

TOWN OF MILLINOCKET, MAINE

Annual Financial Report

For the Year Ended June 30, 2014

TOWN OF MILLINOCKET, MAINE
Annual Financial Report
For the Year Ended June 30, 2014

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Independent Auditor's Report

Town Council
Town of Millinocket, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town of Millinocket, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town of Millinocket, Maine, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress for the retiree healthcare plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Millinocket, Maine's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements 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 December 12, 2014 on our consideration of the Town of Millinocket, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Millinocket, Maine's internal control over financial reporting and compliance.

A handwritten signature in cursive script, reading "Remy Kristen Ouellette".

December 12, 2014
South Portland, Maine

TOWN OF MILLINOCKET, MAINE
Management's Discussion and Analysis
June 30, 2014

The Town of Millinocket's annual financial report is hereby submitted for Fiscal Year 2014, which covers the period of July 1, 2013 to June 30, 2014. The Town is the responsible party to ensure the accuracy, completeness, and fairness of the data and other information presented. It is the belief of management that all the information contained herein is accurate in all material respects and reflects fairly the financial position and operations of the Town. This Management's Discussion and Analysis is designed to offer further explanation of the information contained herein.

Fiscal Year 2014 marks the twelfth year that the Town was required to comply with the accounting standard called GASB 34. GASB is the Governmental Accounting Standards Board that sets regulations by which audits are conducted. GASB 34 refers to the accounting standard that requires municipalities to track capital assets and other items. It also requires the compilation of this report. This report includes all of the Town's equipment, buildings, land, and infrastructure investments (i.e., roads, sidewalks, storm drains, and sewers).

This year also features the sixth year of GASB 45, a standard that addresses the long-term costs of retiree health benefits.

FINANCIAL STATEMENTS

The audit contains several major components. The Basic Financial Statements reflect the activities in the Town's general fund, its proprietary account for Wastewater, and its fiduciary (trust) funds. Other related accounts include reserve funds that are set aside for special, specific purposes. Notes to the Basic Financial Statements offer explanations of various entries, policies, and obligations of the Town. These include items such as the tax commitment, long-term debt, etc. Finally, the Combining and Individual Fund Financial Statements address balance sheets and statements of revenues, expenditures, and changes in fund balances for the various funds (general, special, reserve, and permanent). The Table of Contents in the front section of the audit provides the specific pages where the various statements and exhibits can be found.

Governmental fund accounts use the modified accrual basis of accounting. This method measures cash and all other financial assets that can be converted to cash in a quick manner. Governmental activities are reported in the Statement of Net Position and the Statement of Activities, which both use the accrual method because the information is cast in a context similar to the method used by most private sector companies. Each of these statements report changes in the Town's net position. Net position is simply the difference between assets and liabilities and this difference becomes one way to measure the financial position of the Town. Other factors include changes in the property tax base and the condition of the Town's infrastructure. Proprietary funds are also maintained on an accrual accounting basis, as they are treated as business-type accounts.

Comparative figures between this year and last are used to add clarity to the Town's condition and to provide the reader with more information.

TOWN OF MILLINOCKET, MAINE
Management's Discussion and Analysis, Continued

CONDENSED PRESENTATION OF FINANCIAL INFORMATION

The following information is condensed from Statement 1, Statement of Net Position for Fiscal Year 2014 (pg. 13) compared to Fiscal Year 2013. It distinguishes between capital and other assets, notes the Town's general liabilities and debt service, and shows the Town's net position by restricted and unrestricted amounts. This information is for the Town's Governmental Activities and Business-type Activities.

	2014 Govt Activities	2014 Bus-type Activities	2014 Total	2013 Govt Activities	2013 Bus-type Activities	2013 Total
Assets:						
Current and other assets	\$ 5,968,474	1,111,426	7,079,900	4,303,322	1,064,082	5,367,404
Capital assets	11,002,317	4,070,073	15,072,390	11,118,349	4,251,134	15,369,483
Total assets	16,970,791	5,181,499	22,152,290	15,421,671	5,315,216	20,736,887
Liabilities:						
Other liabilities	5,654,556	65,927	5,720,483	4,701,591	46,832	4,748,423
Long-term debt	4,115,580	1,321,206	5,436,786	4,590,713	1,503,441	6,094,154
Total liabilities	9,770,136	1,387,133	11,157,269	9,292,304	1,550,273	10,842,577
Net position:						
Net investment in capital asset	6,886,737	2,748,867	9,635,604	6,527,636	2,747,693	9,275,329
Restricted	402,280	-	402,280	412,006	-	412,006
Unrestricted	(88,362)	1,045,499	957,137	(810,275)	1,017,250	206,975
Total net position	\$ 7,200,655	3,794,366	10,995,021	6,129,367	3,764,943	9,894,310

TYPES OF ACTIVITIES BY FISCAL YEAR

The information in the following chart is drawn from Statement 2, Statement of Activities (pg. 14), in a reformulated presentation to show overall revenues, expenses, and net position. While total expenses for all departments (including Wastewater) totaled \$13,960,075, other revenues contributed to make the net amount raised by property taxes \$6,019,897 (net of tax increment financing reimbursements). Put another way, property taxes financed 43% in FY14 compared to FY13's 37% of the total costs of providing municipal, school, county, and wastewater expenses. It should be noted that Wastewater is entirely self-financed through user fees and other related revenues and does not use any property taxes to support its budget. Under GASB 34, however, it is necessary to include its revenues and expenses in these totals.

TOWN OF MILLINOCKET, MAINE
Management's Discussion and Analysis, Continued

TYPES OF ACTIVITIES BY FISCAL YEAR

	2014 Govt Activities	2014 Bus-type Activities	2014 Total	2013 Govt Activities	2013 Bus-type Activities	2013 Total
Revenues:						
Program revenues:						
Charges for services-						
Municipal	\$ 835,622	-	835,622	963,136	-	963,136
School	618,629	-	618,629	300,493	-	300,493
Wastewater	-	657,855	657,855	-	511,649	511,649
Operating contributions	4,249,121	-	4,249,121	4,313,421	-	4,313,421
Capital contributions	-	-	-	1,375,916	-	1,375,916
General revenues:						
Property taxes	6,019,897	-	6,019,897	5,269,800	-	5,269,800
Vehicle excise taxes	702,843	-	702,843	672,172	-	672,172
Interest and lien costs	84,209	-	84,209	38,848	-	38,848
Homestead/BETE exemption	542,280	-	542,280	407,892	-	407,892
Other state aid	488,075	-	488,075	28,583	-	28,583
State revenue sharing	456,780	-	456,780	892,581	-	892,581
Investment earnings	8,201	2,462	10,663	6,866	2,070	8,936
Loss on disposal of assets	(24,537)	-	(24,537)	(51,503)	-	(51,503)
Miscellaneous	419,349	-	419,349	216,869	-	216,869
Total revenues	14,400,469	660,317	15,060,786	14,435,074	513,719	14,948,793
Expenses:						
General government	690,417	-	690,417	503,156	-	503,156
Protection	1,552,107	-	1,552,107	1,632,112	-	1,632,112
Town services	1,081,293	-	1,081,293	1,000,093	-	1,000,093
Community services	809,629	-	809,629	813,443	-	813,443
Education	6,953,439	-	6,953,439	7,362,909	-	7,362,909
Maine PERS	415,777	-	415,777	474,465	-	474,465
Insurance/fringe benefits	1,060,080	-	1,060,080	1,056,796	-	1,056,796
County tax	229,572	-	229,572	360,283	-	360,283
Food service	333,871	-	333,871	339,945	-	339,945
Interest on debt	132,289	-	132,289	152,428	-	152,428
Unclassified	3,000	-	3,000	-	-	-
Capital maintenance expenses	86,107	-	86,107	29,470	-	29,470
Wastewater	-	612,494	612,494	-	642,554	642,554
Total expenses	13,347,581	612,494	13,960,075	13,725,100	642,554	14,367,654
Transfers	18,400	(18,400)	-	18,400	(18,400)	-
Change in net position	1,071,288	29,423	1,100,711	728,374	(147,235)	581,139
Net position beginning of year	6,129,367	3,764,943	9,894,310	5,400,993	3,912,178	9,313,171
Net position end of year	\$ 7,200,655	3,794,366	10,995,021	6,129,367	3,764,943	9,894,310

TOWN OF MILLINOCKET, MAINE
Management's Discussion and Analysis, Continued

ANALYSIS OF TOWN POSITION AND OPERATIONS

In all material respects, the position and operations of the Town of Millinocket general fund increased during FY14. It has been reported to the Town Council, School Board and to the Citizens in a variety of open meetings, that the Town has a severely limited cash flow. The Town's 2014 unassigned fund balance has systematically decreased down to \$1,679,548 from 2013's unassigned fund balance of \$1,699,569. This could interrupt operations for both Town and School if not managed well.

