enterprise fund inventory consists of school lunch supplies and food on hand at the end of the year, valued at cost. The cost value is determined using the first-in, first-out (FIFO) method.

Interfund Receivables and Payables

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

Transactions Between Funds

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

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained on certain receivables that historically experience collectible amounts. Allowances are based on collection experience and management's evaluation of the current status of those receivables. The allowance for uncollectible accounts is estimated to be \$65,000 as of June 30, 2013. The allowance is for ambulance accounts receivable in the general fund.

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.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Compensated Absences

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2013, the Town's liability for compensated absences is \$385,584.

Net Position

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

Fund Balance

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

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

TOWN OF WINTHROP, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

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

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

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 September 19, 2012 on the assessed value listed as of April 1, 2012, for all real and personal property located in the Town. Taxes were due on October 1, 2012 and April 1, 2013. Interest on unpaid taxes commenced on October 2, 2012 and April 2, 2013, at 7% per annum.

TOWN OF WINTHROP, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 \$11,977 for the year ended June 30, 2013.

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.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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, 2013, the Town's cash balance of \$2,380,061 was comprised of bank deposits amounting to \$2,209,825 and cash equivalents of \$66,504. Of these bank deposits, \$701,157 was insured by federal depository insurance and consequently not exposed to custodial credit risk. The remaining bank deposits of \$1,508,668 were collateralized with securities held by the financial institution in the Town's name. The cash equivalents of \$66,504 were registered in the Town's name and fully covered by the Securities Investor Protection Corporation (SIPC).

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 182,270
Savings accounts	157,448
Money market	1,519,123
Sweep accounts	350,984
Cash equivalents	66,504
	<u>\$ 2,276,329</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. However, in accordance with its investment policy, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. As such, the Town's investments in fixed income and equity securities for \$433,495 are not exposed to custodial credit risk because those securities are registered in the Town's name and are fully covered by the Securities Investor Protection Corporation (SIPC). \$177,376 of investments in open-ended mutual funds are not exposed to custodial credit risk because their underlying securities do not exist in physical or book-entry form. The remaining investments of \$45,509 are uncollateralized and uninsured.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

At June 30, 2013, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Equities - common stock	\$ 122,345	\$ 122,345	\$ -	\$ -
Mutual funds - fixed income	153,376	153,376	-	-
Mutual funds - equities	380,659	380,659	-	-
	<u>\$ 656,380</u>	<u>\$ 656,380</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2013 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
General fund	\$ 287,814	\$ 645,721
School construction fund	495,783	-
Special revenue fund	143,254	88,134
Capital project fund	6,684	47,557
Enterprise fund	-	152,123
	<u>\$ 933,535</u>	<u>\$ 933,535</u>

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2013:

	Balance, 7/1/12	Additions	Disposals	Balance, 6/30/13
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 1,228,709	\$ -	\$ -	\$ 1,228,709
Construction in progress	95,787	639,353	-	735,140
	<u>1,324,496</u>	<u>639,353</u>	<u>-</u>	<u>1,963,849</u>
Depreciated assets:				
Land improvements	37,532	-	-	37,532
Buildings and improvements	21,910,000	111,068	-	22,021,068
Books and collections	407,239	-	-	407,239
Furniture and fixtures	4,932	151,065	-	155,997
Machinery and equipment	3,997,168	7,800	-	4,004,968
Vehicles	2,873,581	220,911	-	3,094,492
Infrastructure	<u>5,404,180</u>	<u>168,537</u>	<u>-</u>	<u>5,572,717</u>
	<u>34,634,632</u>	<u>659,381</u>	<u>-</u>	<u>35,294,013</u>
Less accumulated depreciation:				
Land improvements	(4,119)	(751)	-	(4,870)
Buildings and improvements	(7,848,149)	(527,920)	-	(8,376,069)
Books and collections	(121,915)	(21,140)	-	(143,055)
Furniture and fixtures	(1,685)	(493)	-	(2,178)
Machinery and equipment	(3,208,491)	(310,673)	-	(3,519,164)
Vehicles	(1,782,719)	(169,894)	-	(1,952,613)
Infrastructure	<u>(2,991,609)</u>	<u>(134,100)</u>	<u>-</u>	<u>(3,125,709)</u>
	<u>(15,958,687)</u>	<u>(1,164,971)</u>	<u>-</u>	<u>(17,123,658)</u>
	<u>18,675,945</u>	<u>(505,590)</u>	<u>-</u>	<u>18,170,355</u>
Net capital assets	<u>\$ 20,000,441</u>	<u>\$ 133,763</u>	<u>\$ -</u>	<u>\$ 20,134,204</u>
Current year depreciation:				
General government				\$ 121,046
Public safety				241,835
Recreation & culture				9,376
Education				533,665
Public works				259,049
Total depreciation expense				<u>\$ 1,164,971</u>

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 - LONG TERM DEBT

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

The following is a summary of changes in the long-term debt for the year ended June 30, 2013:

	Balance, 7/1/12	Additions	Deletions	Balance, 6/30/13	Due Within One Year
<u>Governmental Activities</u>					
Bonds payable	\$ 9,929,675	\$ -	\$ (1,000,618)	\$ 8,929,057	\$ 1,000,618
Capital leases payable	240,785	171,504	(183,009)	229,280	98,258
Accrued compensated absences	197,056	188,528	-	385,584	-
Total Governmental Activities	<u>\$ 10,367,516</u>	<u>\$ 360,032</u>	<u>\$ (1,183,627)</u>	<u>\$ 9,543,921</u>	<u>\$ 1,098,876</u>

The following is a summary of outstanding bonds payable:

Bonds Payable:	Town	School
\$810,000, 1993 General Obligation Bond due in annual installments and semiannual interest installments through August 2013. Interest is charged at a rate from 2.90% to 5.60% per annum. Annual principal Installments are from \$25,000 to \$65,000.	\$ 25,000	\$ -
\$200,000, 2001B General Obligation Bond due in annual installments and semiannual interest installments through November 2016. Interest is charged at a rate from 4.039% to 5.539% per annum. Annual principal Installments are \$13,334.	53,326	-
\$300,000, 2001D General Obligation Bond due in annual installments and semiannual interest installments through November 2016. Interest is charged at a rate from 3.25% to 5.125% per annum. Annual principal Installments are \$20,000.	80,000	-
\$11,455,774, 2002C General Obligation Bond due in annual installments and semiannual interest installments through November 2022. Interest is charged at a rate from 3.05% to 5.25% per annum. Annual principal Installments are \$572,789.	-	5,727,890

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 - LONG TERM DEBT (CONTINUED)

\$250,000, 2003D General Obligation Bond due in annual installments and semiannual interest installments through November 2013. Interest is charged at a rate from 2.007% to 3.607% per annum. Annual principal Installments are \$25,000.	-	25,000
\$775,000, 2004A General Obligation Bond due in annual installments and semiannual interest installments through November 2019. Interest is charged at a rate from 2.216% to 7.468% per annum. Annual principal Installments are \$51,667.	361,669	-
\$170,000, 2004D General Obligation Bond due in annual installments and semiannual interest installments through November 2014. Interest is charged at a rate from 3.019% to 3.644% per annum. Annual principal Installments are \$17,000.	-	34,000
\$1,270,000, 2005D General Obligation Bond due in annual installments and semiannual interest installments through November 2015. Interest is charged at a rate from 3.000% to 5.00% per annum. Annual principal Installments are \$127,000.	381,000	-
\$1,200,000, 2009 General Obligation Bond due in annual installments and semiannual interest installments through October 2024. Interest is charged at a rate from 2.500% to 3.75% per annum. Annual principal Installments are \$80,000.	960,000	-
\$1,350,000, 2011 Qualified School Construction Bond due in annual installments and semiannual interest installments through November 2028. Interest is charged at a rate from 4.950% per annum. Annual principal installments are \$68,828.		<u>1,281,172</u>
Total Bonds Payable	<u>\$ 1,860,995</u>	<u>\$ 7,068,062</u>

