

Federal Compliance Audit

Town of Winthrop, Maine

June 30, 2014



Proven Expertise and Integrity

TOWN OF WINTHROP, MAINE

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JUNE 30, 2014

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 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, Maine's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2014, on our consideration of the Town of Winthrop, Maine'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* in considering the Town of Winthrop, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
September 19, 2014

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

(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, 2014. 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 \$13,332,355 compared to \$13,944,317 in the prior year, a decrease of \$611,962. For the business-type activities total net position is a deficit of \$77,095 as compared to a deficit of \$142,192 in the prior year, a decrease in the deficit of \$65,097.

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 \$1,350,275 at the end of this year for governmental activities and a deficit of \$77,095 for the business-type activities.

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

	Governmental Activities		Business-type Activities	
		2013		
	2014	(Restated)	2014	2013
Assets:				
Current and Other Assets	\$ 3,812,589	\$ 4,268,382	\$ 4,882	\$ 9,931
Capital Assets	19,290,417	20,134,204	-	-
Total Assets	23,103,006	24,402,586	4,882	9,931
Liabilities:				
Current Liabilities	2,011,864	2,012,218	81,977	152,123
Long-Term Debt Outstanding	7,750,908	8,434,461	-	-
Total Liabilities	9,762,772	10,446,679	81,977	152,123
Deferred Inflows of Resources:				
Prepaid Taxes	7,879	11,590	-	-
Total Deferred Inflows of Resources	7,879	11,590	-	-
Net Position:				
Invested in Capital Assets, Net of Related Debt	10,890,657	10,986,451	-	-
Restricted	1,091,423	1,126,771	-	-
Unrestricted (deficit)	1,350,275	1,831,095	(77,095)	(142,192)
Total Net Position	\$ 13,332,355	\$ 13,944,317	\$ (77,095)	\$ (142,192)

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

	Governmental Activities		Business-type Activities	
	2014	2013 (Restated)	2014	2013
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 1,268,048	\$ 1,092,612	\$ 97,355	\$ 103,027
Operating grants and contributions	5,067,532	4,994,918	223,769	217,639
<i>General Revenues:</i>				
Taxes	9,473,062	9,340,513	-	-
Grants and contributions not restricted to specific programs	476,077	765,137	-	-
Investment income	73,431	33,385	-	-
Miscellaneous	692,354	657,635	50,787	2,565
Total Revenues	17,050,504	16,884,200	371,911	323,231
Expenses				
<i>Current:</i>				
General government	1,195,812	945,240	-	-
Public safety	2,328,091	2,201,168	-	-
Public works	706,010	849,344	-	-
Recreation and culture	256,679	271,344	-	-
Health and sanitation	480,753	509,017	-	-
Social services	39,578	34,493	-	-
Education	10,521,281	10,172,035	-	-
County tax	622,095	611,006	-	-
TIF	58,881	63,302	-	-
Overlay	7,161	6,374	-	-
Unclassified	123,222	129,549	-	-
Program expenses	133,710	46,818	-	-
State of Maine on-behalf payments	602,937	595,502	-	-
Capital outlay	385,949	231,320	-	-
Interest on long-term debt	55,307	69,590	451,814	468,496
Total expenses	17,517,466	16,736,102	451,814	468,496
Total transfers	(145,000)	(100,000)	145,000	100,000
Change in Net Position	(611,962)	48,098	65,097	(45,265)
Net Position - July 1	13,944,317	13,896,219	(142,192)	(96,927)
Net Position - June 30	\$ 13,332,355	\$ 13,944,317	\$ (77,095)	\$ (142,192)

Revenues and Expenses

Revenues increased by .98% while expenses increased by 4.67% 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>2014</u>	<u>2013 (Restated)</u>
Major Funds:		
General Fund:		
Nonspendable	\$ 23,934	\$ 20,273
Restricted	225,000	-
Unassigned	714,035	997,908
School Construction:		
Restricted	291,053	630,783
Library Fund:		
Committed	262,006	334,447
Total Major Funds	<u>\$ 1,516,028</u>	<u>\$ 2,047,992</u>
Nonmajor Funds:		
Special revenue funds:		
Restricted	\$ 110,169	\$ 98,693
Committed	22,525	29,176
Assigned	17	17
Unassigned	(112,387)	(86,754)
Capital project funds:		
Restricted	53	53
Committed	148,303	134,170
Unassigned	(24,187)	(23,028)
Permanent funds:		
Nonspendable - principal	325,644	325,644
Restricted	465,148	397,242
Total Nonmajor Funds	<u>\$ 935,285</u>	<u>\$ 875,213</u>

The general fund total fund balance decreased by \$55,212 from the prior fiscal year. The School Maintenance Reserve decreased by \$339,730 and the Library Fund decreased by \$72,441. The non-major fund balances increased by \$60,072 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 \$79,903.

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 \$445,047. This was mostly a result of tax revenues and miscellaneous revenues.

The general fund actual expenditures were over budget by \$286,950. All expenditures were over budget with the exception of health and sanitation, social services, education, county tax, overlay, and debt service.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2014 the net book value of capital assets recorded by the Town decreased by \$843,787. This decrease was due to capital additions of \$329,184 less current year depreciation expense of \$1,172,971.

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

	<u>2014</u>	<u>2013</u>
Land and improvements	\$ 1,260,620	\$ 1,261,371
Construction in progress	735,140	735,140
Buildings and improvements	13,130,984	13,644,999
Books and collections	243,044	264,184
Furniture and fixtures	153,326	153,819
Machinery and equipment	214,349	485,804
Vehicles	1,179,210	1,141,879
Infrastructure	2,373,744	2,447,008
Total	<u>\$ 19,290,417</u>	<u>\$ 20,134,204</u>

Debt

At June 30, 2014, the Town had \$7.91 million in bonds outstanding versus \$8.92 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.

TOWN OF WINTHROP, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,937,979	\$ -	\$ 1,937,979
Investments	739,134	-	739,134
Accounts receivable (net of allowance for uncollectibles):			
Taxes/liens	598,116	-	598,116
Other	298,082	-	298,082
Due from other governments	135,000	-	135,000
Prepaid expenses	20,329	-	20,329
Inventory	3,605	4,882	8,487
Internal balances	80,344	(80,344)	-
Total current assets	<u>3,812,589</u>	<u>(75,462)</u>	<u>3,737,127</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	17,326,568	-	17,326,568
Total noncurrent assets	<u>19,290,417</u>	<u>-</u>	<u>19,290,417</u>
TOTAL ASSETS	<u>\$ 23,103,006</u>	<u>\$ (75,462)</u>	<u>\$ 23,027,544</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 38,481	\$ 1,633	\$ 40,114
Accrued payroll and related benefits	703,361	-	703,361
Due to other governments	21,389	-	21,389
Other liabilities	150,751	-	150,751
Current portion of long-term obligations	1,097,882	-	1,097,882
Total current liabilities	<u>2,011,864</u>	<u>1,633</u>	<u>2,013,497</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	6,946,069	-	6,946,069
Capital lease payable	355,809	-	355,809
Accrued compensated absences	449,030	-	449,030
Total noncurrent liabilities	<u>7,750,908</u>	<u>-</u>	<u>7,750,908</u>
TOTAL LIABILITIES	<u>9,762,772</u>	<u>1,633</u>	<u>9,764,405</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	7,879	-	7,879
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,879</u>	<u>-</u>	<u>7,879</u>
NET POSITION			
Invested in capital assets, net of related debt	10,890,657	-	10,890,657
Restricted	1,091,423	-	1,091,423
Unrestricted (deficit)	1,350,275	(77,095)	1,273,180
TOTAL NET POSITION	<u>13,332,355</u>	<u>(77,095)</u>	<u>13,255,260</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 23,103,006</u>	<u>\$ (75,462)</u>	<u>\$ 23,027,544</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, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
<u>Governmental activities:</u>							
General government	\$ 1,195,812	\$ 38,167	\$ -	\$ -	\$ (1,157,645)	\$ -	\$ (1,157,645)
Public safety	2,328,091	847,358	-	-	(1,480,733)	-	(1,480,733)
Public works	706,010	-	-	-	(706,010)	-	(706,010)
Recreation and culture	256,679	18,690	-	-	(237,989)	-	(237,989)
Health and sanitation	480,753	255,105	-	-	(225,648)	-	(225,648)
Social services	39,578	-	-	-	(39,578)	-	(39,578)
Education	10,521,281	91,147	4,464,595	-	(5,965,539)	-	(5,965,539)
County tax	622,095	-	-	-	(622,095)	-	(622,095)
TIF	58,881	-	-	-	(58,881)	-	(58,881)
Overlay	7,161	-	-	-	(7,161)	-	(7,161)
Unclassified	123,222	-	-	-	(123,222)	-	(123,222)
Program expenses	133,710	17,581	-	-	(116,129)	-	(116,129)
State of Maine on-behalf payments	602,937	-	602,937	-	-	-	-
Capital outlay	385,949	-	-	-	(385,949)	-	(385,949)
Interest on long-term debt	55,307	-	-	-	(55,307)	-	(55,307)
Total governmental activities	17,517,466	1,268,048	5,067,532	-	(11,181,886)	-	(11,181,886)
<u>Business-type activities:</u>							
School lunch program	451,814	97,355	223,769	-	-	(130,690)	(130,690)
Total business-type activities	451,814	97,355	223,769	-	-	(130,690)	(130,690)
Total government	\$ 17,969,280	\$ 1,365,403	\$ 5,291,301	\$ -	(11,181,886)	(130,690)	(11,312,576)