The mil rate for FY14 increased to 0.2995 (\$29.95 per \$1,000 in valuation) from a 26.4 rate in FY13. The primary driver of the increase was the continued devaluation of industrial property. The Town raised \$500,000 in taxes to replenish the cash flow (fund balance) and in addition, the Town raised about \$257,757 in overlay in FY14. Because of the increased mil rate, the Town received more BETE and Homestead Reimbursement than was budgeted, which also added to the increased fund balance and cash flow.

While the Town secured a Tax Anticipation Note in the amount of \$1 million, the Town never drew upon the funds for operations. The Town chose to manage its cash flow and expenditures to avoid borrowing monies that would be required to be paid back prior to June 30, 2014. This action was taken because of management was not confident of the Town's ability to pay back this loan in full.

Cate Street Capital (Great Northern Paper) paid its second half taxes for FY13 in August of 2013 but did not pay any FY14 taxes until sales from the mill auction that took place late spring-early summer 2014. Over the course of the summer of 2013 and throughout 2014, aggressive demolition of the former paper mill facility progressed. As a result of the demolition and subsequent auction of the machinery and equipment, the Town has an anticipated loss of value of \$35 million in FY15 and another predicted loss of about \$50 million in FY16. This significant taxable value loss directly resulted in significant budget reductions as well.

The FY14 municipal budget reductions and revenue decrease was reduced by a combined amount of \$801,211 from FY13. The FY14 total school budget reductions and revenue decrease had a combined reduction of \$330,916 from FY13. This reduction trend continued into FY15 budgets and will most definitely continue into FY16. In total, the Town budgets have been reduced in expenditures and revenues by \$1,205,397 from FY12.

Cate Street is continuing to proceed on a major new project to manufacture a coal substitute for use in Europe that will help coal burning plants there to reduce their carbon footprint. These wood pellets are called "torrefied wood" and will help diversify the area's economy while still using our prime resource: wood. The company will be called Thermogen.

<p>In 2008, the Town had two businesses that failed to meet their job creation benefit that was required by the Community Development Block Grant program for loans they each obtained from CDBG in previous years. Allagash Valve and Controls entered into a payment plan with the State and has now completed their obligation. The other company, Brims Ness, is still in limbo and discussions with them have been sporadic. These funds are granted to communities and require the guarantee of job creation or face recall of the loaned funds to the State. The Town is vulnerable to the recall of the outstanding balance of the Brims Ness loan of \$250,000 if they are not repaid by the recipient. Brimms Ness was written off the accounts by the Council on June 12, 2012.</p>
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Reflecting the economic circumstances of the area, the level of property tax collections was 65.60% compared to 78.56% in 2013, 94.83% in 2012 and 96.34% in 2011. These figures are below the normal range of tax collections for Millinocket, but are remarkable given the challenges many of our property owners currently face. The 65.60% on property tax collections is due to the fact that GNP West, Inc., GNP West, Inc.-Cate Street Capital and GNP Holdings II, LLC had not paid any property taxes to the Town as of June 30, 2014. Cate Street Capital, Inc which is the named owner of the GNP Guest House has paid its taxes.

TOWN OF MILLINOCKET, MAINE
Management's Discussion and Analysis, Continued

All of the unpaid properties, which are listed in 30 separate accounts, have a real estate lien filed with the Penobscot Registry of Deeds. The unpaid personal property has a UCC lien filed with the Maine and Delaware Secretaries of State.

In addition, the Town is also dealing with a number of other residential properties that continue to default on taxes and sewer invoices owed. Over the past year and one-half, the Town has processed 71 tax acquired properties owing a total tax and sewer amount of \$349,112. Some owners of record paid to retain ownership, others were sold in a sealed bid process and the remaining are being offered to abutters for demolition in an effort to enhance the abutters property. The Town has collected a total of \$130,047 for unpaid property taxes, \$27,548 for unpaid sewer bills, \$15,746 in fees collected and \$37,022 for net sale price for a total of \$210,363 collected.

SIGNIFICANT BUDGET VARIANCES

Property taxes were committed on August 23, 2013. As usual, there were a number of variances between what was budgeted by functional area and what was actually received in revenues or spent in expenditures. The Council appropriated monies from reserve to aid economic development and expansion of existing industry in Millinocket. The Council approved two grants totaling \$100,000 to be funded through SMI TIF monies and another amount of \$10,181 for new awnings for the Municipal Building, appropriated \$18,530 from Fund Balance for capital expenditures such as municipal computers, phone system and municipal building roof repair for the town, transferred \$90,601 from MDOT Highway Block Grant for hot top projects and spent an additional \$75,000 in KARE funds for the Katahdin Region. Due to this transfer of reserve or fund balance monies, the overall expenditures for the Town look to be over what was anticipated.

SUMMARY OF CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

CAPITAL ASSETS

For the past several years, the Town has developed and maintained a Capital Improvement Plan (CIP), but has not routinely funded it as part of the budget. This plan's list is updated annually as part of the budget cycle. The plan is for equipment needs only and does not include buildings, technical equipment or highway improvements at this time. Also, street paving is a separate sub-account in the Public Works budget for FY14.

For FY14, the Town Council did not spend any monies for capital equipment needs.

In FY14, the Town established reserves to replace or repair all heavy equipment, technical equipment, buildings and roads. Part of the funding came from carry forward amounts at the budget year end and from proceeds of equipment sales.

LONG-TERM DEBT

The State allows municipalities to borrow up to 15% of their total state valuation. Since the value of the Town was \$193,746,526 in FY14, the town's debt limit is at 2.37% as compared to 3.1% in FY13. Our current bonded debt is \$5,337,818. This debt includes \$2,870,285 in school projects, \$1,146,327 for municipal purposes (including the new pool, energy improvements and fire trucks) and \$1,321,206 for Wastewater. The Wastewater debt is repaid through user fees, not property tax revenues.

Current wastewater debt expires in 2028. The last school loan will be repaid in 2018. The municipal loans are for the new pool that is a 15 year obligation, energy improvements will be paid off in 2020, a 2011 new fire pumper tanker (matures 2019) and a 2002 Fire Kovatch Truck (matures 2017).

TOWN OF MILLINOCKET, MAINE
Management's Discussion and Analysis, Continued

The strategic use of debt has become more important for key projects in recent years. The Town has been judicious with debt. The use of debt spreads out the costs of needed improvements of a capital nature as opposed to the current method of mostly paying as we go. Debt, however, becomes a fixed cost going forward and limits the flexibility that is sometimes needed to finance an operating budget. However as the total valuation continues to decline, the percent of the total indebtedness compared to the total valuation will increase placing a larger burden on the remaining property owners to continue to fund.

FUTURE SIGNIFICANT IMPACTS

The future for Millinocket looks challenging and will be a success only if the community joins in with local officials to seek a new economic vitality. Caution should be employed when reducing municipal and school operations so as to enable any opportunity for rebound should economic activities take place.

The Millinocket paper mill facility is currently under demolition. It is anticipated that the Administration and Engineering and Research buildings will remain intact. With much of the demolition of the mill facility completed, number 11 paper machine is slated for removal in FY15 which will remove the remainder of the mill valuation. However, the Town must now brace itself as over 90% of GNP, West, Inc loses its value and must consider options to remain viable.

As a result, this impending decreased tax valuation will negatively impact the ability of the Town and School to continue to operate "business as usual" and significant changes to services should be expected. The Town Council and School Committee will need to work together to develop a strategic plan of services as well as work with the businesses and citizens to define operations and future developments as part of redefining what the Town of Millinocket will be for future generations.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Millinocket's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager, Town of Millinocket, Maine, 197 Penobscot Avenue, Millinocket, Maine 04462 or at manager@millinocket.org

Respectfully submitted,

Margaret N. Daigle
Millinocket Town Manager

BASIC FINANCIAL STATEMENTS

TOWN OF MILLINOCKET, MAINE
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,848,968	99,558	1,948,526
Investments	343,011	470,774	813,785
Receivables:			
Accounts, net of allowance of \$27,000	588,143	484,693	1,072,836
Intergovernmental	229,339	-	229,339
Taxes receivable	2,545,011	-	2,545,011
Tax liens	144,487	-	144,487
Notes, net of allowance of \$12,667	287,806	-	287,806
Internal balances	(51,063)	51,063	-
Inventory	32,772	-	32,772
Other	-	5,338	5,338
Capital assets, not being depreciated	283,317	5,912	289,229
Capital assets, net of accumulated depreciation	10,719,000	4,064,161	14,783,161
Total assets	16,970,791	5,181,499	22,152,290
LIABILITIES			
Cash overdraft	50,495	-	50,495
Accounts payable and other current liabilities	1,321,999	6,201	1,328,200
Unearned revenue	41,984	-	41,984
Accrued wages and benefits payable	644,153	3,013	647,166
Accrued compensated absences	272,162	56,713	328,875
Other post-employment benefits	3,294,316	-	3,294,316
Accrued interest	29,447	-	29,447
Noncurrent liabilities:			
Due within one year	593,847	182,591	776,438
Due in more than one year	3,521,733	1,138,615	4,660,348
Total liabilities	9,770,136	1,387,133	11,157,269
NET POSITION			
Net investment in capital assets	6,886,737	2,748,867	9,635,604
Restricted for:			
Nonexpendable trust principal	16,401	-	16,401
Other purposes	385,879	-	385,879
Unrestricted	(88,362)	1,045,499	957,137
Total net position	\$ 7,200,655	3,794,366	10,995,021

See accompanying notes to basic financial statements.