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bond principal and interest requirements for the following fiscal years ending June 30:

Governmental Activities

	Principal	Interest	Total Debt Service
2014	\$ 1,000,618	\$ 368,854	\$ 1,369,472
2015	950,618	330,348	1,280,966
2016	933,618	293,803	1,227,421
2017	806,608	256,499	1,063,107
2018	773,284	220,653	993,937
2019-2023	3,711,420	421,769	4,133,189
2024-2028	504,142	173,013	677,155
2029-2033	248,749	33,413	282,162
	<u>\$ 8,929,057</u>	<u>\$ 2,098,352</u>	<u>\$ 11,027,409</u>

In 2011, the Town issued a Series 2011G Public Improvement Qualified School Construction Bond totaling \$1,350,000. Annual principal payments on the bond are required to be deposited into a sinking fund held by the Maine Municipal Bond Bank. The deposits and the interest earned on those deposits will be used to make the principal payment in November 2028. The Town is also required to pay its proportionate share of any investment losses incurred on the investment of sinking fund deposits resulting in insufficient funds to pay the bank bonds when due. As of June 30, 2013, the balance in the sinking fund for the Town of Winthrop totaled \$69,637, leaving a deficit of \$9,775.

This bond is also eligible for federal interest subsidy payments equal to 92.9% of the true interest cost of the bond as provided in the American Recovery and Reinvestment Act (ARRA) and the Hiring Incentives to Restore Employment (HIRE) Act.

Due to mandatory federal spending cuts that went into effect March 1, 2013 with sequestration, the federal interest subsidy payments are being adjusted downward. The current sequestration reduction rate is 7.2 percent and is subject to change at any time. The total financial impact to the Town is unknown.

TOWN OF WINTHROP, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding capital leases payable:

Capital Lease Payable:	Town	School
The Town Leases a F550 pick up truck under a non-cancelable lease agreement. The term of the lease is for 3 years expiring in November of 2013. Annual payments are \$25,382. Interest is charged at a rate of 2.24% per annum.	\$ 24,826	\$ -
The Town Leases an ambulance under a non-cancelable lease agreement. The term of the lease is for 4 years expiring in October of 2013. Annual payments are \$37,491. Interest is charged at a rate of 3.63% per annum.	36,016	-
The Department leases copiers under a non-cancelable lease agreement. The term of the lease is for 6 years expiring in August of 2018. Annual principal and interest payments are \$17,454.	-	83,628
The Town leases a pick up truck under a non-cancelable lease agreement. The term of the lease is for 3 years expiring in September of 2013. Yearly payments vary from \$4,000 to \$8,278. Interest is charged at a rate of 2.29% per annum.	8,092	-
The Town leases a defibrillator under a non-cancelable lease agreement. The term of the lease is for 5 years expiring in November of 2017. Annual principal payments are \$16,652. Interest is charged at a rate of 3.27% per annum.	76,718	-
Total Capital Lease Payable	<u>\$ 145,652</u>	<u>\$ 83,628</u>

TOWN OF WINTHROP, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 - LONG TERM DEBT (CONTINUED)

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

2014	\$ 105,255
2015	34,106
2016	34,106
2017	34,106
2018	34,106
2019-2023	<u>4,363</u>
Total minimum lease payments	246,042
Less: Amount representing interest	<u>(16,762)</u>
Present value of future minimum lease payments	<u><u>\$ 229,280</u></u>

NOTE 6 - NONSPENDABLE FUND BALANCES

At June 30, 2013, the Town had the following nonspendable fund balances:

General fund:	
Prepaid expenses	\$ 16,212
Inventory	4,061
Nonmajor permanent funds (See Schedule H)	<u>325,644</u>
	<u><u>\$ 345,917</u></u>

NOTE 7 - RESTRICTED FUND BALANCES

At June 30, 2013, the Town had the following restricted fund balances:

School maintenance reserve	\$ 630,783
Nonmajor special revenue funds (See Schedule D)	98,693
Nonmajor capital project funds (See Schedule F)	53
Nonmajor permanent funds (See Schedule H)	<u>397,242</u>
	<u><u>\$ 1,126,771</u></u>

TOWN OF WINTHROP, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8 - COMMITTED FUND BALANCES

At June 30, 2013, the Town had the following committed fund balances:

Library fund	\$ 399,028
Nonmajor special revenue funds (See Schedule D)	29,176
Nonmajor capital project funds (See Schedule F)	134,170
	<u>\$ 562,374</u>

NOTE 9 - ASSIGNED FUND BALANCES

At June 30, 2013, the Town had the following assigned fund balances:

Nonmajor special revenue funds (See Schedule D)	<u>\$ 17</u>
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NOTE 10 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of certain agency's outstanding debt. As of June 30, 2013, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of Kennebec	\$ 30,000	6.36%	\$ 1,908
Winthrop Utilities District	-	-	-
			<u>\$ 1,908</u>

NOTE 11 – DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

A. 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, disability benefits 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.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Maine State Legislature. All plan members are part of regular plan “AC” and are required to contribute 6.5% of their annual salary. The Town is required to contribute 1.5% of regular plan “AC” members’ covered payroll annually to the system along with a predetermined initial unpooled unfunded actuarial liability (IUUAL) rate set by the system. The IUUAL can either be a monthly payment or credit, which is added to or subtracted from the employer’s percentage of employees’ covered payroll to determine the employers actual cost

As of June 30, 2012, the Town had an IUUAL credit of \$478,534, computed using the actuarial method used for funding purposes. (The amount of the IUUAL credit as of June 30, 2013 is not currently available.) This credit is being used to reduce future contributions and is being amortized over an open period of 10 years. Actual plan contributions made by the Town and employees after the IUUAL credit was deducted from the annual pension cost were \$117,185, \$73,180 and \$58,124 for the years ended June 30, 2013, 2012 and 2011, respectively.

Education Employees Retirement

A. Plan Description

All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System’s teacher retirement program. The teacher’s program is a cost-sharing plan with a special funding situation, established by the Maine State Legislature. The program requires that both employees and the Department contribute, and provides retirement, disability and death benefits. Employees are eligible for normal retirement upon reaching the age of sixty and early retirement after completing twenty-five or more years of credited service. The authority to establish and amend benefit provisions rests with the State Legislature. The funding status and progress for the teacher retirement program may be obtained by contacting the Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling (800) 451-9800.

TOWN OF WINTHROP, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Funding Policy

Program members are required to contribute 7.65% of their compensation to the retirement system. The Department's payroll for employees covered by this program was approximately \$4,158,537 for the year ended June 30, 2013. The State of Maine is required to contribute the employer contribution which amounts to 14.32% of compensation. Contributions paid by the State were approximately \$595,502 for the year ended June 30, 2013. There is no contribution required by the Department, except for federally funded teachers.