STATEMENT B (CONTINUED)
TOWN OF WINTHROP, MAINE

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

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue	<u>(11,181,886)</u>	<u>(130,690)</u>	<u>(11,312,576)</u>
General revenues:			
Taxes			
Property taxes, levied for general purposes	8,488,587	-	8,488,587
Excise taxes	984,475	-	984,475
Grants and contributions not restricted to specific programs	476,077	-	476,077
Investment income	73,431	-	73,431
Other income	692,354	50,787	743,141
Transfers	<u>(145,000)</u>	<u>145,000</u>	<u>-</u>
Total general revenues and transfers	<u>10,569,924</u>	<u>195,787</u>	<u>10,765,711</u>
Change in net position	(611,962)	65,097	(546,865)
NET POSITION - JULY 1, RESTATED	<u>13,944,317</u>	<u>(142,192)</u>	<u>13,802,125</u>
NET POSITION - JUNE 30	<u><u>\$ 13,332,355</u></u>	<u><u>\$ (77,095)</u></u>	<u><u>\$ 13,255,260</u></u>

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

STATEMENT C

TOWN OF WINTHROP, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	School Maintenance Reserve	Library Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,465,971	\$ -	\$ 262,006	\$ 210,002	\$ 1,937,979
Investments	-	-	-	739,134	739,134
Accounts receivable (net of allowance for uncollectibles):					
Taxes/liens	598,116	-	-	-	598,116
Other	298,082	-	-	-	298,082
Due from other governments	-	135,000	-	-	135,000
Prepaid expenses	20,329	-	-	-	20,329
Inventory	3,605	-	-	-	3,605
Due from other funds	236,257	156,053	-	147,773	540,083
TOTAL ASSETS	\$ 2,622,360	\$ 291,053	\$ 262,006	\$ 1,096,909	\$ 4,272,328
LIABILITIES					
Accounts payable	\$ 38,481	\$ -	\$ -	\$ -	\$ 38,481
Accrued payroll and related expenditures	697,650	-	-	5,711	703,361
Due to other funds	303,826	-	-	155,913	459,739
Other liabilities	150,751	-	-	-	150,751
Due to other governments	21,389	-	-	-	21,389
TOTAL LIABILITIES	1,212,097	-	-	161,624	1,373,721
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	7,879	-	-	-	7,879
Deferred tax revenues	439,415	-	-	-	439,415
TOTAL DEFERRED INFLOWS OF RESOURCES	447,294	-	-	-	447,294
FUND BALANCES					
Nonspendable	23,934	-	-	325,644	349,578
Restricted	225,000	291,053	-	575,370	1,091,423
Committed	-	-	262,006	170,828	432,834
Assigned	-	-	-	17	17
Unassigned	714,035	-	-	(136,574)	577,461
TOTAL FUND BALANCES	962,969	291,053	262,006	935,285	2,451,313
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,622,360	\$ 291,053	\$ 262,006	\$ 1,096,909	\$ 4,272,328

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, 2014

	Total Governmental Funds
Total Fund Balances	\$ 2,451,313
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	19,290,417
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	439,415
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(7,907,271)
Capital lease payable	(492,489)
Accrued compensated absences	(449,030)
	<u> </u>
Net position of governmental activities	<u><u>\$ 13,332,355</u></u>

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

STATEMENT E

TOWN OF WINTHROP, MAINE

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

	General Fund	School Maintenance Reserve	Library Fund	Nonmajor Funds	Totals Governmental Funds
REVENUES					
General tax revenue	\$ 9,518,473	\$ -	\$ -	\$ -	\$ 9,518,473
Intergovernmental revenue	4,506,484	-	-	434,188	4,940,672
Charges for services	1,250,467	-	-	17,581	1,268,048
Investment income, net of unrealized gains/(losses)	2,012	-	382	71,037	73,431
State of Maine on-behalf payments	602,937	-	-	-	602,937
Other revenue	599,266	20,034	47,839	25,215	692,354
TOTAL REVENUES	16,479,639	20,034	48,221	548,021	17,095,915
EXPENDITURES					
Current:					
General government	1,474,118	-	-	-	1,474,118
Public safety	2,068,527	-	-	3,929	2,072,456
Public works	446,961	-	-	-	446,961
Recreation and culture	247,303	-	-	-	247,303
Health and sanitation	480,753	-	-	-	480,753
Social services	39,578	-	-	-	39,578
Education	9,609,327	-	-	482,649	10,091,976
County tax	622,095	-	-	-	622,095
TIF	58,881	-	-	-	58,881
Overlay	7,161	-	-	-	7,161
Unclassified	123,222	-	-	-	123,222
Program expenses	-	-	120,662	13,048	133,710
State of Maine on-behalf payments	602,937	-	-	-	602,937
Debt service	340,502	-	-	-	340,502
Capital outlay	246,810	359,764	-	9,999	616,573
TOTAL EXPENDITURES	16,368,175	359,764	120,662	509,625	17,358,226
EXCESS REVENUES OVER (UNDER) EXPENDITURES	111,464	(339,730)	(72,441)	38,396	(262,311)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	45,514	45,514
Operating transfers (out)	(166,676)	-	-	(23,838)	(190,514)
TOTAL OTHER FINANCING SOURCES (USES)	(166,676)	-	-	21,676	(145,000)
NET CHANGE IN FUND BALANCES	(55,212)	(339,730)	(72,441)	60,072	(407,311)
FUND BALANCES - JULY 1, RESTATED	1,018,181	630,783	334,447	875,213	2,858,624
FUND BALANCES - JUNE 30	\$ 962,969	\$ 291,053	\$ 262,006	\$ 935,285	\$ 2,451,313

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, 2014

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (407,311)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocated those expenditures over the life of the assets:	
Capital asset purchases	329,184
Depreciation expense	<u>(1,172,971)</u>
	<u>(843,787)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>(45,411)</u>
Debt proceeds provide current financial resources to governmental funds, but long-term liabilities in the Statement of Net Position.	<u>(427,792)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>1,175,785</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>(63,446)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ (611,962)</u></u>

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

TOWN OF WINTHROP, MAINE

BALANCE SHEET – PROPRIETARY FUNDS
JUNE 30, 2014

	<u>Enterprise Funds</u>
	<u>School</u>
	<u>Lunch</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ -
Inventory	4,882
Due from other funds	-
Total current assets	<u>4,882</u>
TOTAL ASSETS	<u>\$ 4,882</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 1,633
Due to other funds	<u>80,344</u>
Total current liabilities	<u>81,977</u>
Total liabilities	<u>81,977</u>
NET POSITION	
Unrestricted (deficit)	<u>(77,095)</u>
Total net position	<u>(77,095)</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 4,882</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, 2014

	<u>Enterprise Fund</u> <u>School</u> <u>Lunch</u>
OPERATING REVENUES	
Intergovernmental revenue	\$ 223,769
Charges for services	97,355
Other	<u>50,787</u>
TOTAL OPERATING REVENUES	<u>371,911</u>
OPERATING EXPENSES	
Salaries/wages	167,859
Payroll taxes/benefits	77,980
Food	178,919
Contracted services	3,550
Supplies	12,666
Other operating expenses	<u>10,840</u>
TOTAL OPERATING EXPENSES	<u>451,814</u>
OPERATING INCOME (LOSS)	<u>(79,903)</u>
NON-OPERATING INCOME (EXPENSE)	
Operating transfers in	<u>145,000</u>
TOTAL NON-OPERATING INCOME (EXPENSE)	<u>145,000</u>
CHANGE IN NET POSITION	65,097
NET POSITION - JULY 1	<u>(142,192)</u>
NET POSITION - JUNE 30	<u><u>\$ (77,095)</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, 2014