TOWN OF MILLINOCKET, MAINE
 Statement of Activities
 For the Year Ended June 30, 2014

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 690,417	83,434	-	-	(606,983)	-	(606,983)
Protection	1,552,107	440,633	9,577	-	(1,101,897)	-	(1,101,897)
Town services	1,081,293	173,016	47,432	-	(860,845)	-	(860,845)
Community services	809,629	138,539	72,561	-	(598,529)	-	(598,529)
Education	6,953,439	518,456	3,491,850	-	(2,943,133)	-	(2,943,133)
On-behalf payments - Maine PERS	415,777	-	415,777	-	-	-	-
Insurance and fringe benefits	1,060,080	-	-	-	(1,060,080)	-	(1,060,080)
County tax	229,572	-	-	-	(229,572)	-	(229,572)
Food service	333,871	100,173	211,924	-	(21,774)	-	(21,774)
Unclassified	3,000	-	-	-	(3,000)	-	(3,000)
Capital maintenance expenses	86,107	-	-	-	(86,107)	-	(86,107)
Interest on debt	132,289	-	-	-	(132,289)	-	(132,289)
Total governmental activities	13,347,581	1,454,251	4,249,121	-	(7,644,209)	-	(7,644,209)
Business-type activities:							
Wastewater treatment plant	612,494	657,855	-	-	-	45,361	45,361
Total business-type activities	612,494	657,855	-	-	-	45,361	45,361
Total primary government	\$ 13,960,075	2,112,106	4,249,121	-	(7,644,209)	45,361	(7,598,848)
General revenues:							
Property taxes, levied for general purposes					\$ 6,019,897	-	6,019,897
Motor vehicle excise taxes					702,843	-	702,843
Interest and lien costs					84,209	-	84,209
Grants and contributions not restricted to specific programs:							
Homestead and BETE exemptions					542,280	-	542,280
Other State aid					488,075	-	488,075
State Revenue Sharing					456,780	-	456,780
Unrestricted investment earnings					8,201	2,462	10,663
Miscellaneous revenues					419,349	-	419,349
Loss on disposal of assets					(24,537)	-	(24,537)
Transfers					18,400	(18,400)	-
Total general revenues and transfers					8,715,497	(15,938)	8,699,559
Change in net position					1,071,288	29,423	1,100,711
Net position - beginning					6,129,367	3,764,943	9,894,310
Net position - ending					\$ 7,200,655	3,794,366	10,995,021

See accompanying notes to basic financial statements.

TOWN OF MILLINOCKET, MAINE
Balance Sheet
Governmental Funds
June 30, 2014

	General	Capital Reserve Funds	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,795,004	-	53,964	1,848,968
Investments	-	304,042	38,969	343,011
Receivables:				
Accounts, net of allowance of \$27,000	588,143	-	-	588,143
Intergovernmental	-	-	229,339	229,339
Taxes receivable	2,545,011	-	-	2,545,011
Tax liens	144,487	-	-	144,487
Notes, net of allowance of \$12,667	-	-	287,806	287,806
Interfund loans receivable	-	259,463	26,896	286,359
Inventory	20,313	-	12,459	32,772
Total assets	\$ 5,092,958	563,505	649,433	6,305,896
LIABILITIES				
Cash overdraft	50,495	-	-	50,495
Accounts payable	1,320,615	-	1,384	1,321,999
Unearned revenue	-	-	41,984	41,984
Accrued wages and benefits	468,901	-	175,252	644,153
Interfund loans payable	282,926	13,425	41,071	337,422
Total liabilities	2,122,937	13,425	259,691	2,396,053
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,102,400	-	-	1,102,400
Total deferred inflows of resources	1,102,400	-	-	1,102,400
FUND BALANCES				
Nonspendable	20,313	-	316,666	336,979
Restricted	-	-	98,073	98,073
Committed	-	550,080	13,425	563,505
Assigned - Town	167,760	-	-	167,760
Unassigned - School	(450,708)	-	(38,422)	(489,130)
Unassigned - Town	2,130,256	-	-	2,130,256
Total fund balances	1,867,621	550,080	389,742	2,807,443
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,092,958	563,505	649,433	
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.				11,002,317
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.				1,102,400
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:				
Compensated absences payable				(272,162)
Other post employment benefits				(3,294,316)
Accrued interest				(29,447)
Capital leases payable				(98,968)
Bonds payable				(4,016,612)
Net position of governmental activities				\$ 7,200,655

See accompanying notes to basic financial statements.

TOWN OF MILLINOCKET, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2014

	General	Capital Reserve Funds	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 6,095,949	-	-	6,095,949
Licenses and permits	48,151	-	-	48,151
Intergovernmental	4,411,660	-	908,819	5,320,479
Intergovernmental on-behalf payments	415,777	-	-	415,777
Tuition and other charges for services - education	409,901	-	-	409,901
Charges for services	433,395	-	208,728	642,123
Fees and fines	11,250	-	-	11,250
Unclassified	762,015	-	160	762,175
Investment earnings	55	33	8,113	8,201
Total revenues	12,588,153	33	1,125,820	13,714,006
Expenditures:				
Current:				
General government	670,086	-	-	670,086
Protection	1,509,804	-	1,013	1,510,817
Town services	972,376	-	-	972,376
Community services	675,175	-	-	675,175
Education	5,676,959	-	822,446	6,499,405
On-behalf payments - Maine PERS	415,777	-	-	415,777
Insurance and fringe benefits	978,789	-	-	978,789
County tax	229,572	-	-	229,572
Food services	-	-	333,871	333,871
Unclassified	-	-	3,000	3,000
Capital outlay	659,295	-	-	659,295
Debt service	678,017	-	-	678,017
Total expenditures	12,465,850	-	1,160,330	13,626,180
Excess (deficiency) of revenues over (under) expenditures	122,303	33	(34,510)	87,826
Other financing sources (uses):				
Proceeds from capital leases	75,000	-	-	75,000
Transfers from other funds	136,409	211,007	21,693	369,109
Transfers to other funds	(217,941)	(132,768)	-	(350,709)
Total other financing sources (uses)	(6,532)	78,239	21,693	93,400
Net change in fund balances	115,771	78,272	(12,817)	181,226
Fund balances, beginning of year	1,751,850	471,808	402,559	2,626,217
Fund balances, end of year	\$ 1,867,621	550,080	389,742	2,807,443

See accompanying notes to basic financial statements.

TOWN OF MILLINOCKET, 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 (from Statement 4)	\$	181,226
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$664,683) and loss on disposal (\$24,537) exceeded capital outlay (\$573,188). (116,032)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in deferred revenue. 711,000

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. This is the decrease in accrued compensated absences (\$79,951) and accrued interest (\$13,071), and the increase in other post-employment benefits (\$273,061). (180,039)

Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which lease proceeds (\$75,000) exceeded repayments (\$17,476). (57,524)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayments. 532,657

Change in net position of governmental activities (see Statement 2)	\$	1,071,288
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See accompanying notes to basic financial statements.