NOTE 12 - DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the International City Management Association Retirement Corporation (ICMA-RC). The plan, available to all employees, permits the employee to defer a portion of salary until future years. There is no employer match by the Town. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

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

The Town also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403. The plan, available to all School Department employees as part of a collective bargaining agreement, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

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

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 13 – EXPENDITURES OVER APPROPRIATIONS

At June 30, 2013, the Town had the following overspent appropriations:

General government	\$ 58,827
Public safety	41,870
Recreation and culture	16,156
County tax	36
Unclassified	5,479
Total	<u>\$ 122,368</u>

NOTE 14 - DEFICIT FUND BALANCES

At June 30, 2013, the Town had the following deficit fund balances:

Non-major funds:	
Drug forfeiture grant	\$ 856
Fire department grant	6,815
PD bullet vest grant	5,642
Forestry grant	2,040
MCCS facility maint grant	47
Green committee	96
Library roof repair	138
Highway safety	1,990
School grants	69,130
Public works reserve	13,610
Workplace safety	5,708
Voting machine reserve	3,710
Total	<u>\$ 109,782</u>

At June 30, 2013, the Town's School Department had a deficit general fund balance of \$502,848, leaving the Town's general fund balance available for appropriation at \$997,908.

NOTE 15 - DEFICIT NET POSITION

At June 30, 2013, the Town had the following deficit net position

School Lunch	<u>\$142,192</u>
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TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 16 - JOINT VENTURE

The Town of Winthrop is a member of the Joint Venture of the Equity Charter Municipalities of Municipal Review Committee, Inc. (Joint Venture). The Joint Venture is an organization that resulted from a contractual arrangement between certain member municipalities, Penobscot Energy Recovery Company (PERC) and Bangor Hydro Electric Company. It was formed to pool resources of the Equity Charter Municipalities for the long-term goal of handling the disposal of their present and projected volumes of non-hazardous municipal solid waste. As of December 31, 2012 (most recent data available), the Town of Winthrop's share of the Joint Venture's net position was \$617,335. Complete financial statements may be obtained from the Municipal Review Committee, 40 Harlow Street, Bangor, Maine 04401.

NOTE 17 - CONTINGENCIES

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

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

NOTE 18 - RISK MANAGEMENT – PARTICIPATION IN A PUBLIC ENTITY RISK POOL

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Maine Municipal Association.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2013. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

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

TOWN OF WINTHROP, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 1,080,165	\$ 1,080,165	\$ 1,080,165	\$ -
Resources (Inflows):				
General tax revenue	9,333,896	9,333,896	9,507,714	173,818
Intergovernmental revenue	4,421,264	4,421,264	4,434,428	13,164
Charges for services	1,316,942	1,316,942	1,082,585	(234,357)
Investment income	1,200	1,200	2,299	1,099
Other revenue	319,577	319,577	635,575	315,998
Transfers from other funds	8,542	8,542	4,007	(4,535)
Amounts Available for Appropriation	16,481,586	16,481,586	16,746,773	265,187
Charges to Appropriation (Outflows):				
General government	1,306,631	1,306,631	1,365,458	(58,827)
Public safety	1,911,661	1,912,556	1,954,426	(41,870)
Public works	574,580	638,080	590,295	47,785
Recreation and culture	243,113	245,812	261,968	(16,156)
Health and sanitation	521,537	521,537	509,017	12,520
Social services	68,805	68,805	34,493	34,312
Education	9,808,889	9,808,889	9,623,335	185,554
County tax	610,970	610,970	611,006	(36)
TIF	63,302	63,302	63,302	-
Overlay	11,977	11,977	6,374	5,603
Unclassified	124,070	124,070	129,549	(5,479)
Debt service	353,719	353,721	351,921	1,800
Capital outlay	118,338	126,338	102,448	23,890
Transfers to other funds	125,000	125,000	125,000	-
Total Charges to Appropriations	15,842,592	15,917,688	15,728,592	189,096
Budgetary Fund Balance, June 30	\$ 638,994	\$ 563,898	\$ 1,018,181	\$ 454,283
Utilization of unassigned fund balance	\$ 441,171	\$ 516,267	\$ -	\$ (516,267)

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

TOWN OF WINTHROP, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 8,413,896	\$ 8,413,896	\$ 8,565,544	\$ 151,648
Vehicle excise taxes	905,000	905,000	926,738	21,738
Boat excise taxes	15,000	15,000	15,432	432
Intergovernmental revenues:				
Education subsidy	3,728,661	3,728,661	3,727,136	(1,525)
State revenue sharing	387,888	387,888	395,926	8,038
Homestead exemption	118,005	118,005	149,236	31,231
Other education intergovernmental	68,912	68,912	13,473	(55,439)
Urban rural initiative	63,000	63,000	63,348	348
DOJ Officer	-	-	16,580	16,580
BETE reimbursement	37,798	37,798	37,850	52
Subsidy income	-	-	-	-
General assistance	13,500	13,500	10,917	(2,583)
Other	3,500	3,500	19,962	16,462
Charges for services:				
Ambulance fees	750,529	750,529	643,164	(107,365)
Dispatch fees	69,907	69,907	69,158	(749)
Perc and other fees	106,344	106,344	26,755	(79,589)
Recycling income	62,715	62,715	58,433	(4,282)
Education charges for services	64,392	64,392	37,786	(26,606)
Commercial msw	170,535	170,535	74,834	(95,701)
Agent fees	23,000	23,000	23,086	86
Building permits	6,000	6,000	6,846	846
Plumbing fees	4,000	4,000	5,991	1,991
Vitals	3,000	3,000	3,580	580
Demo fees	39,195	39,195	115,347	76,152
Dog fees	10,550	10,550	3,504	(7,046)
Other charges for services	6,775	6,775	14,101	7,326
Investment income:				
Investment income	1,200	1,200	2,299	1,099
Other income:				
Cable franchise fees	71,000	71,000	78,344	7,344
Interest on taxes	65,000	65,000	58,922	(6,078)
Bond reimbursement	42,392	42,392	42,460	68
Grave openings	8,500	8,500	7,412	(1,088)
Dock rental	4,200	4,200	1,400	(2,800)
Lien fees	2,800	2,800	12,338	9,538
Other town income	18,000	18,000	380,017	362,017
Other education revenue	107,685	107,685	54,682	(53,003)
Total revenues	<u>\$ 15,392,879</u>	<u>\$ 15,392,879</u>	<u>\$ 15,662,601</u>	<u>\$ 269,722</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.

- 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 WINTHROP, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Town council/boards	\$ 20,257	\$ -	\$ 20,257	\$ 20,278	\$ (21)
Clerk/treasurer/tax collector	103,634	-	103,634	108,485	(4,851)
Finance	95,349	-	95,349	87,653	7,696
Executive administration	78,135	-	78,135	74,728	3,407
Insurance	83,277	-	83,277	82,595	682
Contracted services	13,710	-	13,710	13,933	(223)
Central services	770,301	-	770,301	846,717	(76,416)
Computer services	36,477	-	36,477	33,201	3,276
Assessing	47,532	-	47,532	44,180	3,352
Code enforcement	52,859	-	52,859	52,688	171
Donations	5,100	-	5,100	1,000	4,100
	<u>1,306,631</u>	<u>-</u>	<u>1,306,631</u>	<u>1,365,458</u>	<u>(58,827)</u>
Public safety					
Police department	606,673	-	606,673	643,782	(37,109)
Fire department	153,344	-	153,344	156,189	(2,845)
Communications center	201,033	700	201,733	210,868	(9,135)
Ambulance service	688,541	195	688,736	688,767	(31)
Street lights	243,300	-	243,300	190,443	52,857
Hydrant rental	18,720	-	18,720	64,186	(45,466)
Emergency management	50	-	50	191	(141)
	<u>1,911,661</u>	<u>895</u>	<u>1,912,556</u>	<u>1,954,426</u>	<u>(41,870)</u>
Public works					
Highways	574,580	63,500	638,080	590,295	47,785
	<u>574,580</u>	<u>63,500</u>	<u>638,080</u>	<u>590,295</u>	<u>47,785</u>
Health and sanitation					
Solid waste	521,537	-	521,537	509,017	12,520
	<u>521,537</u>	<u>-</u>	<u>521,537</u>	<u>509,017</u>	<u>12,520</u>
Social services					
General assistance	50,045	-	50,045	15,763	34,282
General assistance administration	18,760	-	18,760	18,730	30
	<u>68,805</u>	<u>-</u>	<u>68,805</u>	<u>34,493</u>	<u>34,312</u>