	<u>Enterprise Fund</u> <u>School</u> <u>Lunch</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 102,404
Internal activity - receipts from other funds	(71,779)
Other receipts	274,556
Payments to suppliers	(204,342)
Payments to employees	(245,839)
Net cash provided (used) by operating activities	<u>(145,000)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfers in	145,000
Net cash provided (used) by noncapital financing activities	<u>145,000</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>
RECOILATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (79,903)
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	5,049
(Decrease) increase in accounts payable	1,633
(Decrease) increase in due to other funds	(71,779)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (145,000)</u></u>

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

TOWN OF WINTHROP, MAINE

STATEMENT OF NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2014

	<u>Agency Funds</u> <u>Student</u> <u>Activities</u>
ASSETS	
Cash and cash equivalents	\$ 126,452
Investments	<u>-</u>
TOTAL ASSETS	<u><u>\$ 126,452</u></u>
LIABILITIES	
Accounts payable	\$ -
Deposits held for others	<u>126,452</u>
TOTAL LIABILITIES	<u><u>\$ 126,452</u></u>

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

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

The following fund types are used by the Town:

1. Governmental Funds:

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

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

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

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

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, 2014

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, 2014

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	\$15,876,702
Add: On-behalf payments	<u>602,937</u>
Total GAAP basis	<u>\$16,479,639</u>
Expenditures per budgetary basis	\$15,931,914
Add: On-behalf basis	<u>602,937</u>
Total GAAP basis	<u>\$16,534,851</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.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014

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, 2014. 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, 2014

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, 2014, the Town's liability for compensated absences is \$449,030.

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, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the 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 August 19, 2013 on the assessed value listed as of April 1, 2013, for all real and personal property located in the Town. Taxes were due on October 1, 2013 and April 1, 2014. Interest on unpaid taxes commenced on October 2, 2013 and April 2, 2014, at 7% per annum.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$10,767 for the year ended June 30, 2014.

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

Program Revenues

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

Operating/Non-operating Proprietary Fund Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

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, 2014

NOTE 2 - DEPOSITS 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, 2014, the Town's cash balance of \$2,064,431 was comprised of bank deposits amounting to \$2,018,286 and cash equivalents of \$51,358. Of these bank deposits, \$636,242 was insured by federal depository insurance and by the National Credit Union Administration and consequently not exposed to custodial credit risk. Of the remaining bank deposits of \$1,382,044, \$1,258,396 were collateralized with securities held by the financial institution in the Town's name and \$123,648 were uninsured and uncollateralized. The cash equivalents of \$51,358 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	\$ 140,274
Savings accounts	608,608
Money market	11,008
Sweep accounts	1,258,396
Cash equivalents	51,358
	<u>\$ 2,069,644</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 \$448,642 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). \$249,913 of investments in open-ended mutual funds are not exposed to custodial credit risk because their underlying securities do not

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

exist in physical or book-entry form. The remaining investments of \$40,579 are uncollateralized and uninsured.

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

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Equities - common stock	\$ 141,150	\$ 141,150	\$ -	\$ -
Mutual funds - fixed income	394,846	394,846	-	-
Mutual funds - equities	203,138	203,138	-	-
	<u>\$ 739,134</u>	<u>\$ 739,134</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, 2014 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
General fund	\$ 236,257	\$ 303,826
School construction fund	156,053	-
Special revenue fund	130,443	108,056
Capital project fund	16,580	47,407
Permanent fund	750	450
Enterprise fund	-	80,344
	<u>\$ 540,083</u>	<u>\$ 540,083</u>

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 - CAPITAL ASSETS

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

	Balance, 7/1/13	Additions	Disposals	Balance, 6/30/14
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 1,228,709	\$ -	\$ -	\$ 1,228,709
Construction in progress	735,140	-	-	735,140
	<u>1,963,849</u>	<u>-</u>	<u>-</u>	<u>1,963,849</u>
Depreciated assets:				
Land improvements	37,532	-	-	37,532
Buildings and improvements	22,021,068	16,905	-	22,037,973
Books and collections	407,239	-	-	407,239
Furniture and fixtures	155,997	-	-	155,997
Machinery and equipment	4,004,968	46,000	-	4,050,968
Vehicles	3,094,492	266,279	-	3,360,771
Infrastructure	5,572,717	-	-	5,572,717
	<u>35,294,013</u>	<u>329,184</u>	<u>-</u>	<u>35,623,197</u>
Less accumulated depreciation:				
Land improvements	(4,870)	(751)	-	(5,621)
Buildings and improvements	(8,376,069)	(530,920)	-	(8,906,989)
Books and collections	(143,055)	(21,140)	-	(164,195)
Furniture and fixtures	(2,178)	(493)	-	(2,671)
Machinery and equipment	(3,519,164)	(317,455)	-	(3,836,619)
Vehicles	(1,952,613)	(228,948)	-	(2,181,561)
Infrastructure	(3,125,709)	(73,264)	-	(3,198,973)
	<u>(17,123,658)</u>	<u>(1,172,971)</u>	<u>-</u>	<u>(18,296,629)</u>
	<u>18,170,355</u>	<u>(843,787)</u>	<u>-</u>	<u>17,326,568</u>
Net capital assets	<u>\$ 20,134,204</u>	<u>\$ (843,787)</u>	<u>\$ -</u>	<u>\$ 19,290,417</u>
Current year depreciation:				
General government				\$ 121,046
Public safety				255,635
Recreation & culture				9,376
Education				527,865
Public works				259,049
Total depreciation expense				<u>\$ 1,172,971</u>

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014:

	Balance, 7/1/13 (Restated)	Additions	Deletions	Balance, 6/30/14	Due Within One Year
<u>Governmental Activities</u>					
Bonds payable	\$ 8,918,473	\$ -	\$ (1,011,202)	\$ 7,907,271	\$ 961,202
Capital leases payable	229,280	427,792	(164,583)	492,489	136,680
Accrued compensated absences	385,584	63,446	-	449,030	-
Total Governmental Activities	<u>\$ 9,533,337</u>	<u>\$ 491,238</u>	<u>\$ (1,175,785)</u>	<u>\$ 8,848,790</u>	<u>\$ 1,097,882</u>

The following is a summary of outstanding bonds payable:

Bonds Payable:	Town	School
\$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.	\$ 39,992	\$ -
\$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.	60,000	-
\$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.	-	5,155,101
\$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.	310,002	-

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 - LONG TERM DEBT (CONTINUED)

\$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.	-	17,000
\$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.	254,000	-
\$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.	880,000	-
\$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.	-	1,191,176
Total Bonds Payable	<u>\$ 1,543,994</u>	<u>\$ 6,363,277</u>

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
2015	\$ 961,202	\$ 330,348	\$ 1,291,550
2016	944,202	293,803	1,238,005
2017	817,192	256,499	1,073,691
2018	783,868	220,653	1,004,521
2019	783,868	186,021	969,889
2020-2024	3,139,882	307,022	3,446,904
2025-2029	477,057	168,563	645,620
	<u>\$ 7,907,271</u>	<u>\$ 1,762,909</u>	<u>\$ 9,670,180</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

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 - LONG TERM DEBT (CONTINUED)

insufficient funds to pay the bank bonds when due. As of June 30, 2013, the most recent financial information available, 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.

The following is a summary of outstanding capital leases payable:

Capital Leases Payable:	Town	School
The Town leases a police cruiser under a non-cancelable lease agreement. The term of the lease is for 3 years expiring in July of 2017. Annual payments vary from \$6,366 to \$6,705. Interest is charged at a rate of 1.99% per annum.	\$ 18,636	\$ -
The Town leases an ambulance under a non-cancelable lease agreement. The term of the lease is for 4 years expiring in October of 2016. Annual payments are \$39,260. Interest is charged at a rate of 2.74% per annum.	111,453	-
The Town leases an ambulance under a non-cancelable lease agreement. The term of the lease is for 4 years expiring in September of 2017. Annual payments are \$44,156. Interest is charged at a rate of 2.53% per annum.	165,988	-
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.	-	68,833
The Department leases a bus under a non-cancelable lease agreement. The term of the lease is for 3 years expiring in September of 2015. Annual principal and interest payments are \$27,893.	-	53,762

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

The Town leases copiers under a non-cancelable lease agreement. The term of the lease is for 5 years expiring in July of 2017. Annual payments are \$4,097. Interest is charged at a rate of 2.47% per annum.