TOWN OF MILLINOCKET, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the year ended June 30, 2014

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 6,787,957	6,787,957	6,095,949	(692,008)
Licenses and permits	46,850	46,850	48,151	1,301
Intergovernmental	3,880,548	3,880,548	4,411,660	531,112
Tuition and other charges for services - education	519,486	519,486	409,901	(109,585)
Charges for services	446,443	446,443	433,395	(13,048)
Fees and fines	4,182	4,182	11,250	7,068
Unclassified	545,305	545,305	762,015	216,710
Investment earnings	1,000	1,000	55	(945)
Total revenues	12,231,771	12,231,771	12,172,376	(59,395)
Expenditures:				
Current:				
General government	530,999	530,999	670,086	(139,087)
Protection	1,513,750	1,513,750	1,509,804	3,946
Town services	987,781	987,781	972,376	15,405
Community services	668,389	668,389	675,175	(6,786)
Education	5,823,992	5,823,992	5,623,695	200,297
Insurance and fringe benefits	994,755	994,755	978,789	15,966
County tax	229,572	229,572	229,572	-
Capital outlay	251,267	251,267	584,295	(333,028)
Debt service	689,840	689,840	678,017	11,823
Total expenditures	11,690,345	11,690,345	11,921,809	(231,464)
Excess (deficiency) of revenues over (under) expenditures	541,426	541,426	250,567	(290,859)
Other financing sources (uses):				
Budgeted utilization of surplus - Town	176,128	176,128	-	(176,128)
Budgeted excess to restore Town fund balance	(500,000)	(500,000)	-	500,000
Budgeted utilization of surplus - School	39,996	39,996	-	(39,996)
Overlay	(257,757)	(257,757)	-	257,757
Transfers from other funds	21,900	21,900	136,409	114,509
Transfers to other funds	(21,693)	(21,693)	(217,941)	(196,248)
Total other financing sources (uses)	(541,426)	(541,426)	(81,532)	459,894
Net change in fund balance - budgetary basis	-	-	169,035	169,035
Reconciliation to GAAP basis:				
Change in accrued teacher summer salaries			(53,264)	
Net change in fund balance - GAAP basis			115,771	
Fund balance, beginning of year			1,751,850	
Fund balance, end of year	\$		1,867,621	

See accompanying notes to basic financial statements.

TOWN OF MILLINOCKET, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2014

Business-type Activities - Enterprise Funds		Wastewater Treatment Plant
ASSETS		
Current assets:		
Cash and cash equivalents	\$	99,558
Investments		470,774
Accounts receivable		484,693
Interfund loans receivable		51,063
Loan origination fees - net		5,338
Total current assets		1,111,426
Noncurrent assets:		
Capital assets		12,853,912
Less accumulated depreciation		(8,783,839)
Total noncurrent assets		4,070,073
Total assets		5,181,499
LIABILITIES		
Current liabilities:		
Accounts payable		6,201
Accrued wages		3,013
Accrued compensated absences		56,713
Bonds payable, current		182,591
Total current liabilities		248,518
Noncurrent liabilities:		
Bonds payable		1,138,615
Total noncurrent liabilities		1,138,615
Total liabilities		1,387,133
NET POSITION		
Net investment in capital assets		2,748,867
Unrestricted		1,045,499
Total net position	\$	3,794,366

See accompanying notes to basic financial statements.

TOWN OF MILLINOCKET, MAINE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2014

Business-type Activities - Enterprise Funds		Wastewater Treatment Plant
Operating revenues:		
Charges for services	\$	639,361
Other		18,494
Total operating revenues		657,855
Operating expenses:		
Administration		125,586
Operations		276,865
Depreciation and amortization		188,308
Total operating expenses		590,759
Operating income (loss)		67,096
Nonoperating revenue (expense):		
Interest income		2,462
Interest expense		(21,735)
Total nonoperating revenue (expense)		(19,273)
Income before transfers		47,823
Transfers out		(18,400)
Change in net position		29,423
Total net position, beginning of year		3,764,943
Total net position, end of year		\$ 3,794,366

See accompanying notes to basic financial statements.

TOWN OF MILLINOCKET, MAINE
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2014

Business-type Activities - Enterprise Funds		Wastewater Treatment Plant
Cash flows from operating activities:		
Receipts from customers and users	\$	565,065
Payments to suppliers		(177,254)
Payments to employees		(206,102)
Net cash provided by operating activities		181,709
Cash flows from noncapital financing activities:		
Transfer to other funds		(18,400)
Net cash used in noncapital financing activities		(18,400)
Cash flows from capital and related financing activities:		
Purchase of capital assets		(5,912)
Principal payments on bonds		(182,235)
Interest paid		(21,735)
Net cash used in capital and relating financing activities		(209,882)
Cash flows from investing activities:		
Sale of investments		97,538
Investment income		2,462
Net cash provided by investing activities		100,000
Increase in cash and cash equivalents		53,427
Cash and cash equivalents, beginning of year		46,131
Cash and cash equivalents, end of year	\$	99,558
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income (loss)	\$	67,096
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization		188,308
Increase in operating assets:		
Accounts receivable		(92,790)
Increase (decrease) in operating liabilities:		
Accounts payable		5,770
Accrued wages and benefits payable		533
Accrued compensated absences		12,792
Net cash provided by operating activities		181,709

See accompanying notes to basic financial statements.

TOWN OF MILLINOCKET, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

		<u>Agency Fund</u> <u>School Activity</u> <u>Fund</u>
ASSETS		
Cash and cash equivalents	\$	83,479
Total assets		83,479
LIABILITIES		
Due to student groups		83,479
Total liabilities		83,479
NET POSITION		
Held in trust	\$	-

See accompanying notes to basic financial statements.

TOWN OF MILLINOCKET, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Millinocket, Maine was incorporated as a Town in 1901 under the laws of the State of Maine. The Town operates under a council-manager form of government.

A. Reporting Entity

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Town of Millinocket, Maine (the primary government) and its component units. The decision to include a potential component unit was made by applying the criteria set forth in accounting principles generally accepted in the United States of America which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Additionally, certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government or component unit. Based on the application of these criteria, there were no potential component units required to be included in this report.

B. Government-wide and Fund Financial Statements

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

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

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

TOWN OF MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

The Town reports the following major governmental funds:

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

The Capital Reserve Funds are used to account for transactions related to capital reserves held by the Town.

The Town reports the following major proprietary fund:

The Wastewater Treatment Plant Fund accounts for the operation of a sewer system in Millinocket.

Additionally, the Town reports the following fund type:

Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. The Town's fiduciary funds include the following fund type:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. The funds are used to account for assets that the Town holds for others in an agency capacity.

TOWN OF MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary fund is charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as time deposits and certificates of deposit owned by the Town. State statutes authorize the Town to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

Investments are stated at fair value, unless otherwise indicated. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Investments of the Permanent Funds, Wastewater Treatment Plant Fund and Capital Reserve Funds are pooled on a cost basis, with each individual fund subscribing to or disposing of interest in the investment pool on the basis of cost value at the beginning of the fiscal year. As such, investment income, investment expense, and gains and losses on sales of investments are allocated to each fund based on its proportionate interest in the investment pool.

E. Inventory

Inventory consists of airport fuel and supplies and School Lunch Program food, supplies and donated commodities and is recorded at the lower of cost or market on the first-in, first-out basis.

F. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

TOWN OF MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

For the primary government, the following estimated useful lives are used to compute depreciation:

Buildings and improvements	10-50 years
Interceptors	35 years
Sewer lines	35-100 years
Equipment and vehicles	5-50 years
Infrastructure	40 years

G. Deferred Inflows of Resources

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

H. Compensated Absences

Under the terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

I. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, if material to basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

J. Interfund Transactions

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers of resources to provide services, construct assets and service debt. These transactions are reported as transfers.

TOWN OF MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

K. Fund Equity

Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

Generally, all unexpended budgetary accounts lapse at the close of the fiscal year. The Town Council has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. The Town Council has designated the responsibility for assigning fund balance to the Town Manager.

Although not a formal policy, when both restricted and unrestricted resources are available for use, it is the Town’s intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the Town’s practice to use committed or assigned resources first, and then unassigned resources as they are needed.

L. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is employed by the School Department. Encumbrances, if any, have been shown as assigned fund balance at year-end.

M. Use of Estimates

Preparation of the Town’s financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

N. Comparative Data/Reclassifications

Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

TOWN OF MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary vs. GAAP Basis of Accounting

Through June 30, 2014, the Town did not budget for revenues and expenditures related to teachers' summer pay and benefits on an accrual basis.

As required by accounting principles generally accepted in the United States of America (GAAP), the Town has recorded a revenue and expenditure for Maine Public Employees Retirement contributions made by the State of Maine on behalf of the Town of Millinocket School Department. These amounts have not been budgeted and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$415,777. These amounts have been included as an intergovernmental revenue and an education expenditure/expense in the General Fund on Statement 4 (GAAP basis) and on the Statement of Activities (Statement 2). There is no effect on the fund balance/net position at the end of the year.

Budget Information

The Town utilizes a formal budgetary accounting system to control revenues and expenditures accounted for in the General Fund. These budgets are established in accordance with the various laws of the State of Maine which govern the Town's operations. The budget has been prepared consistent with the modified accrual basis of accounting. Generally, all unexpended appropriations lapse at the close of the fiscal year.