TOWN OF WINTHROP, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Recreation and culture					
Library	190,648	2,699	193,347	211,295	(17,948)
Recreation programs	49,265	-	49,265	45,965	3,300
Community programs	-	-	-	-	-
Norcross point park	3,200	-	3,200	4,708	(1,508)
	<u>243,113</u>	<u>2,699</u>	<u>245,812</u>	<u>261,968</u>	<u>(16,156)</u>
Education	<u>9,808,889</u>	<u>-</u>	<u>9,808,889</u>	<u>9,623,335</u>	<u>185,554</u>
County tax	<u>610,970</u>	<u>-</u>	<u>610,970</u>	<u>611,006</u>	<u>(36)</u>
Capital outlay	<u>118,338</u>	<u>8,000</u>	<u>126,338</u>	<u>102,448</u>	<u>23,890</u>
Debt service					
Principal	285,195	-	285,195	282,331	2,864
Interest	68,524	2	68,526	69,590	(1,064)
	<u>353,719</u>	<u>2</u>	<u>353,721</u>	<u>351,921</u>	<u>1,800</u>
TIF	<u>63,302</u>	<u>-</u>	<u>63,302</u>	<u>63,302</u>	<u>-</u>
Overlay	<u>11,977</u>	<u>-</u>	<u>11,977</u>	<u>6,374</u>	<u>5,603</u>
Unclassified					
Cemetery	35,554	-	35,554	39,077	(3,523)
Payments	-	-	-	-	-
Tree removal	-	-	-	-	-
Cobbosse watershed district	80,971	-	80,971	80,971	-
Landfill building	7,545	-	7,545	9,501	(1,956)
	<u>124,070</u>	<u>-</u>	<u>124,070</u>	<u>129,549</u>	<u>(5,479)</u>
Total Expenditures	<u>\$ 15,717,592</u>	<u>\$ 75,096</u>	<u>\$ 15,792,688</u>	<u>\$ 15,603,592</u>	<u>\$ 189,096</u>

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

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 10,499	\$ 152,068	\$ 66,506	\$ 229,073
Investments	-	-	656,380	656,380
Due from other funds	143,254	6,684	-	149,938
TOTAL ASSETS	<u>\$ 153,753</u>	<u>\$ 158,752</u>	<u>\$ 722,886</u>	<u>\$ 1,035,391</u>
LIABILITIES				
Accrued payroll	\$ 24,487	\$ -	\$ -	\$ 24,487
Due to other funds	88,134	47,557	-	135,691
TOTAL LIABILITIES	<u>112,621</u>	<u>47,557</u>	<u>-</u>	<u>160,178</u>
FUND BALANCES				
Nonspendable - principal	-	-	325,644	325,644
Restricted	98,693	53	397,242	495,988
Committed	29,176	134,170	-	163,346
Assigned	17	-	-	17
Unassigned	(86,754)	(23,028)	-	(109,782)
TOTAL FUND BALANCES	<u>41,132</u>	<u>111,195</u>	<u>722,886</u>	<u>875,213</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 153,753</u>	<u>\$ 158,752</u>	<u>\$ 722,886</u>	<u>\$ 1,035,391</u>

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

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 730,125	\$ -	\$ -	\$ 730,125
Investment income, net of unrealized gains/(losses)	-	-	21,616	21,616
Interest income	7	394	9,069	9,470
Charges for services	10,027	-	-	10,027
Other income	22,060	-	-	22,060
TOTAL REVENUES	<u>762,219</u>	<u>394</u>	<u>30,685</u>	<u>793,298</u>
EXPENDITURES				
Public safety	4,907	-	-	4,907
Education	664,497	-	8,275	672,772
Program expenses	15,686	31,122	10	46,818
Capital outlay	84,718	56,382	-	141,100
TOTAL EXPENDITURES	<u>769,808</u>	<u>87,504</u>	<u>8,285</u>	<u>865,597</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,589)</u>	<u>(87,110)</u>	<u>22,400</u>	<u>(72,299)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	63,038	-	-	63,038
Operating transfers (out)	(38,045)	(4,000)	-	(42,045)
TOTAL OTHER FINANCING SOURCES (USES)	<u>24,993</u>	<u>(4,000)</u>	<u>-</u>	<u>20,993</u>
NET CHANGE IN FUND BALANCES	17,404	(91,110)	22,400	(51,306)
FUND BALANCES - JULY 1	<u>23,728</u>	<u>202,305</u>	<u>700,486</u>	<u>926,519</u>
FUND BALANCES - JUNE 30	<u>\$ 41,132</u>	<u>\$ 111,195</u>	<u>\$ 722,886</u>	<u>\$ 875,213</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 WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	Winthrop Unites	Police Drug Forfeiture	Byrne PD Computer Kennebec	Drug Forfeiture Grant	Homeland Security Grant 04	Fire Dept Grant
ASSETS						
Cash and cash equivalents	\$ -	\$ 3,484	\$ -	\$ -	\$ -	\$ -
Due from other funds	9,934	-	1,304	-	-	-
TOTAL ASSETS	<u>\$ 9,934</u>	<u>\$ 3,484</u>	<u>\$ 1,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES						
Accrued payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	1,380	-	856	-	6,815
TOTAL LIABILITIES	<u>-</u>	<u>1,380</u>	<u>-</u>	<u>856</u>	<u>-</u>	<u>6,815</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	2,104	1,304	-	-	-
Committed	9,934	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	(856)	-	(6,815)
TOTAL FUND BALANCES	<u>9,934</u>	<u>2,104</u>	<u>1,304</u>	<u>(856)</u>	<u>-</u>	<u>(6,815)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,934</u>	<u>\$ 3,484</u>	<u>\$ 1,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	Cops Fast Federal Grant	PD Bullet Vest Grant	Forestry Grant	MCCS Facility Maint Grant	Green Committee	MMA Safety Enhancement
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	14,618	-	-	-	-	331
TOTAL ASSETS	<u>\$ 14,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 331</u>
LIABILITIES						
Accrued payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	5,642	2,040	47	96	-
TOTAL LIABILITIES	<u>-</u>	<u>5,642</u>	<u>2,040</u>	<u>47</u>	<u>96</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	14,618	-	-	-	-	331
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	(5,642)	(2,040)	(47)	(96)	-
TOTAL FUND BALANCES	<u>14,618</u>	<u>(5,642)</u>	<u>(2,040)</u>	<u>(47)</u>	<u>(96)</u>	<u>331</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 331</u>

SCHEDULE D (CONTINUED)