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.

Total Capital Leases Payable

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

NOTE 6 – OPERATING LEASES

The Department leases a truck under a non-cancelable lease agreement. The term of the lease is for 60 months ending in February of 2019. Monthly payments are \$335.

2015	\$	4,021
2016		4,021
2017		4,021
2018		4,021
2019		2,680
Total lease payments	\$	18,764

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 - NONSPENDABLE FUND BALANCES

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

General fund:	
Prepaid expenses	\$ 20,329
Inventory	3,605
Nonmajor permanent funds (See Schedule H)	325,644
	<u>\$ 349,578</u>

NOTE 8 - RESTRICTED FUND BALANCES

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

General fund:	
Education	\$ 225,000
School maintenance reserve	291,053
Nonmajor special revenue funds (See Schedule D)	110,169
Nonmajor capital project funds (See Schedule F)	53
Nonmajor permanent funds (See Schedule H)	465,148
	<u>\$ 1,091,423</u>

NOTE 9 - COMMITTED FUND BALANCES

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

Library fund	\$ 262,006
Nonmajor special revenue funds (See Schedule D)	22,525
Nonmajor capital project funds (See Schedule F)	148,303
	<u>\$ 432,834</u>

NOTE 10 - ASSIGNED FUND BALANCES

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

Nonmajor special revenue funds (See Schedule D)	<u>\$ 17</u>
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TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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. 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, 2013, the Town had an IUUAL credit of \$455,200, computed using the actuarial method used for funding purposes. (The amount of the IUUAL credit as of June 30, 2014 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 \$140,541, \$117,185 and \$73,180 for the years ended June 30, 2014, 2013 and 2012, 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,

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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 \$4,466,201 for the year ended June 30, 2014. The State of Maine is required to contribute the employer contribution which amounts to 13.50% of compensation. Contributions paid by the State were approximately \$602,937 for the year ended June 30, 2014. 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.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 12 - DEFERRED COMPENSATION PLAN (CONTINUED)

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.

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS

The Town, in accordance with its current life insurance company agreement, provides life insurance benefits to eligible retirees and their spouses. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts towards the cost of receiving benefits under the Town's life insurance benefits program.

Funding policy – The Town currently funds claims and administrative costs for postemployment benefits through its life insurance company or through current year expenditures.

The current census of Town benefit participants as of June 30, 2014 was four participants. Total expenditures for the year ended June 30, 2014 were \$358.

NOTE 14 – EXPENDITURES OVER APPROPRIATIONS

At June 30, 2014, the Town had the following overspent appropriations:

General government	\$ 160,639
Public safety	197,414
Public works	46,786
Recreation and culture	13,944
Unclassified	9,026
Capital outlay	48,251
Transfers to other funds	21,676
Total	<u>\$ 497,736</u>

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 15 - DEFICIT FUND BALANCES

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

Non-major funds:	
Byrne PD computer	\$ 152
Drug forfeiture grant	856
Snowmobile grant	833
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	93,778
Public works reserve	13,576
Workplace safety	6,903
Voting machine reserve	3,708
Total	<u>\$ 136,574</u>

At June 30, 2014, the Town's School Department had a deficit general fund balance of \$352,420, leaving the Town's general fund balance available for appropriation at \$962,969.

NOTE 16 - DEFICIT NET POSITION

At June 30, 2014, the Town had the following deficit net position

School Lunch	<u>\$77,095</u>
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NOTE 17 - 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, 2013 (most recent data available), the Town of Winthrop's share of the Joint Venture's net position was \$613,409. Complete financial statements may be obtained from the Municipal Review Committee, 40 Harlow Street, Bangor, Maine 04401.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 18 - 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 19 - 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, 2014. 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.

NOTE 20 – RESTATEMENT

The beginning net position for the governmental activities has been restated as of July 1, 2013. This balance was restated to correct the bonds payable balances and the beginning fund balance for the Library Fund. The governmental activities were restated by \$53,997.

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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 1,018,181	\$ 1,018,181	\$ 1,018,181	\$ -
Resources (Inflows):				
General tax revenue	9,406,206	9,406,206	9,518,473	112,267
Intergovernmental revenue	4,576,727	4,576,727	4,506,484	(70,243)
Charges for services	1,247,922	1,247,922	1,250,467	2,545
Investment income	1,550	1,550	2,012	462
Other revenue	199,250	199,250	599,266	400,016
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	16,449,836	16,449,836	16,894,883	445,047
Charges to Appropriation (Outflows):				
General government	1,313,479	1,313,479	1,474,118	(160,639)
Public safety	1,871,113	1,871,113	2,068,527	(197,414)
Public works	400,175	400,175	446,961	(46,786)
Recreation and culture	233,359	233,359	247,303	(13,944)
Health and sanitation	506,664	506,664	480,753	25,911
Social services	65,415	65,415	39,578	25,837
Education	9,763,349	9,763,349	9,609,327	154,022
County tax	622,095	622,095	622,095	-
TIF	58,881	58,881	58,881	-
Overlay	10,767	10,767	7,161	3,606
Unclassified	114,196	114,196	123,222	(9,026)
Debt service	341,912	341,912	340,502	1,410
Capital outlay	198,559	198,559	246,810	(48,251)
Transfers to other funds	145,000	145,000	166,676	(21,676)
Total Charges to Appropriations	15,644,964	15,644,964	15,931,914	(286,950)
Budgetary Fund Balance, June 30	\$ 804,872	\$ 804,872	\$ 962,969	\$ 158,097
Utilization of unassigned fund balance	\$ 59,277	\$ 59,277	\$ -	\$ (59,277)

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, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 8,505,206	\$ 8,505,206	\$ 8,533,998	\$ 28,792
Vehicle excise taxes	885,500	885,500	969,761	84,261
Boat excise taxes	15,500	15,500	14,714	(786)
Intergovernmental revenues:				
Education subsidy	4,052,682	4,052,682	4,027,477	(25,205)
State revenue sharing	266,722	266,722	271,151	4,429
Homestead exemption	118,005	118,005	87,682	(30,323)
Other education intergovernmental	11,500	11,500	11,003	(497)
Urban rural initiative	63,000	63,000	61,356	(1,644)
BETE reimbursement	37,420	37,420	36,386	(1,034)
Tree growth reimbursement	5,383	5,383	5,696	313
Veterans reimbursement	6,140	6,140	-	(6,140)
General assistance	13,500	13,500	5,733	(7,767)
Other	2,375	2,375	-	(2,375)
Charges for services:				
Ambulance fees	755,102	755,102	769,526	14,424
Dispatch fees	71,243	71,243	71,243	-
Perc and other fees	93,067	93,067	78,344	(14,723)
Recycling income	62,715	62,715	57,581	(5,134)
Education charges for services	73,000	73,000	91,147	18,147
Commercial msw	39,195	39,195	9,086	(30,109)
Agent fees	21,000	21,000	23,050	2,050
Building permits	6,000	6,000	5,371	(629)
Plumbing fees	1,300	1,300	2,368	1,068
Septic fees	3,750	3,750	3,480	(270)
Vitals	3,300	3,300	3,898	598
Demo fees	100,000	100,000	110,094	10,094
Dog fees	9,550	9,550	6,589	(2,961)
Other charges for services	8,700	8,700	18,690	9,990
Investment income:				
Investment income	1,550	1,550	2,012	462
Other income:				
Cable franchise fees	74,500	74,500	77,840	3,340
Interest on taxes	35,000	35,000	71,679	36,679
Bond reimbursement	-	-	39,362	39,362
Grave openings	8,500	8,500	8,657	157
Dock rental	4,200	4,200	1,740	(2,460)
Lien fees	4,000	4,000	15,005	11,005
Consent agreements	10,000	10,000	10,000	-
Library income	-	-	250,592	250,592
Other town income	19,250	19,250	54,954	35,704
Other education revenue	43,800	43,800	69,437	25,637
Total revenues	<u>\$ 15,431,655</u>	<u>\$ 15,431,655</u>	<u>\$ 15,876,702</u>	<u>\$ 445,047</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, 2014