Excess of Expenditures over Appropriations

For the year ended June 30, 2014, expenditures exceeded appropriations in the following categories:

Town Manager and Council	\$ 486	Human resources/assistance	282
Town Clerk and Tax Collector	6,410	Public health and welfare agencies	990
Municipal building	449	Special capital Improvements **	436,518
Audit and bookkeeping	963	Ambulance	54,242
Legal services	11,118	Street and road maintenance	15,282
Economic Development Committee	128,435	KARE *	57,438
DARE Program – donations *	2,346		

* The Town used assigned fund balances to cover these overages.

** This was offset by Airport grant proceeds for equal amounts.

DEPOSITS AND INVESTMENTS

As of June 30, 2014, the Town had the following investments:

	<u>Fair value</u>	<u>Weighted average maturity (years)</u>	<u>Credit rating</u>
Certificate of deposit	\$ 271,035	N/A	N/A
Money market	542,750	N/A	N/A
<u>Total Investments</u>	<u>\$ 813,785</u>	<u>N/A</u>	<u>N/A</u>

TOWN OF MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

DEPOSITS AND INVESTMENTS, CONTINUED

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town currently does not have a deposit policy for custodial credit risk. As of June 30, 2014, all of the Town’s bank balance of \$2,152,584 was insured and/or collateralized.

Custodial credit risk - investments – For investments, this is the risk 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. The Town currently does not have an investment policy for custodial credit risk. Of the Town’s \$813,785 investment in money market and certificates of deposit, \$93,010 was uninsured and/or uncollateralized.

Credit risk – Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. The Town currently does not have an investment policy for credit risk.

Interest rate risk – The Town does not have a deposit policy for interest rate risk.

As of June 30, 2014, the Town reported the following cash and investments:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	Fiduciary <u>Funds</u>	<u>Total</u>
Cash	\$ 1,848,968	99,558	83,479	2,032,005
Investments	343,011	470,774	-	813,785
Cash overdraft	(50,495)	-	-	(50,495)
Total	\$ 2,141,484	570,332	83,479	2,795,295

PROPERTY TAX

Property taxes for the current period were committed on August 23, 2013, on the assessed value listed as of April 1, 2013, for all real and personal property located in the Town. Payments of taxes were due in equal installments on September 26, 2013 and January 14, 2014. Interest at the rate of 7% per annum was charged on any amounts remaining unpaid after these dates. Assessed values are periodically established by the Assessor's agent at 100% of assumed market value. The 2014 assessed value was 100% of the estimated market value and 129% of the 2014 state valuation of \$186,750,000.

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 \$257,757 for the period 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.

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

TOWN OF MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

PROPERTY TAX, CONTINUED

The following summarizes the tax levies:

	<u>2014</u>	<u>2013</u>
Assessed value	\$ 240,839,500	244,847,800
Tax rate (per \$1,000)	29.95	26.40
Commitment	7,213,143	6,463,982
Supplemental taxes assessed	2,645	-
	7,215,788	6,463,982
Less:		
Collections and abatements	4,733,740	5,077,881
Receivable at end of period	\$ 2,482,048	1,386,101
Collection rate	65.60%	78.56%

CAPITAL ASSETS

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

	Balance June 30, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2014</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 283,317	-	-	283,317
Construction in progress	1,001,726	486,518	1,488,244	-
Total capital assets, not being depreciated	1,285,043	486,518	1,488,244	283,317
Capital assets, being depreciated:				
Land improvements	3,834,562	1,488,244	-	5,322,806
Buildings and building improvements	8,686,458	-	-	8,686,458
Equipment and vehicles	7,020,609	86,670	195,619	6,911,660
Infrastructure	3,441,980	-	-	3,441,980
Total capital assets being depreciated	22,983,609	1,574,914	195,619	24,362,904
Less accumulated depreciation for:				
Land improvements	534,327	122,533	-	656,860
Buildings and building improvements	3,972,495	288,805	-	4,261,300
Equipment and vehicles	5,235,839	251,351	171,082	5,316,108
Infrastructure	3,407,642	1,994	-	3,409,636
Total accumulated depreciation	13,150,303	664,683	171,082	13,643,904
Total capital assets being depreciated, net	9,833,306	910,231	24,537	10,719,000
Governmental activities capital assets, net	\$ 11,118,349	1,396,749	1,512,781	11,002,317

TOWN OF MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS, CONTINUED

	Balance June 30, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2014</u>
Business-type activities:				
Capital assets, not being depreciated:				
<u>Construction in progress</u>	\$ -	5,912	-	5,912
Capital assets, being depreciated:				
Buildings and building improvements	4,714,643	-	-	4,714,643
Interceptors	1,113,395	-	-	1,113,395
Equipment and vehicles	814,145	-	-	814,145
<u>Infrastructure, sewer lines and equipment</u>	6,205,817	-	-	6,205,817
Total capital assets being depreciated	12,848,000	-	-	12,848,000
Less accumulated depreciation for:				
Buildings and building improvements	4,419,285	69,804	-	4,489,089
Interceptors	1,047,033	31,724	-	1,078,757
Equipment and vehicles	558,282	25,530	-	583,812
<u>Infrastructure, sewer lines and equipment</u>	2,572,266	59,915	-	2,632,181
Total accumulated depreciation	8,596,866	186,973	-	8,783,839
<u>Total capital assets being depreciated, net</u>	4,251,134	(186,973)	-	4,064,161
<u>Business-type activities capital assets, net</u>	\$ 4,251,134	(181,061)	-	4,070,073

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

Governmental activities:	
General government	\$ 18,531
Protection	80,424
Town services	123,112
Community services	154,439
Education	288,177

Total depreciation expense - governmental activities **\$ 664,683**

Business-type activities:

<u>Wastewater Treatment Plant</u>	<u>186,973</u>
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Total depreciation expense - business activities **\$ 186,973**

TOWN OF MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

PENSION PLANS

Maine Public Employees Retirement System (Maine PERS) - Consolidated Plan

Description of the Plan - The Town contributes to the Maine Public Employees Retirement System Consolidated Plan, a cost sharing multiple-employer retirement system established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefits rests with the 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 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 6.5% of their annual covered salary and the Town is required to contribute an actuarially determined rate. The current rate ranges from 5.3% to 10% of annual covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employees Retirement System Board of Trustees. The Town's contributions to the Maine Public Employees Retirement System Consolidated Plan for the year ended June 30, 2014, 2013 and 2012 were \$48,333, \$44,757, and \$18,545, respectively, equal to the required contributions for each year.

Maine Public Employees Retirement System – Teachers Group

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher group. The School Department's payroll for employees covered by this group, for the fiscal year ended June 30, 2014 was \$2,706,885. The State of Maine Department of Education is required to contribute the unfunded actuarial liability portion of the employer contribution rate (13.03%) and the health and benefits component (2.33%) for a total of 15.36%. This amounted to \$415,777 for the fiscal year 2014. The School Department is required to contribute the normal cost of the employer contribution, which amounts to 2.65% of their compensation. The School Department is required to contribute the entire amount of the employer contribution for federally funded teachers, for which the School Department contributed 18.48%. This cost is charged to the applicable grant.

Deferred Compensation Plan

The Town offers all its employees a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets are not included in the Town's financial statements.

TOWN OF MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2014 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$ 4,549,269	-	532,657	4,016,612	563,332
Capital leases	41,444	75,000	17,476	98,968	30,515
Other post-employment benefits	3,021,255	987,097	714,036	3,294,316	-
<u>Accrued compensated absences</u>	<u>352,113</u>	<u>-</u>	<u>79,951</u>	<u>272,162</u>	<u>-</u>
Governmental activity					
<u>long-term liabilities</u>	<u>\$ 7,964,081</u>	<u>1,062,097</u>	<u>1,344,120</u>	<u>7,682,058</u>	<u>593,847</u>
Business-type activities:					
General obligation bonds	1,503,441	-	182,235	1,321,206	182,591
<u>Accrued compensated absences</u>	<u>43,921</u>	<u>12,792</u>	<u>-</u>	<u>56,713</u>	<u>-</u>
Business-type activities					
<u>long-term liabilities</u>	<u>\$ 1,547,362</u>	<u>12,792</u>	<u>182,235</u>	<u>1,377,919</u>	<u>182,591</u>

Bonds and notes payable at June 30, 2014 are comprised of the following:

	<u>Date of issue</u>	<u>Original amount issued</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance June 30, 2014</u>
Governmental activities:					
School improvements	05/01/98	\$ 4,560,000	2018	Varies	\$ 1,591,701
2006 Series C	10/26/06	1,200,000	2021	Varies	640,000
2009 GOB	08/03/09	341,354	2020	4.96%	204,813
2011 GOB (1)	10/27/11	1,465,000	2026	4.45%	1,278,584
2011 Int'l. Pumper Fire Truck	03/29/13	228,401	2020	2.95%	181,553
<u>Kovatch Fire Truck</u>	<u>08/14/12</u>	<u>159,599</u>	<u>2018</u>	<u>2.88%</u>	<u>119,961</u>
<u>Total governmental activities</u>					<u>\$ 4,016,612</u>
Business-type activities:					
Sewer line expansion	04/01/03	\$ 1,922,632	2017	1.33%	512,702
CWSRF	05/16/08	1,050,000	2028	1.80%	773,317
<u>2009 GOB</u>	<u>08/03/09</u>	<u>58,646</u>	<u>2020</u>	<u>4.96%</u>	<u>35,187</u>
<u>Total business-type activities</u>					<u>\$ 1,321,206</u>

TOWN OF MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

(1) The Town has entered into an agreement with the bank to fund the retirement of the 2011 General Obligation Bond with annual payments to a trust account. The payments deposited into the trust account are invested and it is anticipated that earnings on the deposit will fund a significant portion of the debt retirement obligation. As such, the payments made into the trust are less than what would be required under a traditional payment schedule. When the bond matures, there is a possibility that the deposits made plus the investment earnings will not be sufficient to retire the entire principal and interest obligation. In that scenario, the Town would be obligated to make a payment to retire and remaining principal or interest due. As of June 30, 2014, the value of the trust account equaled \$193,029.

Arbitrage rebate - Pursuant to the Tax Reform Act of 1986, municipalities issuing tax-exempt bonds or entering into note or lease obligations are required to perform an arbitrage rebate calculation upon the fifth anniversary of the obligation and to remit such rebate to the federal government, subject to certain exceptions. There are certain exceptions which result in a municipal issuer not having to calculate or pay the required rebate. The Town of Millinocket has met these exceptions since the effective date of the regulations.

The annual requirements to amortize all long-term debt outstanding as of June 30, 2014 are as follows:

<u>June 30,</u>	<u>Governmental activities</u>			<u>Business-type activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 562,332	119,009	681,341	182,591	22,634	205,225
2016	572,527	95,687	668,214	183,985	20,369	204,354
2017	590,536	71,466	662,002	184,885	18,087	202,972
2018	592,369	46,299	638,668	185,799	15,790	201,589
2019	594,420	21,244	615,664	58,556	14,022	72,578
2020-2024	757,923	9,137	767,060	283,894	52,917	336,811
2025-2029	346,505	-	346,505	241,496	23,537	265,033
Total	\$ 4,016,612	362,842	4,379,454	1,321,206	167,356	1,488,562

The Town is subject to a statutory limitation, by the State of Maine, of its general long-term debt equal to 15% of the State's valuation of the Town. The Town's outstanding long-term debt of \$5,337,818 at June 30, 2014 was within the statutory limit.

OBLIGATIONS UNDER CAPITAL LEASES

The Town and School Department have entered into several lease agreements. These leases qualify as capital leases for accounting purposes, and therefore have been recorded in the government-wide financial statements at the present value of future minimum lease payments as of the date of inception. These assets are recorded as capital assets in the government-wide financial statements.

TOWN OF MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

OBLIGATIONS UNDER CAPITAL LEASES, CONTINUED

The following items have been capitalized under capital leases as of June 30, 2014:

Copiers	\$ 162,281
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Minimum future lease payments under capital leases are:

<u>Year ended June 30,</u>	
2015	\$ 35,842
2016	18,862
2017	18,862
2018	17,671
2019	<u>16,480</u>
Total minimum lease payments	107,717
<u>Less amount representing interest</u>	<u>8,749</u>
Present value of future	
<u>minimum lease payments</u>	<u>\$ 98,968</u>

SHORT-TERM DEBT

The Town issues tax anticipation notes to cover cash shortfalls during the year. The authorized amount is \$1,000,000. Short-term debt activity for the year ended June 30, 2014, was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>
	<u>balance</u>			<u>balance</u>
Tax anticipation notes	\$ -	-	-	-

FUND BALANCE

The General Fund unassigned fund balance total of \$1,679,548 represents fund balance of \$2,130,256 for the Town and (\$450,708) for the School that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. Unassigned fund balances totaling (\$4,563) are also reported for a special revenue fund (Adult Education Fund) and (\$460) for the School Lunch Fund and (\$33,399) for the School Categorical Program that have negative fund balances as of June 30, 2014 as shown on Statement 3.

As of June 30, 2014, other fund balance components consisted of the following:

	<u>General Fund</u>
Assigned for subsequent years' expenditures:	
Northern Penobscot Association	\$ 440
Record preservation	500
Dog fees	5,375
DARE	5,171
Library gifts and donations	1,827
KARE (fiscal agent)	34,390
Cemetery flags	1,050
Heavy equipment	53,000
Building renovations	42,781
<u>Computer upgrade</u>	<u>23,226</u>
Total assigned	<u>\$ 167,760</u>

TOWN OF MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

FUND BALANCE, CONTINUED

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Permanent Fund</u>
Nonspendable for:			
Inventory	\$ 20,313	12,459	-
Noncurrent notes receivable	-	287,806	-
Trust fund principal	-	-	16,401
Total nonspendable	\$ 20,313	300,265	16,401
Restricted by external constraints:			
Education grants	\$ -	29,285	-
Federal reimbursement program	-	19,466	-
Other external constraints	-	27,172	-
Trust documents	-	-	22,150
Total restricted	\$ -	75,923	22,150
Committed for:			
Capital	-	550,080	-
Other	-	13,425	-
Total committed	\$ -	563,505	-

NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. The Town's net investment in capital assets was calculated as follows at June 30, 2014:

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 24,646,221	12,853,912
Accumulated depreciation	(13,643,904)	(8,783,839)
Bonds payable	(4,016,612)	(1,321,206)
Capital leases payable	(98,968)	-
Total net investment in capital assets	\$ 6,886,737	2,748,867

TOWN OF MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

RISK MANAGEMENT

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 either carries commercial insurance or participates in a public entity risk pool. Currently, the Town participates in a public entity risk pool sponsored by the Maine Municipal Association and the School Department participates in a public entity risk pool sponsored by the Maine School Management Association for workers' compensation coverage.

Based on the coverage provided by the pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2014.

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers. Individual fund interfund receivables and payables balances and transfers at June 30, 2014 arising from these transactions were as follows:

	<u>Receivables</u>	<u>Payables</u>	<u>Net transfers in (out)</u>
General Fund	\$ -	282,926	(81,532)
Capital reserve funds	259,463	13,425	78,239
Nonmajor Special Revenue Fund:			
CDBG loan fund	-	17,099	-
Recreation	3,311	-	-
Comprehensive plan	10,114	-	-
School categorical programs	-	15,149	-
School lunch	13,471	460	15,000
Adult education	-	4,563	6,693
Proprietary Fund	51,063	-	(18,400)
Nonmajor Permanent Funds	-	3,800	-
Totals	\$ 337,422	337,422	-

SIGNIFICANT TAXPAYERS

For the year ended June 30, 2014, the Town of Millinocket committed taxes of \$2,171,333 from Katahdin Paper Co. (KP), \$1,051,536 from Great Lakes Hydro and \$127,455 for Specialty Minerals, Inc. in real estate and personal property tax revenue. These commitments represent approximately 46.45% of total property taxes assessed. As of June 30, 2014, all of the \$2,171,333 committed to KP remained outstanding.

TAX INCREMENT FINANCING DISTRICT

The Town has established the Katahdin Paper (KP) Municipal Development District - tax increment financing district (TIF). The Town refunds the tax increment on 85% on the new captured assessed value of the property in this TIF District to KP for a period of fifteen years. For the year ended June 30, 2014, \$1,085,667 of tax revenues were captured (representing 50%) as TIF district revenues. The percentage of tax increment revenues that KP will receive in any given year can change based on the number of full-time employee positions retained by the Company and the fact that the Town will retain a flat amount of \$900,000 per year.

TOWN OF MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

TAX INCREMENT FINANCING DISTRICT, CONTINUED

Since Kathadin Paper had not paid their taxes in full by June 30, 2014, \$1,085,667 of their refund was recorded as accounts payable at June 30, 2014.

The Town has established the Specialty Minerals, Inc. (SMI) Credit Enhancement Agreement - tax increment financing district (TIF). The Town refunds the tax increment on 50% on the new captured assessed value of the property in this TIF District to SMI for a period of ten years. For the year ended June 30, 2014, none of the tax revenues were captured or refunded as TIF district revenues, since the company did not meet the job creation requirement of the TIF agreement.