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	Solar Panel Grant	Summer Concert	Winthrop Community Coalition	FEMA Reimbursement PW Roads	Library Roof Repair	Trail Committee Project
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	1,156	585	4,400	2,016	-	2,468
TOTAL ASSETS	<u>\$ 1,156</u>	<u>\$ 585</u>	<u>\$ 4,400</u>	<u>\$ 2,016</u>	<u>\$ -</u>	<u>\$ 2,468</u>
LIABILITIES						
Accrued payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	138	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	1,156	-	-	-	-	-
Committed	-	585	4,400	2,016	-	2,468
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	(138)	-
TOTAL FUND BALANCES	<u>1,156</u>	<u>585</u>	<u>4,400</u>	<u>2,016</u>	<u>(138)</u>	<u>2,468</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,156</u>	<u>\$ 585</u>	<u>\$ 4,400</u>	<u>\$ 2,016</u>	<u>\$ -</u>	<u>\$ 2,468</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	YMCA Summer Rec	MEMA Grant Generator	Library Expansion Grant	Highway Safety	School Grants	Totals
ASSETS						
Cash and cash equivalents	\$ 7,015	\$ -	\$ -	\$ -	\$ -	\$ 10,499
Due from other funds	-	22,634	24,000	-	59,808	143,254
TOTAL ASSETS	<u>\$ 7,015</u>	<u>\$ 22,634</u>	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ 59,808</u>	<u>\$ 153,753</u>
LIABILITIES						
Accrued payroll	\$ -	\$ -	\$ -	\$ -	\$ 24,487	\$ 24,487
Due to other funds	-	-	-	1,990	69,130	88,134
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,990</u>	<u>93,617</u>	<u>112,621</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	7,015	22,634	24,000	-	25,531	98,693
Committed	-	-	-	-	9,773	29,176
Assigned	-	-	-	-	17	17
Unassigned	-	-	-	(1,990)	(69,130)	(86,754)
TOTAL FUND BALANCES	<u>7,015</u>	<u>22,634</u>	<u>24,000</u>	<u>(1,990)</u>	<u>(33,809)</u>	<u>41,132</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,015</u>	<u>\$ 22,634</u>	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ 59,808</u>	<u>\$ 153,753</u>

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

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NONMAJOR
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Winthrop Unites	Police Drug Forfeiture	Byrne PD Computer Kennebec	Drug Forfeiture Grant	Homeland Security Grant 04	Fire Dept Grant
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ 1,167	\$ -	\$ 22,128	\$ 119
Interest income	-	5	-	-	-	-
Charges for services	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
TOTAL REVENUES	-	5	1,167	-	22,128	119
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Public safety	-	1,015	233	-	-	-
Education	-	-	-	-	-	-
Program expenses	319	-	-	-	-	-
TOTAL EXPENDITURES	319	1,015	233	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(319)	(1,010)	934	-	22,128	119
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(319)	(1,010)	934	-	22,128	119
FUND BALANCES - JULY 1	10,253	3,114	370	(856)	(22,128)	(6,934)
FUND BALANCES - JUNE 30	\$ 9,934	\$ 2,104	\$ 1,304	\$ (856)	\$ -	\$ (6,815)

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NONMAJOR
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Cops Fast Federal Grant	PD Bullet Vest Grant	Forestry Grant	MCCS Facility Maint Grant	Green Committee	MMA Safety Enhancement
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other revenues	-	-	-	-	130	-
TOTAL REVENUES	-	-	-	-	130	-
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Public safety	-	-	-	-	-	1,669
Education	-	-	-	-	-	-
Program expenses	-	-	-	-	282	-
TOTAL EXPENDITURES	-	-	-	-	282	1,669
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	(152)	(1,669)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-	(152)	(1,669)
FUND BALANCES - JULY 1	14,618	(5,642)	(2,040)	(47)	56	2,000
FUND BALANCES - JUNE 30	\$ 14,618	\$ (5,642)	\$ (2,040)	\$ (47)	\$ (96)	\$ 331

SCHEDULE E (CONTINUED)

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NONMAJOR
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Solar Panel Grant	Summer Concert	Winthrop Community Coalition	FEMA Reimbursement PW Roads	Library Roof Repair	Trail Committee Project
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 74,282	\$ -
Interest income	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	74,282	-
EXPENDITURES						
Capital outlay	-	-	-	-	74,420	-
Public safety	-	-	-	-	-	-
Education	-	-	-	-	-	-
Program expenses	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	74,420	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	(138)	-
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-	(138)	-
FUND BALANCES - JULY 1	1,156	585	4,400	2,016	-	2,468
FUND BALANCES - JUNE 30	\$ 1,156	\$ 585	\$ 4,400	\$ 2,016	\$ (138)	\$ 2,468

SCHEDULE E (CONTINUED)

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NONMAJOR
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	YMCA Summer Rec	MEMA Grant Generator	Library Expansion Grant	Highway Safety	Other School Grants	Totals
REVENUES						
Intergovernmental revenue	\$ -	\$ 32,932	\$ 24,000	\$ -	\$ 575,497	\$ 730,125
Interest income	2	-	-	-	-	7
Charges for services	-	-	-	-	10,027	10,027
Other revenues	15,232	-	-	-	6,698	22,060
TOTAL REVENUES	<u>15,234</u>	<u>32,932</u>	<u>24,000</u>	<u>-</u>	<u>592,222</u>	<u>762,219</u>
EXPENDITURES						
Capital outlay	-	10,298	-	-	-	84,718
Public safety	-	-	-	1,990	-	4,907
Education	-	-	-	-	664,497	664,497
Program expenses	15,085	-	-	-	-	15,686
TOTAL EXPENDITURES	<u>15,085</u>	<u>10,298</u>	<u>-</u>	<u>1,990</u>	<u>664,497</u>	<u>769,808</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>149</u>	<u>22,634</u>	<u>24,000</u>	<u>(1,990)</u>	<u>(72,275)</u>	<u>(7,589)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	63,038	63,038
Operating transfers (out)	-	-	-	-	(38,045)	(38,045)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,993</u>	<u>24,993</u>
NET CHANGE IN FUND BALANCES	149	22,634	24,000	(1,990)	(47,282)	17,404
FUND BALANCES - JULY 1	<u>6,866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,473</u>	<u>23,728</u>
FUND BALANCES - JUNE 30	<u>\$ 7,015</u>	<u>\$ 22,634</u>	<u>\$ 24,000</u>	<u>\$ (1,990)</u>	<u>\$ (33,809)</u>	<u>\$ 41,132</u>

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

Capital Projects 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 fund.