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Town council/boards	\$ 33,235	\$ -	\$ 33,235	\$ 31,411	\$ 1,824
Clerk/treasurer/tax collector	104,228	-	104,228	115,989	(11,761)
Finance	87,873	-	87,873	88,366	(493)
Executive administration	75,718	-	75,718	74,973	745
Insurance	84,192	-	84,192	85,853	(1,661)
Contracted services	46,558	-	46,558	43,160	3,398
Central services	757,132	-	757,132	912,702	(155,570)
Computer services	19,377	-	19,377	18,761	616
Assessing	47,387	-	47,387	44,888	2,499
Code enforcement	52,679	-	52,679	52,915	(236)
Donations	5,100	-	5,100	5,100	-
	<u>1,313,479</u>	<u>-</u>	<u>1,313,479</u>	<u>1,474,118</u>	<u>(160,639)</u>
Public safety					
Police department	581,529	-	581,529	599,131	(17,602)
Fire department	150,445	-	150,445	151,487	(1,042)
Communications center	197,833	-	197,833	206,174	(8,341)
Ambulance service	679,236	-	679,236	792,860	(113,624)
Street lights	32,800	-	32,800	34,480	(1,680)
Hydrant rental	229,220	-	229,220	284,395	(55,175)
Emergency management	50	-	50	-	50
	<u>1,871,113</u>	<u>-</u>	<u>1,871,113</u>	<u>2,068,527</u>	<u>(197,414)</u>
Public works					
Highways	400,175	-	400,175	446,961	(46,786)
	<u>400,175</u>	<u>-</u>	<u>400,175</u>	<u>446,961</u>	<u>(46,786)</u>
Health and sanitation					
Solid waste	506,664	-	506,664	480,753	25,911
	<u>506,664</u>	<u>-</u>	<u>506,664</u>	<u>480,753</u>	<u>25,911</u>

TOWN OF WINTHROP, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Social services					
General assistance	46,655	-	46,655	15,363	31,292
General assistance administration	18,760	-	18,760	24,215	(5,455)
	<u>65,415</u>	<u>-</u>	<u>65,415</u>	<u>39,578</u>	<u>25,837</u>
Recreation and culture					
Library	183,629	-	183,629	200,404	(16,775)
Recreation programs	47,780	-	47,780	45,245	2,535
Norcross point park	1,950	-	1,950	1,654	296
	<u>233,359</u>	<u>-</u>	<u>233,359</u>	<u>247,303</u>	<u>(13,944)</u>
Education	<u>9,763,349</u>	<u>-</u>	<u>9,763,349</u>	<u>9,609,327</u>	<u>154,022</u>
County tax	<u>622,095</u>	<u>-</u>	<u>622,095</u>	<u>622,095</u>	<u>-</u>
Capital outlay	<u>198,559</u>	<u>-</u>	<u>198,559</u>	<u>246,810</u>	<u>(48,251)</u>
Debt service					
Principal	285,195	-	285,195	285,195	-
Interest	56,717	-	56,717	55,307	1,410
	<u>341,912</u>	<u>-</u>	<u>341,912</u>	<u>340,502</u>	<u>1,410</u>
TIF	<u>58,881</u>	<u>-</u>	<u>58,881</u>	<u>58,881</u>	<u>-</u>
Overlay	<u>10,767</u>	<u>-</u>	<u>10,767</u>	<u>7,161</u>	<u>3,606</u>
Unclassified					
Cemetery	33,777	-	33,777	41,049	(7,272)
Cobbosse watershed district	72,874	-	72,874	72,874	-
Landfill building	7,545	-	7,545	9,299	(1,754)
	<u>114,196</u>	<u>-</u>	<u>114,196</u>	<u>123,222</u>	<u>(9,026)</u>
Total Expenditures	<u>\$ 15,499,964</u>	<u>\$ -</u>	<u>\$ 15,499,964</u>	<u>\$ 15,765,238</u>	<u>\$ (265,274)</u>

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

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,648	\$ 154,996	\$ 51,358	\$ 210,002
Investments	-	-	739,134	739,134
Due from other funds	130,443	16,580	750	147,773
TOTAL ASSETS	<u>\$ 134,091</u>	<u>\$ 171,576</u>	<u>\$ 791,242</u>	<u>\$ 1,096,909</u>
LIABILITIES				
Accrued payroll	\$ 5,711	\$ -	\$ -	\$ 5,711
Due to other funds	108,056	47,407	450	155,913
TOTAL LIABILITIES	<u>113,767</u>	<u>47,407</u>	<u>450</u>	<u>161,624</u>
FUND BALANCES				
Nonspendable - principal	-	-	325,644	325,644
Restricted	110,169	53	465,148	575,370
Committed	22,525	148,303	-	170,828
Assigned	17	-	-	17
Unassigned	(112,387)	(24,187)	-	(136,574)
TOTAL FUND BALANCES	<u>20,324</u>	<u>124,169</u>	<u>790,792</u>	<u>935,285</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 134,091</u>	<u>\$ 171,576</u>	<u>\$ 791,242</u>	<u>\$ 1,096,909</u>

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

SCHEDULE C

TOWN OF WINTHROP, MAINE

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

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 434,188	\$ -	\$ -	\$ 434,188
Investment income, net of unrealized gains/(losses)	-	-	65,324	65,324
Interest income	4	292	5,417	5,713
Charges for services	17,581	-	-	17,581
Other income	570	23,895	750	25,215
TOTAL REVENUES	<u>452,343</u>	<u>24,187</u>	<u>71,491</u>	<u>548,021</u>
EXPENDITURES				
Public safety	3,929	-	-	3,929
Education	479,064	-	3,585	482,649
Program expenses	11,834	1,214	-	13,048
Capital outlay	-	9,999	-	9,999
TOTAL EXPENDITURES	<u>494,827</u>	<u>11,213</u>	<u>3,585</u>	<u>509,625</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(42,484)</u>	<u>12,974</u>	<u>67,906</u>	<u>38,396</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	45,514	-	-	45,514
Operating transfers (out)	(23,838)	-	-	(23,838)
TOTAL OTHER FINANCING SOURCES (USES)	<u>21,676</u>	<u>-</u>	<u>-</u>	<u>21,676</u>
NET CHANGE IN FUND BALANCES	(20,808)	12,974	67,906	60,072
FUND BALANCES - JULY 1	<u>41,132</u>	<u>111,195</u>	<u>722,886</u>	<u>875,213</u>
FUND BALANCES - JUNE 30	<u>\$ 20,324</u>	<u>\$ 124,169</u>	<u>\$ 790,792</u>	<u>\$ 935,285</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, 2014

	Winthrop Unites	Police Drug Forfeiture	Byrne PD Computer Kennebec	Drug Forfeiture Grant	Snowmobile Grant	Fire Dept Grant
ASSETS						
Cash and cash equivalents	\$ -	\$ 3,648	\$ -	\$ -	\$ -	\$ -
Due from other funds	9,548	-	-	-	-	-
TOTAL ASSETS	<u>\$ 9,548</u>	<u>\$ 3,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES						
Accrued payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	1,380	152	856	833	6,815
TOTAL LIABILITIES	<u>-</u>	<u>1,380</u>	<u>152</u>	<u>856</u>	<u>833</u>	<u>6,815</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	2,268	-	-	-	-
Committed	9,548	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	(152)	(856)	(833)	(6,815)
TOTAL FUND BALANCES	<u>9,548</u>	<u>2,268</u>	<u>(152)</u>	<u>(856)</u>	<u>(833)</u>	<u>(6,815)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,548</u>	<u>\$ 3,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF WINTHROP, MAINE

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

	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	-	-	-	-	2,331
TOTAL ASSETS	<u>\$ 14,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,331</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	-	-	-	-	2,331
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>2,331</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,331</u>

SCHEDULE D (CONTINUED)