CONTINGENCIES

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Grant Funds - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

LONG-TERM RECEIVABLE

In 2001, the Town, through the U.S. Department of Housing and Urban Development made a 30 year, no interest loan to further economic activity within the Town. As required by accounting principles generally accepted in the United States of America, the no-interest loan of \$360,000 was discounted to its present value of \$133,960. The note is being amortized at the Town's rate of borrowing in 2001, at 3.3% each year to reflect its future value of \$360,000. At June 30, 2014, the value of note was:

Year ended		
<u>June 30,</u>	<u>Interest</u>	<u>Total</u>
Current balance	\$ 6,665	205,588
2015	6,888	212,476
2016	7,119	219,595
2017	7,357	226,952
2018	7,604	234,556
Thereafter	125,444	360,000

OTHER POST EMPLOYMENT BENEFITS

GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The Town of Millinocket is a member of the Maine Municipal Employees Health Trust. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the Town's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by the consultants in October 2013. The School Department is not part of the Health Trust and has contracted with its own outside consultant.

TOWN OF MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Plan Descriptions - The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees. Currently retirees are paying 45% of their health insurance premium and the Town is paying 55%. This will change on a yearly basis as retirees drop off the plan or as eligible retirees join the plan. For those Town employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

The School Department sponsors a post-retirement benefit plan providing health insurance to retiring employees. School Department employees over the age of 55 with 20-25 years of continuous service are allowed to participate in the plan. Some retirees that are designated in a plan pay 13% to 15% of the single coverage premium and 13% to 50% of the family coverage premium while others pay nothing towards the cost of coverage. For those School Department employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

Funding Policy and Annual OPEB Cost - GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The Town currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

The following table represents the OPEB costs for the years ended June 30, 2014, 2013 and 2012 and the annual required contribution:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Normal cost	\$ 65,151	80,316	95,017
Amortization of unfunded	960,920	972,704	989,192
Adjustment to ARC	(180,144)	(159,056)	(144,117)
<u>Interest</u>	<u>141,170</u>	<u>130,870</u>	<u>121,154</u>
Annual required contribution	\$ 987,097	1,024,834	1,061,246

Net OPEB Obligation - The Town's net OPEB obligation was calculated as follows:

OPEB liability, July 1	\$ 3,021,255	2,750,406	2,492,070
Annual required contribution	987,097	1,024,834	1,061,246
<u>Less: Actual contributions</u>	<u>(714,036)</u>	<u>(753,985)</u>	<u>(802,910)</u>
OPEB liability, June 30	\$ 3,294,316	3,021,255	2,750,406

TOWN OF MILLINOCKET, MAINE
Notes to Basic Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Funding Status and Funding Progress - The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2014, 2013 and 2012 were as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual required contribution	\$987,097	1,024,834	1,061,246
Actual contribution	714,036	753,985	802,910
Percent contributed	72.34%	73.57%	75.66%
Actuarial accrued liability	16,760,594	17,492,837	17,789,340
Plan assets	-	-	-
Unfunded actuarial accrued liability	16,760,594	17,492,837	17,789,340
Covered payroll	3,986,953	4,347,748	4,277,000
Unfunded actuarial accrued liability as a percentage of covered payroll	420.39%	402.34%	415.93%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions – Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/13 for the Town
Actuarial valuation date	6/30/14 for the School
Actuarial cost method	Projected unit credit
Amortization method	Level dollar open
Remaining amortization period	30 years

Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	3.0%
Healthcare inflation rate	4.25%

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Retiree Healthcare Plan

<u>Fiscal Year Ended</u>	<u>Town Actuarial Valuation Date</u>	<u>School Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) – Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
2009	1/1/09	1/1/09	\$ -	27,558,834	27,558,834	0.00%	4,841,847	569.18%
2010	1/1/09	1/1/09	-	27,558,834	27,558,834	0.00%	4,779,800	576.57%
2011	1/1/11	1/1/09	-	21,845,639	21,845,639	0.00%	4,556,656	479.42%
2012	1/1/11	1/1/12	-	17,789,340	17,789,340	0.00%	4,277,000	415.93%
2013	1/1/13	1/1/12	-	17,492,837	17,492,837	0.00%	4,347,748	402.34%
2014	1/1/13	6/30/14	-	16,760,594	16,760,594	0.00%	3,986,953	420.39%

GENERAL FUND

TOWN OF MILLINOCKET, MAINE
Comparative Balance Sheets - General Fund
June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 1,795,004	1,220,779
Receivables:		
Accounts, net of allowance of \$27,000	588,143	508,834
Taxes receivable	2,545,011	1,537,278
Tax liens	144,487	167,259
Inventory	20,313	23,713
Total assets	\$ 5,092,958	3,457,863
LIABILITIES		
Cash overdraft	50,495	42,573
Accounts payable	1,320,615	788,327
Accrued wages and benefits	468,901	411,802
Interfund loans payable	282,926	71,911
Total liabilities	2,122,937	1,314,613
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	1,102,400	391,400
Total deferred inflows of resources	1,102,400	391,400
FUND BALANCE		
Nonspendable - inventory	20,313	23,713
Assigned - Town	167,760	28,568
Unassigned - School	(450,708)	(512,237)
Unassigned - Town	2,130,256	2,211,806
Total fund balance	1,867,621	1,751,850
Total liabilities, deferred inflows of resources, and fund balance	\$ 5,092,958	3,457,863

TOWN OF MILLINOCKET, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Budgetary Basis
For the year ended June 30, 2014
(with comparative actual amounts for the year ended June 30, 2013)

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 7,213,143	6,394,564	(818,579)	6,536,286
Less TIF financing	(1,095,186)	(1,085,667)	9,519	(1,182,886)
Excise taxes	630,000	702,843	72,843	672,172
Interest and lien costs	40,000	84,209	44,209	38,848
Total taxes	6,787,957	6,095,949	(692,008)	6,064,420
Licenses and permits	46,850	48,151	1,301	46,490
Intergovernmental:				
Education	2,752,348	2,794,955	42,607	2,755,462
Tree growth reimbursement	20,000	16,935	(3,065)	21,387
Veterans exemption reimbursement	7,100	8,468	1,368	7,196
General assistance	17,500	8,147	(9,353)	6,407
State revenue sharing	431,000	456,780	25,780	892,581
Snowmobile grant	64,414	64,414	-	63,164
Airport grant	-	462,672	462,672	871,691
State of Maine - Sudden & Severe	-	-	-	504,225
Public safety grants	-	9,577	9,577	16,101
Homestead exemption reimbursement	203,277	203,277	-	181,677
BETE reimbursement	338,909	339,003	94	226,215
URIP - DOT road grant	46,000	47,432	1,432	46,416
Total intergovernmental	3,880,548	4,411,660	531,112	5,592,522
Tuition and other charges for services - education	519,486	409,901	(109,585)	196,985
Charges for services:				
Ambulance	426,993	414,264	(12,729)	517,677
Police	8,450	5,700	(2,750)	9,653
Library	8,000	8,198	198	8,998
Recreation	3,000	5,233	2,233	-
Total charges for services	446,443	433,395	(13,048)	536,328
Fees and fines:				
Fire fees/reimbursement	4,182	11,250	7,068	4,120
Total fees and fines	4,182	11,250	7,068	4,120
Unclassified:				
Rents - Town property	28,000	28,000	-	28,000
Cemeteries	20,000	20,925	925	22,125
Public works	20,500	21,520	1,020	19,115
Transfer station	156,705	151,496	(5,209)	172,116
Code enforcement	12,526	9,419	(3,107)	9,418
Assessing	8,800	7,283	(1,517)	7,283
Airport	102,500	104,183	1,683	118,141
Sale of property	75,000	42,288	(32,712)	19,409
Employee insurance reimbursement/refunds	-	12,720	12,720	8,930
KARE receipts (fiscal agent)	75,000	150,000	75,000	75,000
Unclassified - Town	18,274	166,024	147,750	52,342
Unclassified - School	28,000	48,157	20,157	60,973
Total unclassified	545,305	762,015	216,710	592,852
Investment earnings	1,000	55	(945)	76
Total revenues	12,231,771	12,172,376	(59,395)	13,033,793

TOWN OF MILLINOCKET, MAINE
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Budgetary Basis - General Fund, Continued