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2013

	Landfill Closing	Equipment Reserve	Community Mural Project	Fire Truck Reserve	Public Works Reserve	Sweeper Reserve
ASSETS						
Cash and cash equivalents	\$ 4,294	\$ 79	\$ 448	\$ 10,455	\$ 17,390	\$ 84,331
Investments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 4,294</u>	<u>\$ 79</u>	<u>\$ 448</u>	<u>\$ 10,455</u>	<u>\$ 17,390</u>	<u>\$ 84,331</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	61	-	-	-	31,000	-
TOTAL LIABILITIES	<u>61</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,000</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	4,233	79	448	10,455	-	84,331
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	(13,610)	-
TOTAL FUND BALANCES	<u>4,233</u>	<u>79</u>	<u>448</u>	<u>10,455</u>	<u>(13,610)</u>	<u>84,331</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,294</u>	<u>\$ 79</u>	<u>\$ 448</u>	<u>\$ 10,455</u>	<u>\$ 17,390</u>	<u>\$ 84,331</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2013

	Development Fund (TIF)	Transfer Stat Loading Area	Downtown Development	Fire Station Fund	Skate Park	Workplace Safety
ASSETS						
Cash and cash equivalents	\$ 66	\$ 9,394	\$ 8,241	\$ 1,406	\$ 4,074	\$ 5,769
Investments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 66</u>	<u>\$ 9,394</u>	<u>\$ 8,241</u>	<u>\$ 1,406</u>	<u>\$ 4,074</u>	<u>\$ 5,769</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	11,477
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,477</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	66	9,394	8,241	1,406	4,074	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(5,708)
TOTAL FUND BALANCES	<u>66</u>	<u>9,394</u>	<u>8,241</u>	<u>1,406</u>	<u>4,074</u>	<u>(5,708)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 66</u>	<u>\$ 9,394</u>	<u>\$ 8,241</u>	<u>\$ 1,406</u>	<u>\$ 4,074</u>	<u>\$ 5,769</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2013

	Ambulance Reserve	Tax Loss Reserve	Sand / Salt Shed Reserve	Ball Field Reserve	Mt. Pisgah Trail Reserve	Voting Mach Reserve
ASSETS						
Cash and cash equivalents	\$ 146	\$ 111	\$ 1,656	\$ 169	\$ 1,982	\$ 1,309
Investments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 146</u>	<u>\$ 111</u>	<u>\$ 1,656</u>	<u>\$ 169</u>	<u>\$ 1,982</u>	<u>\$ 1,309</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	5,019
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,019</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	146	111	1,656	169	1,982	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(3,710)
TOTAL FUND BALANCES	<u>146</u>	<u>111</u>	<u>1,656</u>	<u>169</u>	<u>1,982</u>	<u>(3,710)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 146</u>	<u>\$ 111</u>	<u>\$ 1,656</u>	<u>\$ 169</u>	<u>\$ 1,982</u>	<u>\$ 1,309</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2013

	Road Reconstruction	Library Building	Totals
ASSETS			
Cash and cash equivalents	\$ 53	\$ 695	\$ 152,068
Investments	-	-	-
Due from other funds	-	6,684	6,684
TOTAL ASSETS	<u>\$ 53</u>	<u>\$ 7,379</u>	<u>\$ 158,752</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	47,557
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>47,557</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	53	-	53
Committed	-	7,379	134,170
Assigned	-	-	-
Unassigned	-	-	(23,028)
TOTAL FUND BALANCES	<u>53</u>	<u>7,379</u>	<u>111,195</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 53</u>	<u>\$ 7,379</u>	<u>\$ 158,752</u>

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

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2013

	Landfill Closing	Equipment Reserve	Community Mural Project	Fire Truck Reserve	Public Works Reserve	Sweeper Reserve
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	9	-	1	7	79	190
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>9</u>	<u>-</u>	<u>1</u>	<u>7</u>	<u>79</u>	<u>190</u>
EXPENDITURES						
Program expenses	-	-	-	-	-	-
Capital outlay	-	-	-	-	56,382	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,382</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>9</u>	<u>-</u>	<u>1</u>	<u>7</u>	<u>(56,303)</u>	<u>190</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	9	-	1	7	(56,303)	190
FUND BALANCES - JULY 1	<u>4,224</u>	<u>79</u>	<u>447</u>	<u>10,448</u>	<u>42,693</u>	<u>84,141</u>
FUND BALANCES - JUNE 30	<u>\$ 4,233</u>	<u>\$ 79</u>	<u>\$ 448</u>	<u>\$ 10,455</u>	<u>\$ (13,610)</u>	<u>\$ 84,331</u>

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2013

	Development Fund (TIF)	Transfer Stat Loading Area	Downtown Development	Fire Station Fund	Skate Park	Workplace Safety
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	21	18	4	9	22
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	21	18	4	9	22
EXPENDITURES						
Program expenses	-	-	-	-	-	14,103
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	14,103
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	21	18	4	9	(14,081)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	(4,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	(4,000)
NET CHANGE IN FUND BALANCES	-	21	18	4	9	(18,081)
FUND BALANCES - JULY 1	66	9,373	8,223	1,402	4,065	12,373
FUND BALANCES - JUNE 30	\$ 66	\$ 9,394	\$ 8,241	\$ 1,406	\$ 4,074	\$ (5,708)

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR
CAPITAL PROJECTS
FOR THE YEAR ENDED JUNE 30, 2010

	Ambulance Reserve	Tax Loss Reserve	Sand / Salt Shed Reserve	Ball Field Reserve	Mt. Pisgah Trail Reserve	Voting Mach Reserve
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	1	4	1	4	22
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	1	4	1	4	22
EXPENDITURES						
Program expenses	-	-	-	-	-	17,019
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	17,019
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	1	4	1	4	(16,997)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	1	4	1	4	(16,997)
FUND BALANCES - JULY 1	146	110	1,652	168	1,978	13,287
FUND BALANCES - JUNE 30	<u>\$ 146</u>	<u>\$ 111</u>	<u>\$ 1,656</u>	<u>\$ 169</u>	<u>\$ 1,982</u>	<u>\$ (3,710)</u>

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2013

	Road Reconstruction	Library Building	Totals
REVENUES			
Intergovernmental revenue	\$ -	\$ -	\$ -
Interest income	-	2	394
Other income	-	-	-
TOTAL REVENUES	<u>-</u>	<u>2</u>	<u>394</u>
EXPENDITURES			
Program expenses	-	-	31,122
Capital outlay	-	-	56,382
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>87,504</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>2</u>	<u>(87,110)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	(4,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(4,000)</u>
NET CHANGE IN FUND BALANCES	-	2	(91,110)
FUND BALANCES - JULY 1	<u>53</u>	<u>7,377</u>	<u>202,305</u>
FUND BALANCES - JUNE 30	<u><u>\$ 53</u></u>	<u><u>\$ 7,379</u></u>	<u><u>\$ 111,195</u></u>

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 Winthrop, 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 Unit or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of cemeteries and school department scholarships.

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2013

	Alice Whiting	Avis Cadwell	Bud Clough	Charlie Rollins	Del Bisonette	George F. Wilson
ASSETS						
Cash and cash equivalents	\$ 162	\$ 2,146	\$ 600	\$ 54	\$ 749	\$ 394
Investments	1,594	21,181	5,920	530	7,389	3,890
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,756</u>	<u>\$ 23,327</u>	<u>\$ 6,520</u>	<u>\$ 584</u>	<u>\$ 8,138</u>	<u>\$ 4,284</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable - principal	1,000	15,000	3,783	250	5,000	2,473
Restricted	756	8,327	2,737	334	3,138	1,811
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,756</u>	<u>23,327</u>	<u>6,520</u>	<u>584</u>	<u>8,138</u>	<u>4,284</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,756</u>	<u>\$ 23,327</u>	<u>\$ 6,520</u>	<u>\$ 584</u>	<u>\$ 8,138</u>	<u>\$ 4,284</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2013