TOWN OF WINTHROP, MAINE

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

	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, 2014

	YMCA Summer Rec	MEMA Grant Generator	Library Expansion Grant	Highway Safety	School Grants	Totals
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,648
Due from other funds	-	22,634	24,000	-	46,687	130,443
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 22,634</u>	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ 46,687</u>	<u>\$ 134,091</u>
LIABILITIES						
Accrued payroll	\$ -	\$ -	\$ -	\$ -	\$ 5,711	\$ 5,711
Due to other funds	-	-	-	1,990	88,067	108,056
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,990</u>	<u>93,778</u>	<u>113,767</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	22,634	24,000	-	43,162	110,169
Committed	-	-	-	-	3,508	22,525
Assigned	-	-	-	-	17	17
Unassigned	-	-	-	(1,990)	(93,778)	(112,387)
TOTAL FUND BALANCES	<u>-</u>	<u>22,634</u>	<u>24,000</u>	<u>(1,990)</u>	<u>(47,091)</u>	<u>20,324</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 22,634</u>	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ 46,687</u>	<u>\$ 134,091</u>

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

SCHEDULE E

TOWN OF WINTHROP, MAINE

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

	Winthrop Unites	Police Drug Forfeiture	Byrne PD Computer Kennebec	Drug Forfeiture Grant	Snowmobile Grant	Fire Dept Grant
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 3,600	\$ -
Interest income	-	4	-	-	-	-
Charges for services	-	-	-	-	-	-
Other revenues	-	160	-	-	-	-
TOTAL REVENUES	-	164	-	-	3,600	-
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Public safety	-	-	1,456	-	-	-
Education	-	-	-	-	-	-
Program expenses	386	-	-	-	4,433	-
TOTAL EXPENDITURES	386	-	1,456	-	4,433	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(386)	164	(1,456)	-	(833)	-
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(386)	164	(1,456)	-	(833)	-
FUND BALANCES - JULY 1	9,934	2,104	1,304	(856)	-	(6,815)
FUND BALANCES - JUNE 30	\$ 9,548	\$ 2,268	\$ (152)	\$ (856)	\$ (833)	\$ (6,815)

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, 2014

	Cops Fast Federal Grant	PD Bullet Vest Grant	Forestry Grant	MCCS Facility Maint Grant	Green Committee	MMA Safety Enhancement
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ 2,473	\$ -	\$ -	\$ 2,000
Interest income	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
TOTAL REVENUES	-	-	2,473	-	-	2,000
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Public safety	-	-	2,473	-	-	-
Education	-	-	-	-	-	-
Program expenses	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	2,473	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	2,000
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-	-	2,000
FUND BALANCES - JULY 1	14,618	(5,642)	(2,040)	(47)	(96)	331
FUND BALANCES - JUNE 30	\$ 14,618	\$ (5,642)	\$ (2,040)	\$ (47)	\$ (96)	\$ 2,331

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, 2014

	Solar Panel Grant	Summer Concert	Winthrop Community Coalition	FEMA Reimbursement PW Roads	Library Roof Repair	Trail Committee Project
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Education	-	-	-	-	-	-
Program expenses	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-
FUND BALANCES - JULY 1	1,156	585	4,400	2,016	(138)	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, 2014

	YMCA Summer Rec	MEMA Grant Generator	Library Expansion Grant	Highway Safety	Other School Grants	Totals
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 426,115	\$ 434,188
Interest income	-	-	-	-	-	4
Charges for services	-	-	-	-	17,581	17,581
Other revenues	-	-	-	-	410	570
TOTAL REVENUES	-	-	-	-	444,106	452,343
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Public safety	-	-	-	-	-	3,929
Education	-	-	-	-	479,064	479,064
Program expenses	7,015	-	-	-	-	11,834
TOTAL EXPENDITURES	7,015	-	-	-	479,064	494,827
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,015)	-	-	-	(34,958)	(42,484)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	45,514	45,514
Operating transfers (out)	-	-	-	-	(23,838)	(23,838)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	21,676	21,676
NET CHANGE IN FUND BALANCES	(7,015)	-	-	-	(13,282)	(20,808)
FUND BALANCES - JULY 1	7,015	22,634	24,000	(1,990)	(33,809)	41,132
FUND BALANCES - JUNE 30	\$ -	\$ 22,634	\$ 24,000	\$ (1,990)	\$ (47,091)	\$ 20,324

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, 2014

	Landfill Closing	Equipment Reserve	Community Mural Project	Fire Truck Reserve	Public Works Reserve	Sweeper Reserve
ASSETS						
Cash and cash equivalents	\$ 4,302	\$ 79	\$ 449	\$ 10,460	\$ 17,424	\$ 88,501
Investments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 4,302</u>	<u>\$ 79</u>	<u>\$ 449</u>	<u>\$ 10,460</u>	<u>\$ 17,424</u>	<u>\$ 88,501</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	4,241	79	449	10,460	-	88,501
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	(13,576)	-
TOTAL FUND BALANCES	<u>4,241</u>	<u>79</u>	<u>449</u>	<u>10,460</u>	<u>(13,576)</u>	<u>88,501</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,302</u>	<u>\$ 79</u>	<u>\$ 449</u>	<u>\$ 10,460</u>	<u>\$ 17,424</u>	<u>\$ 88,501</u>

TOWN OF WINTHROP, MAINE

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

	Development Fund (TIF)	Transfer Stat Loading Area	Downtown Development	Fire Station Fund	Skate Park	Workplace Safety
ASSETS						
Cash and cash equivalents	\$ 66	\$ 9,412	\$ 8,257	\$ 1,409	\$ 4,082	\$ 4,424
Investments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 66</u>	<u>\$ 9,412</u>	<u>\$ 8,257</u>	<u>\$ 1,409</u>	<u>\$ 4,082</u>	<u>\$ 4,424</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	11,327
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,327</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	66	9,412	8,257	1,409	4,082	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(6,903)
TOTAL FUND BALANCES	<u>66</u>	<u>9,412</u>	<u>8,257</u>	<u>1,409</u>	<u>4,082</u>	<u>(6,903)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 66</u>	<u>\$ 9,412</u>	<u>\$ 8,257</u>	<u>\$ 1,409</u>	<u>\$ 4,082</u>	<u>\$ 4,424</u>

TOWN OF WINTHROP, MAINE

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

	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	\$ 1,659	\$ 169	\$ 1,986	\$ 1,311
Investments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 146</u>	<u>\$ 111</u>	<u>\$ 1,659</u>	<u>\$ 169</u>	<u>\$ 1,986</u>	<u>\$ 1,311</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	1,659	169	1,986	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(3,708)
TOTAL FUND BALANCES	<u>146</u>	<u>111</u>	<u>1,659</u>	<u>169</u>	<u>1,986</u>	<u>(3,708)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 146</u>	<u>\$ 111</u>	<u>\$ 1,659</u>	<u>\$ 169</u>	<u>\$ 1,986</u>	<u>\$ 1,311</u>

TOWN OF WINTHROP, MAINE

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

	Road Reconstruction	Library Building	School Capital Reserve	Totals
ASSETS				
Cash and cash equivalents	\$ 53	\$ 696	\$ -	\$ 154,996
Investments	-	-	-	-
Due from other funds	-	6,684	9,896	16,580
TOTAL ASSETS	<u>\$ 53</u>	<u>\$ 7,380</u>	<u>\$ 9,896</u>	<u>\$ 171,576</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	47,407
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,407</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	53	-	-	53
Committed	-	7,380	9,896	148,303
Assigned	-	-	-	-
Unassigned	-	-	-	(24,187)
TOTAL FUND BALANCES	<u>53</u>	<u>7,380</u>	<u>9,896</u>	<u>124,169</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 53</u>	<u>\$ 7,380</u>	<u>\$ 9,896</u>	<u>\$ 171,576</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, 2014

	Landfill Closing	Equipment Reserve	Community Mural Project	Fire Truck Reserve	Public Works Reserve	Sweeper Reserve
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	8	-	1	5	34	170
Other income	-	-	-	-	-	4,000
TOTAL REVENUES	<u>8</u>	<u>-</u>	<u>1</u>	<u>5</u>	<u>34</u>	<u>4,170</u>
EXPENDITURES						
Program expenses	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>8</u>	<u>-</u>	<u>1</u>	<u>5</u>	<u>34</u>	<u>4,170</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	8	-	1	5	34	4,170
FUND BALANCES - JULY 1	<u>4,233</u>	<u>79</u>	<u>448</u>	<u>10,455</u>	<u>(13,610)</u>	<u>84,331</u>
FUND BALANCES - JUNE 30	<u>\$ 4,241</u>	<u>\$ 79</u>	<u>\$ 449</u>	<u>\$ 10,460</u>	<u>\$ (13,576)</u>	<u>\$ 88,501</u>