	Harry & Flora May Davis	Helena Bisonette Seamans	Herbert E. Wadsworth	Nellie Tuttle Valedictorian	P. Daniel Coyne	Pam Webb
ASSETS						
Cash and cash equivalents	\$ 762	\$ 706	\$ 6,266	\$ 127	\$ 519	\$ 542
Investments	7,524	6,964	61,849	1,250	5,118	5,346
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 8,286</u>	<u>\$ 7,670</u>	<u>\$ 68,115</u>	<u>\$ 1,377</u>	<u>\$ 5,637</u>	<u>\$ 5,888</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable - principal	5,000	5,000	35,626	1,000	3,313	3,301
Restricted	3,286	2,670	32,489	377	2,324	2,587
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>8,286</u>	<u>7,670</u>	<u>68,115</u>	<u>1,377</u>	<u>5,637</u>	<u>5,888</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,286</u>	<u>\$ 7,670</u>	<u>\$ 68,115</u>	<u>\$ 1,377</u>	<u>\$ 5,637</u>	<u>\$ 5,888</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2013

	Rockwood Memorial Library	Ron Cross	Stanley A. Kazney	Thomas Calagni	Walter A. Taylor	Helen A. Griffin
ASSETS						
Cash and cash equivalents	\$ 143	\$ 1,180	\$ 14,994	\$ 439	\$ 634	\$ 706
Investments	1,411	11,645	147,990	4,337	6,254	6,964
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,554</u>	<u>\$ 12,825</u>	<u>\$ 162,984</u>	<u>\$ 4,776</u>	<u>\$ 6,888</u>	<u>\$ 7,670</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable - principal	500	5,373	100,000	3,557	3,171	985
Restricted	1,054	7,452	62,984	1,219	3,717	6,685
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,554</u>	<u>12,825</u>	<u>162,984</u>	<u>4,776</u>	<u>6,888</u>	<u>7,670</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,554</u>	<u>\$ 12,825</u>	<u>\$ 162,984</u>	<u>\$ 4,776</u>	<u>\$ 6,888</u>	<u>\$ 7,670</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2013

	Marshall Hills	Frank Parker	Subtotal Education Scholarships	Town Scholarship N. Tuttle Needy
ASSETS				
Cash and cash equivalents	\$ 225	\$ 670	\$ 32,018	\$ 272
Investments	2,223	6,608	315,987	2,686
Due from other funds	-	-	-	-
TOTAL ASSETS	<u>\$ 2,448</u>	<u>\$ 7,278</u>	<u>\$ 348,005</u>	<u>\$ 2,958</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable - principal	2,000	6,160	202,492	1,000
Restricted	448	1,118	145,513	1,958
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>2,448</u>	<u>7,278</u>	<u>348,005</u>	<u>2,958</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,448</u>	<u>\$ 7,278</u>	<u>\$ 348,005</u>	<u>\$ 2,958</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2013

	Cemetery Trust	H. Johnson Fund	I Bonney Fund	Totals
ASSETS				
Cash and cash equivalents	\$ 33,688	\$ 223	\$ 305	\$ 66,506
Investments	332,496	2,196	3,015	656,380
Due from other funds	-	-	-	-
TOTAL ASSETS	<u>\$ 366,184</u>	<u>\$ 2,419</u>	<u>\$ 3,320</u>	<u>\$ 722,886</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable - principal	121,352	300	500	325,644
Restricted	244,832	2,119	2,820	397,242
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>366,184</u>	<u>2,419</u>	<u>3,320</u>	<u>722,886</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 366,184</u>	<u>\$ 2,419</u>	<u>\$ 3,320</u>	<u>\$ 722,886</u>

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

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Alice Whiting	Avis Cadwell	Bud Clough	Charlie Rollins	Del Bisonette	George F. Wilson
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ 50	\$ 702	\$ 189	\$ 17	\$ 249	\$ 130
Interest income	21	294	79	7	105	55
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>71</u>	<u>996</u>	<u>268</u>	<u>24</u>	<u>354</u>	<u>185</u>
EXPENDITURES						
Scholarships	-	1,000	-	-	200	125
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>125</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>71</u>	<u>(4)</u>	<u>268</u>	<u>24</u>	<u>154</u>	<u>60</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	71	(4)	268	24	154	60
FUND BALANCES - JULY 1	<u>1,685</u>	<u>23,331</u>	<u>6,252</u>	<u>560</u>	<u>7,984</u>	<u>4,224</u>
FUND BALANCES - JUNE 30	<u>\$ 1,756</u>	<u>\$ 23,327</u>	<u>\$ 6,520</u>	<u>\$ 584</u>	<u>\$ 8,138</u>	<u>\$ 4,284</u>

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Harry & Flora May Davis	Helena Bisonette Seamans	Herbert E. Wadsworth	Nellie Tuttle Valedictorian	P. Daniel Coyne	Pam Webb
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ 254	\$ 235	\$ 2,109	\$ 43	\$ 173	\$ 173
Interest income	106	99	885	18	73	72
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>360</u>	<u>334</u>	<u>2,994</u>	<u>61</u>	<u>246</u>	<u>245</u>
EXPENDITURES						
Scholarships	200	200	1,400	-	150	-
Other	-	-	-	10	-	-
TOTAL EXPENDITURES	<u>200</u>	<u>200</u>	<u>1,400</u>	<u>10</u>	<u>150</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>160</u>	<u>134</u>	<u>1,594</u>	<u>51</u>	<u>96</u>	<u>245</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	160	134	1,594	51	96	245
FUND BALANCES - JULY 1	<u>8,126</u>	<u>7,536</u>	<u>66,521</u>	<u>1,326</u>	<u>5,541</u>	<u>5,643</u>
FUND BALANCES - JUNE 30	<u>\$ 8,286</u>	<u>\$ 7,670</u>	<u>\$ 68,115</u>	<u>\$ 1,377</u>	<u>\$ 5,637</u>	<u>\$ 5,888</u>

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Rockwood Memorial Library	Ron Cross	Stanley A. Kazney	Thomas Calagni	Walter A. Taylor	Helen A. Griffin
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ 25	\$ 382	\$ 4,952	\$ 140	\$ 258	\$ 235
Interest income	10	161	2,079	59	104	99
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>35</u>	<u>543</u>	<u>7,031</u>	<u>199</u>	<u>362</u>	<u>334</u>
EXPENDITURES						
Scholarships	-	-	3,500	-	1,000	500
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>-</u>	<u>1,000</u>	<u>500</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>35</u>	<u>543</u>	<u>3,531</u>	<u>199</u>	<u>(638)</u>	<u>(166)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	35	543	3,531	199	(638)	(166)
FUND BALANCES - JULY 1	<u>1,519</u>	<u>12,282</u>	<u>159,453</u>	<u>4,577</u>	<u>7,526</u>	<u>7,836</u>
FUND BALANCES - JUNE 30	<u>\$ 1,554</u>	<u>\$ 12,825</u>	<u>\$ 162,984</u>	<u>\$ 4,776</u>	<u>\$ 6,888</u>	<u>\$ 7,670</u>

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Marshall Hills	Frank Parker	Subtotal Education Scholarships	Town Scholarship N. Tuttle Needy
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 73	\$ 213	\$ 10,602	\$ 61
Interest income	31	89	4,446	26
Other income	-	-	-	-
TOTAL REVENUES	<u>104</u>	<u>302</u>	<u>15,048</u>	<u>87</u>
EXPENDITURES				
Scholarships	-	-	8,275	-
Other	-	-	10	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>8,285</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>104</u>	<u>302</u>	<u>6,763</u>	<u>87</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	104	302	6,763	87
FUND BALANCES - JULY 1	<u>2,344</u>	<u>6,976</u>	<u>341,242</u>	<u>2,871</u>
FUND BALANCES - JUNE 30	<u>\$ 2,448</u>	<u>\$ 7,278</u>	<u>\$ 348,005</u>	<u>\$ 2,958</u>