SCHEDULE G (CONTINUED)

TOWN OF WINTHROP, MAINE

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

	Development Fund (TIF)	Transfer Stat Loading Area	Downtown Development	Fire Station Fund	Skate Park	Workplace Safety
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	18	16	3	8	19
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	18	16	3	8	19
EXPENDITURES						
Program expenses	-	-	-	-	-	1,214
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	1,214
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	18	16	3	8	(1,195)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	18	16	3	8	(1,195)
FUND BALANCES - JULY 1	66	9,394	8,241	1,406	4,074	(5,708)
FUND BALANCES - JUNE 30	\$ 66	\$ 9,412	\$ 8,257	\$ 1,409	\$ 4,082	\$ (6,903)

TOWN OF WINTHROP, MAINE

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

	Ambulance Reserve	Tax Loss Reserve	Sand / Salt Shed Reserve	Ball Field Reserve	Mt. Pisgah Trail Reserve	Voting Mach Reserve
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	3	-	4	2
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	-	3	-	4	2
EXPENDITURES						
Program expenses	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	3	-	4	2
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	3	-	4	2
FUND BALANCES - JULY 1	146	111	1,656	169	1,982	(3,710)
FUND BALANCES - JUNE 30	<u>\$ 146</u>	<u>\$ 111</u>	<u>\$ 1,659</u>	<u>\$ 169</u>	<u>\$ 1,986</u>	<u>\$ (3,708)</u>

TOWN OF WINTHROP, MAINE

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

	Road Reconstruction	Library Building	School Capital Reserve	Totals
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Interest income	-	1	-	292
Other income	-	-	19,895	23,895
TOTAL REVENUES	-	1	19,895	24,187
EXPENDITURES				
Program expenses	-	-	-	1,214
Capital outlay	-	-	9,999	9,999
TOTAL EXPENDITURES	-	-	9,999	11,213
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	1	9,896	12,974
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	1	9,896	12,974
FUND BALANCES - JULY 1	53	7,379	-	111,195
FUND BALANCES - JUNE 30	\$ 53	\$ 7,380	\$ 9,896	\$ 124,169

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, 2014

	Alice Whiting	Avis Cadwell	Bud Clough	Charlie Rollins	Del Bisonette	George F. Wilson
ASSETS						
Cash and cash equivalents	\$ 125	\$ 1,627	\$ 454	\$ 42	\$ 582	\$ 307
Investments	1,796	23,417	6,537	598	8,380	4,411
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,921</u>	<u>\$ 25,044</u>	<u>\$ 6,991</u>	<u>\$ 640</u>	<u>\$ 8,962</u>	<u>\$ 4,718</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ 150	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable - principal	1,000	15,000	3,783	250	5,000	2,473
Restricted	921	10,044	3,058	390	3,962	2,245
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,921</u>	<u>25,044</u>	<u>6,841</u>	<u>640</u>	<u>8,962</u>	<u>4,718</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,921</u>	<u>\$ 25,044</u>	<u>\$ 6,991</u>	<u>\$ 640</u>	<u>\$ 8,962</u>	<u>\$ 4,718</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2014

	Harry & Flora May Davis	Helena Bisonette Seamans	Herbert E. Wadsworth	Nellie Tuttle Valedictorian	P. Daniel Coyne	Pam Webb
ASSETS						
Cash and cash equivalents	\$ 586	\$ 549	\$ 4,878	\$ 98	\$ 398	\$ 403
Investments	8,437	7,899	70,200	1,410	5,734	5,805
Due from other funds	-	-	-	-	150	250
TOTAL ASSETS	<u>\$ 9,023</u>	<u>\$ 8,448</u>	<u>\$ 75,078</u>	<u>\$ 1,508</u>	<u>\$ 6,282</u>	<u>\$ 6,458</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	4,023	3,448	39,452	508	2,969	3,157
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>9,023</u>	<u>8,448</u>	<u>75,078</u>	<u>1,508</u>	<u>6,282</u>	<u>6,458</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,023</u>	<u>\$ 8,448</u>	<u>\$ 75,078</u>	<u>\$ 1,508</u>	<u>\$ 6,282</u>	<u>\$ 6,458</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2014

	Rockwood Memorial Library	Ron Cross	Stanley A. Kazney	Thomas Calagni	Walter A. Taylor	Helen A. Griffin
ASSETS						
Cash and cash equivalents	\$ 106	\$ 886	\$ 11,593	\$ 307	\$ 496	\$ 542
Investments	1,528	12,753	166,839	4,418	7,133	7,804
Due from other funds	-	350	-	-	-	-
TOTAL ASSETS	<u>\$ 1,634</u>	<u>\$ 13,989</u>	<u>\$ 178,432</u>	<u>\$ 4,725</u>	<u>\$ 7,629</u>	<u>\$ 8,346</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable - principal	500	5,373	100,000	3,557	3,171	985
Restricted	1,134	8,616	78,132	1,168	4,458	7,361
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,634</u>	<u>13,989</u>	<u>178,132</u>	<u>4,725</u>	<u>7,629</u>	<u>8,346</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,634</u>	<u>\$ 13,989</u>	<u>\$ 178,432</u>	<u>\$ 4,725</u>	<u>\$ 7,629</u>	<u>\$ 8,346</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2014

	Marshall Hills	Frank Parker	Subtotal Education Scholarships	Town Scholarship N. Tuttle Needy
ASSETS				
Cash and cash equivalents	\$ 175	\$ 486	\$ 24,640	\$ 205
Investments	2,515	6,994	354,608	2,955
Due from other funds	-	-	750	-
TOTAL ASSETS	\$ 2,690	\$ 7,480	\$ 379,998	\$ 3,160
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ 450	\$ -
TOTAL LIABILITIES	-	-	450	-
FUND BALANCES				
Nonspendable - principal	2,000	6,160	202,492	1,000
Restricted	690	1,320	177,056	2,160
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	2,690	7,480	379,548	3,160
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,690	\$ 7,480	\$ 379,998	\$ 3,160

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2014

	Cemetery Trust	H. Johnson Fund	I Bonney Fund	Totals
ASSETS				
Cash and cash equivalents	\$ 26,118	\$ 165	\$ 230	\$ 51,358
Investments	375,889	2,379	3,303	739,134
Due from other funds	-	-	-	750
TOTAL ASSETS	<u>\$ 402,007</u>	<u>\$ 2,544</u>	<u>\$ 3,533</u>	<u>\$ 791,242</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ 450
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>450</u>
FUND BALANCES				
Nonspendable - principal	121,352	300	500	325,644
Restricted	280,655	2,244	3,033	465,148
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>402,007</u>	<u>2,544</u>	<u>3,533</u>	<u>790,792</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 402,007</u>	<u>\$ 2,544</u>	<u>\$ 3,533</u>	<u>\$ 791,242</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, 2014

	Alice Whiting	Avis Cadwell	Bud Clough	Charlie Rollins	Del Bisonette	George F. Wilson
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ 152	\$ 2,141	\$ 574	\$ 52	\$ 761	\$ 401
Interest income	13	176	47	4	63	33
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>165</u>	<u>2,317</u>	<u>621</u>	<u>56</u>	<u>824</u>	<u>434</u>
EXPENDITURES						
Scholarships	-	600	300	-	-	-
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>600</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>165</u>	<u>1,717</u>	<u>321</u>	<u>56</u>	<u>824</u>	<u>434</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	165	1,717	321	56	824	434
FUND BALANCES - JULY 1	<u>1,756</u>	<u>23,327</u>	<u>6,520</u>	<u>584</u>	<u>8,138</u>	<u>4,284</u>
FUND BALANCES - JUNE 30	<u>\$ 1,921</u>	<u>\$ 25,044</u>	<u>\$ 6,841</u>	<u>\$ 640</u>	<u>\$ 8,962</u>	<u>\$ 4,718</u>

SCHEDULE I (CONTINUED)