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Cemetery Trust	H. Johnson Fund	I Bonney Fund	Totals
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 10,851	\$ 37	\$ 65	\$ 21,616
Interest income	4,554	16	27	9,069
Other income	-	-	-	-
TOTAL REVENUES	<u>15,405</u>	<u>53</u>	<u>92</u>	<u>30,685</u>
EXPENDITURES				
Scholarships	-	-	-	8,275
Other	-	-	-	10
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,285</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>15,405</u>	<u>53</u>	<u>92</u>	<u>22,400</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	15,405	53	92	22,400
FUND BALANCES - JULY 1	<u>350,779</u>	<u>2,366</u>	<u>3,228</u>	<u>700,486</u>
FUND BALANCES - JUNE 30	<u>\$ 366,184</u>	<u>\$ 2,419</u>	<u>\$ 3,320</u>	<u>\$ 722,886</u>

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

General Capital Assets

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

TOWN OF WINTHROP, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2013

	Land and Non-depreciable Assets	Buildings Buildings Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
General government	\$ 826,120	\$ 1,200,888	\$ 704,309	\$ -	\$ 2,731,317
Public safety	265,889	1,621,462	3,128,882	-	5,016,233
Recreation & culture	44,000	394,433	454,336	76,041	968,810
Education	735,140	17,563,967	1,499,267	-	19,798,374
Public works	92,700	1,277,850	1,875,902	5,496,676	8,743,128
Total General Capital Assets	1,963,849	22,058,600	7,662,696	5,572,717	37,257,862
Less: Accumulated Depreciation	-	(8,380,939)	(5,617,010)	(3,125,709)	(17,123,658)
Net General Capital Assets	<u>\$ 1,963,849</u>	<u>\$ 13,677,661</u>	<u>\$ 2,045,686</u>	<u>\$ 2,447,008</u>	<u>\$ 20,134,204</u>

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

TOWN OF WINTHROP, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2013

	General Capital Assets 7/1/12	Additions	Deletions	General Capital Assets 6/30/13
General government	\$ 2,722,583	\$ 8,734	\$ -	\$ 2,731,317
Public safety	4,747,353	268,880	-	5,016,233
Recreation & culture	866,476	102,334	-	968,810
Education	19,151,221	647,153	-	19,798,374
Public works	8,471,495	271,633	-	8,743,128
Total General Capital Assets	35,959,128	1,298,734	-	37,257,862
Less: Accumulated Depreciation	(15,958,687)	(1,164,971)	-	(17,123,658)
Net General Capital Assets	<u>\$ 20,000,441</u>	<u>\$ 133,763</u>	<u>\$ -</u>	<u>\$ 20,134,204</u>

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

TOWN OF WINTHROP, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2013

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Thru Grantor Number	Federal Expenditures
U.S. Department of Agriculture Passed through State of Maine - of Education and Cultural Services:			
Food Distribution	10.550	N/A	\$ 14,235
School Breakfast Program	10.555	013-06A-7127-05	85,998
School Lunch Program	10.555	013-06A-7128-95	118,623
Total Department of Agriculture			<u>218,856</u>
U.S. Department of Education Passed through State of Maine-Department of Education and Cultural Services:			
Title IA - Educationally Deprived	84.010	013-05A-6334-13	144,341
Local Entitlement	84.027	013-05A-6317-12	213,603
Local Entitlement - Part B Section 619	84.173	013-05A-6241-23	4,832
Rural Low Income	84.358	013-05A-1078-03	12,223
Title IIA-Teaching Quality	84.367	013-05A-1138-11	30,008
Education Jobs Bill	84.410	013-05A-3099-10	83,756
Total Department of Education			<u>488,764</u>
U.S. Department of Transportation Passed through State of Maine-Department of Public Safety			
CIOT and "Buckle Up-No Excuses!"	20.600	N/A	<u>1,990</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 709,610</u>

TOWN OF WINTHROP, MAINE

NOTES TO SCHEDULE OF FEDERAL AWARDS
JUNE 30, 2013

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Town of Winthrop, Maine. All federal financial assistance received is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

3. The following programs were tested as Type A program as outlined in OMB Circular A-133.

- 1) 84.027 - Local Entitlement
- 2) 84.010 - Title IA



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

Town Council
Town of Winthrop
Winthrop, Maine

We have audited, in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Winthrop, Maine as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Winthrop's basic financial statements, and have issued our report thereon dated October 4, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Winthrop's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Winthrop's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Winthrop's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and corrected, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
October 4, 2013



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

Town Council
Town of Winthrop
Winthrop, Maine

Report on Compliance for Each Major Federal Program

We have audited the Town of Winthrop, Maine's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Winthrop's major federal programs for the year ended June 30, 2013. The Town of Winthrop's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Winthrop's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Winthrop's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

In our opinion, the Town of Winthrop, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Town of Winthrop, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Winthrop's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the Town of Winthrop's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Winthrop's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
October 4, 2013

TOWN OF WINTHROP, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐yes ☒no
- Significant deficiency(ies) identified? ☐yes ☒no
- Noncompliance material to financial statements noted ☐yes ☒no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? ☐yes ☒no
- Significant deficiency(ies) identified? ☐yes ☒no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported

In accordance with section 510(a) of OMB Circular A-133? ☐yes ☒no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027	Local Entitlement
84.010	Title IA

Dollar threshold used to distinguish between type A and B: \$300,000

Auditee qualified as low-risk auditee? ☐yes ☒no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None



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INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

Town Council
Town of Winthrop
Winthrop, Maine

We have audited the financial statements of Town of Winthrop for the year ended June 30, 2013 and have issued our report thereon dated October 4, 2013. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place, and have reviewed the annual financial report that was submitted to the Unit for accuracy. In addition we have reviewed the Unit's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, the Town of Winthrop complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Winthrop was in noncompliance with, or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Town and have attached the following schedule as it relates to the reconciliation of audit adjustments to the initial annual financial data submitted to the MEDMS financial system maintained at the Department.

This report is intended solely for the information of the Town Council, School Board, management and the Department of Education. This report is not intended to be and should not be used by anyone other than the specified parties.

RHR Smith & Company

Buxton, Maine
October 4, 2013

WINTHROP SCHOOL DEPARTMENT

RECONCILIATION OF MEDMS ANNUAL REPORT TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Fund (3000)	Totals
June 30, 2013 balance per MEDMS financial system	\$ (481,238)	\$ 38,814	\$ 630,783	\$ 188,359
Revenue Adjustments:				
Expenditure Adjustments:				
Other adjustments:				
Fund 1500 - Adult Education	-	(44,698)	-	(44,698)
Fund 0950 - ARRA Adult Ed Connection		546		
Fund 2260 - Adult Ed ITV (beginning balance)	-	(2,765)	-	(2,765)
Audit Adjustments not posted	(21,610)	(4,046)	-	(25,656)
Rounding	-	(1)	-	(1)
Not reported on MEDMS:				
Fund 2050 - MELMAC	-	(1,000)	-	(1,000)
Fund 2996 - Education Jobs Funds	-	(1,959)	-	(1,959)
Fund 2180 - Crossing Guard	-	(4,077)	-	(4,077)
Fund 2140 - Performing Arts		(14,640)		
Fund 2150 - Fun after School	-	17	-	17
Audited GAAP Basis Fund balance June 30, 2013	<u>\$ (502,848)</u>	<u>\$ (33,809)</u>	<u>\$ 630,783</u>	<u>\$ 94,126</u>