TOWN OF WINTHROP, MAINE

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

	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)	\$ 773	\$ 719	\$ 6,433	\$ 130	\$ 527	\$ 527
Interest income	64	59	530	11	43	43
Other income	-	-	-	-	150	250
TOTAL REVENUES	<u>837</u>	<u>778</u>	<u>6,963</u>	<u>141</u>	<u>720</u>	<u>820</u>
EXPENDITURES						
Scholarships	100	-	-	10	75	250
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>100</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>75</u>	<u>250</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>737</u>	<u>778</u>	<u>6,963</u>	<u>131</u>	<u>645</u>	<u>570</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	737	778	6,963	131	645	570
FUND BALANCES - JULY 1	<u>8,286</u>	<u>7,670</u>	<u>68,115</u>	<u>1,377</u>	<u>5,637</u>	<u>5,888</u>
FUND BALANCES - JUNE 30	<u>\$ 9,023</u>	<u>\$ 8,448</u>	<u>\$ 75,078</u>	<u>\$ 1,508</u>	<u>\$ 6,282</u>	<u>\$ 6,458</u>

SCHEDULE I (CONTINUED)

TOWN OF WINTHROP, MAINE

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

	Rockwood Memorial Library	Ron Cross	Stanley A. Kazney	Thomas Calagni	Walter A. Taylor	Helen A. Griffin
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ 74	\$ 1,168	\$ 15,105	\$ (86)	\$ 685	\$ 717
Interest income	6	96	1,243	35	56	59
Other income	-	350	-	-	-	-
TOTAL REVENUES	<u>80</u>	<u>1,614</u>	<u>16,348</u>	<u>(51)</u>	<u>741</u>	<u>776</u>
EXPENDITURES						
Scholarships	-	450	1,200	-	-	100
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>450</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>100</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>80</u>	<u>1,164</u>	<u>15,148</u>	<u>(51)</u>	<u>741</u>	<u>676</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	80	1,164	15,148	(51)	741	676
FUND BALANCES - JULY 1	<u>1,554</u>	<u>12,825</u>	<u>162,984</u>	<u>4,776</u>	<u>6,888</u>	<u>7,670</u>
FUND BALANCES - JUNE 30	<u>\$ 1,634</u>	<u>\$ 13,989</u>	<u>\$ 178,132</u>	<u>\$ 4,725</u>	<u>\$ 7,629</u>	<u>\$ 8,346</u>

TOWN OF WINTHROP, MAINE

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

	Marshall Hills	Frank Parker	Subtotal Education Scholarships	Town Scholarship N. Tuttle Needy
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 224	\$ 649	\$ 31,726	\$ 187
Interest income	18	53	2,652	15
Other income	-	-	750	-
TOTAL REVENUES	<u>242</u>	<u>702</u>	<u>35,128</u>	<u>202</u>
EXPENDITURES				
Scholarships	-	500	3,585	-
Other	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>500</u>	<u>3,585</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>242</u>	<u>202</u>	<u>31,543</u>	<u>202</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	242	202	31,543	202
FUND BALANCES - JULY 1	<u>2,448</u>	<u>7,278</u>	<u>348,005</u>	<u>2,958</u>
FUND BALANCES - JUNE 30	<u>\$ 2,690</u>	<u>\$ 7,480</u>	<u>\$ 379,548</u>	<u>\$ 3,160</u>

TOWN OF WINTHROP, MAINE

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

	Cemetery Trust	H. Johnson Fund	I Bonney Fund	Totals
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 33,099	\$ 115	\$ 197	\$ 65,324
Interest income	2,724	10	16	5,417
Other income	-	-	-	750
TOTAL REVENUES	<u>35,823</u>	<u>125</u>	<u>213</u>	<u>71,491</u>
EXPENDITURES				
Scholarships	-	-	-	3,585
Other	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,585</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>35,823</u>	<u>125</u>	<u>213</u>	<u>67,906</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	35,823	125	213	67,906
FUND BALANCES - JULY 1	<u>366,184</u>	<u>2,419</u>	<u>3,320</u>	<u>722,886</u>
FUND BALANCES - JUNE 30	<u>\$ 402,007</u>	<u>\$ 2,544</u>	<u>\$ 3,533</u>	<u>\$ 790,792</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, 2014

	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	3,359,506	-	5,246,857
Recreation & culture	44,000	394,433	454,336	76,041	968,810
Education	735,140	17,580,872	1,580,922	-	19,896,934
Public works	92,700	1,277,850	1,875,902	5,496,676	8,743,128
Total General Capital Assets	1,963,849	22,075,505	7,974,975	5,572,717	37,587,046
Less: Accumulated Depreciation	-	(8,912,610)	(6,185,046)	(3,198,973)	(18,296,629)
Net General Capital Assets	<u>\$ 1,963,849</u>	<u>\$ 13,162,895</u>	<u>\$ 1,789,929</u>	<u>\$ 2,373,744</u>	<u>\$ 19,290,417</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, 2014

	General Capital Assets 7/1/13	Additions	Deletions	General Capital Assets 6/30/14
General government	\$ 2,731,317	\$ -	\$ -	\$ 2,731,317
Public safety	5,016,233	230,624	-	5,246,857
Recreation & culture	968,810	-	-	968,810
Education	19,798,374	98,560	-	19,896,934
Public works	8,743,128	-	-	8,743,128
Total General Capital Assets	37,257,862	329,184	-	37,587,046
Less: Accumulated Depreciation	(17,123,658)	(1,172,971)	-	(18,296,629)
Net General Capital Assets	<u>\$ 20,134,204</u>	<u>\$ (843,787)</u>	<u>\$ -</u>	<u>\$ 19,290,417</u>

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

TOWN OF WINTHROP, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2014

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	\$ 13,311
School Breakfast Program	10.555	013-06A-7127-05	84,388
School Lunch Program	10.555	013-06A-7128-95	124,103
Total Department of Agriculture			<u>221,802</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	146,976
Title I CIPS	84.010	013-05A-6334-13	14,384
Local Entitlement	84.027	013-05A-6317-12	138,885
Rural Low Income	84.358	013-05A-1078-03	9,756
Title IIA-Teaching Quality	84.367	013-05A-1138-11	28,009
College Access Grant	84.378	N/A	6,241
Adult Ed and Family Literacy	84.002	013-05A-6296-64	6,782
Total Department of Education			<u>351,033</u>
U.S. Department of Commerce Passed through State of Maine-Department of Education			
NTIA/MARTI	11.557	020-05A-3112-64	1,682
TOTAL FEDERAL ASSISTANCE			<u>\$ 574,517</u>

TOWN OF WINTHROP, MAINE

NOTES TO SCHEDULE OF FEDERAL AWARDS
JUNE 30, 2014

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 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, the financial statements of the governmental activities, the business-type 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, 2014, 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 September 19, 2014.

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 correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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 instances of noncompliance or other matters 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
September 19, 2014



Proven Expertise and Integrity

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, Maine's major federal programs for the year ended June 30, 2014. The Town of Winthrop, Maine'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, Maine'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, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Winthrop, Maine's compliance.

Opinion on Each Major Federal Program

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, 2014.

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, Maine'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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Winthrop, Maine'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. 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
September 19, 2014

TOWN OF WINTHROP, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

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, Maine for the year ended June 30, 2014 and have issued our report thereon dated September 19, 2014. 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
September 19, 2014

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WINTHROP SCHOOL DEPARTMENT

RECONCILIATION OF MEDMS ANNUAL REPORT TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Fund (3000)	Totals
June 30, 2014 balance per MEDMS financial system	\$ 362,748	\$ (72,481)	\$ 291,053	\$ 581,320
Revenue Adjustments:				
Expenditure Adjustments:				
Other adjustments:				
Fund 0300 - ARRA Title I	-	105	-	105
Fund 1500 - Adult Education	-	34,007	-	34,007
Fund 2001 - Target Field Trip Grant	-	15	-	15
Fund 2015 - Adult Ed Enrichment	-	(13,622)	-	(13,622)
Fund 2300 - Title IA	-	(3,043)	-	(3,043)
Fund 2260 - Adult Ed ITV (beginning balance)	-	5,529	-	5,529
Fund 2470 - Local Entitlement	-	(5,711)	-	(5,711)
Fund 2900 - ITV (beginning balance)	-	(5,529)	-	(5,529)
Fund 6150 - Adult Ed Enrichment (beginning balance)	-	13,622	-	13,622
Audit Adjustments not posted	(715,168)	-	-	(715,168)
Rounding	-	-	-	-
Not reported on MEDMS:				
Fund 2150 - Fun after School	-	17	-	17
Fund 4001 - Capital Reserve	-	-	9,896	9,896
Audited GAAP Basis Fund balance June 30, 2014	<u>\$ (352,420)</u>	<u>\$ (47,091)</u>	<u>\$ 300,949</u>	<u>\$ (98,562)</u>