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Expenditures:				
Current:				
General government:				
Town Manager and Council	\$ 135,438	135,924	(486)	118,748
Town Clerk and Tax Collector	107,447	113,857	(6,410)	102,849
Elections and registration	5,450	4,820	630	3,265
Assessing	34,945	34,537	408	35,022
Municipal building	70,467	70,916	(449)	71,398
Audit and bookkeeping	20,000	20,963	(963)	20,000
Town report	750	-	750	-
Legal services	62,000	73,118	(11,118)	57,662
Administration	54,620	48,599	6,021	63,608
Planning, code, development	28,382	27,417	965	28,536
Economic Development Committee	11,500	139,935	(128,435)	1,756
Total general government	530,999	670,086	(139,087)	502,844
Protection:				
Police department	429,335	406,259	23,076	470,840
DARE Program - donations	2,500	4,846	(2,346)	4,989
Fire department	240,264	208,213	32,051	235,671
Ambulance	276,649	330,891	(54,242)	300,093
Community services	460,600	458,958	1,642	451,442
Insurances	83,264	82,073	1,191	78,527
School crossing guards	8,221	7,259	962	7,528
Dog constable	10,917	9,305	1,612	9,838
Enforcement officials	2,000	2,000	-	2,000
Total protection	1,513,750	1,509,804	3,946	1,560,928
Town services:				
Public works administration	7,400	5,666	1,734	6,506
Transfer site	358,327	330,252	28,075	355,369
Street and road maintenance	595,804	611,086	(15,282)	472,693
Garage maintenance	26,250	25,372	878	24,121
Total Town services	987,781	972,376	15,405	858,689
Community services:				
Snowsled program	81,681	79,914	1,767	82,395
Public library	140,911	119,624	21,287	147,797
Library gifts and donations	3,000	1,946	1,054	4,149
KARE	75,000	132,438	(57,438)	86,628
Human resources/assistance	23,699	23,981	(282)	22,943
General assistance	35,000	18,396	16,604	12,511
Recreation	137,171	135,101	2,070	145,023
Airport	143,872	142,067	1,805	143,453
Cemeteries	28,055	20,718	7,337	22,549
Public health and welfare agencies	-	990	(990)	14,901
Total community services	668,389	675,175	(6,786)	682,349

TOWN OF MILLINOCKET, MAINE
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Budgetary Basis - General Fund, Continued

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Education	\$ 5,823,992	5,623,695	200,297	6,039,327
Total education	5,823,992	5,623,695	200,297	6,039,327
Insurance and fringe benefits:				
Insurance and fringe benefits	994,755	978,789	15,966	1,062,915
Total insurance and fringe benefits	994,755	978,789	15,966	1,062,915
Unclassified:				
County tax	229,572	229,572	-	360,283
Total unclassified	229,572	229,572	-	360,283
Debt service:				
Town	225,426	214,941	10,485	198,585
Education	464,414	463,076	1,338	466,302
Total debt service	689,840	678,017	11,823	664,887
Capital outlay:				
Capital outlay - Town	201,267	97,777	103,490	379,874
Special capital improvements	50,000	486,518	(436,518)	904,979
Total capital outlay	251,267	584,295	(333,028)	1,284,853
Total expenditures	11,690,345	11,921,809	(231,464)	13,017,075
Excess (deficiency) of revenues over (under) expenditures	541,426	250,567	(290,859)	16,718
Other financing sources (uses):				
Budgeted utilization of surplus - Town	176,128	-	(176,128)	-
Budgeted excess to restore Town fund balance	(500,000)	-	500,000	-
Budgeted utilization of surplus - School	39,996	-	(39,996)	-
Issuance of debt	-	-	-	228,401
Overlay	(257,757)	-	257,757	-
Transfers in	21,900	136,409	114,509	199,067
Transfers out	(21,693)	(217,941)	(196,248)	(7,556)
Total other financing sources (uses)	(541,426)	(81,532)	459,894	419,912
Net change in fund balance - budgetary basis	-	169,035	169,035	436,630
Reconciliation to GAAP basis:				
Change in accrued teacher summer salaries		(53,264)		7,783
Net change in fund balance - GAAP basis		115,771		444,413
Fund balance, beginning of year		1,751,850		1,307,437
Fund balance, end of year	\$	1,867,621		1,751,850

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF MILLINOCKET
Combining Balance Sheet
All Other Governmental Funds
June 30, 2014

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 50,582	3,382	53,964
Investments	-	38,969	38,969
Intergovernmental receivables	229,339	-	229,339
Notes, net of allowance of \$12,667	287,806	-	287,806
Inventory	12,459	-	12,459
Interfund loans receivable	26,896	-	26,896
Total assets	\$ 607,082	42,351	649,433
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	1,384	-	1,384
Unearned revenue	41,984	-	41,984
Accrued wages and benefits	175,252	-	175,252
Interfund loans payable	37,271	3,800	41,071
Total liabilities	255,891	3,800	259,691
Fund balances:			
Nonspendable	300,265	16,401	316,666
Restricted	75,923	22,150	98,073
Committed	13,425	-	13,425
Unassigned	(38,422)	-	(38,422)
Total fund balance	351,191	38,551	389,742
Total liabilities and fund balances	\$ 607,082	42,351	649,433

TOWN OF MILLINOCKET, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Governmental Funds
For the year ended June 30, 2014

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
Revenues:			
Gifts and donations	\$ 160	-	160
Intergovernmental	908,819	-	908,819
Charges for services	208,728	-	208,728
Interest revenue	8,109	4	8,113
Total revenues	1,125,816	4	1,125,820
Expenditures:			
Current:			
Protection	1,013	-	1,013
Education	822,446	-	822,446
Food services	333,871	-	333,871
Unclassified	3,000	-	3,000
Total expenditures	1,160,330	-	1,160,330
Excess (deficiency) of revenues over (under) expenditures	(34,514)	4	(34,510)
Other financing sources (uses):			
Transfers from other funds	21,693	-	21,693
Transfers to other funds	-	-	-
Total other financing uses	21,693	-	21,693
Net change in fund balances	(12,821)	4	(12,817)
Fund balances, beginning of year	364,012	38,547	402,559
Fund balances, end of year	\$ 351,191	38,551	389,742

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

TOWN OF MILLINOCKET, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014
(with comparative totals for June 30, 2013)

	CDBG Loan Fund	Recrea- tion	Compre- hensive Plan	Project Get- Alarmed	School Categorical Programs	School Lunch	Adult Education	Totals	
								2014	2013
ASSETS									
Cash and cash equivalents	\$ 26,883	-	-	17,388	-	6,311	-	50,582	156,919
Intergovernmental receivables	-	-	-	-	219,689	9,650	-	229,339	101,419
Notes, net of allowance of \$12,667	287,806	-	-	-	-	-	-	287,806	207,273
Inventory	-	-	-	-	-	12,459	-	12,459	10,286
Interfund loans receivable	-	3,311	10,114	-	-	13,471	-	26,896	28,455
Total assets	\$ 314,689	3,311	10,114	17,388	219,689	41,891	-	607,082	504,352
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	-	-	-	-	1,192	192	-	1,384	9,230
Unearned revenue	-	-	-	-	41,984	-	-	41,984	-
Accrued wages and benefits	-	-	-	-	165,478	9,774	-	175,252	33,773
Interfund loans payable	17,099	-	-	-	15,149	460	4,563	37,271	97,337
Total liabilities	17,099	-	-	-	223,803	10,426	4,563	255,891	140,340
Fund balances (deficit):									
Nonspendable	287,806	-	-	-	-	12,459	-	300,265	217,559
Restricted	9,784	-	-	17,388	29,285	19,466	-	75,923	166,186
Committed	-	3,311	10,114	-	-	-	-	13,425	13,425
Unassigned	-	-	-	-	(33,399)	(460)	(4,563)	(38,422)	(33,158)
Total fund balances (deficit)	297,590	3,311	10,114	17,388	(4,114)	31,465	(4,563)	351,191	364,012
Total liabilities and fund balances	\$ 314,689	3,311	10,114	17,388	219,689	41,891	-	607,082	504,352

TOWN OF MILLINOCKET, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2014
(with comparative totals for the year ended June 30, 2013)

	CDBG Loan Fund	Recrea- tion	Compre- hensive Plan	Project Get- Alarmed	School Categorical Programs	School Lunch	Adult Education	Totals	
								2014	2013
Revenues:									
Gifts and donations	\$ -	-	-	160	-	-	-	160	215
Intergovernmental	-	-	-	-	696,895	211,924	-	908,819	951,406
Interest income	8,097	-	-	12	-	-	-	8,109	6,729
Charges for services	-	-	-	-	108,555	100,173	-	208,728	103,508
Total revenues	8,097	-	-	172	805,450	312,097	-	1,125,816	1,061,858
Expenditures:									
Current:									
Protection	-	-	-	1,013	-	-	-	1,013	1,280
Education	-	-	-	-	815,753	-	6,693	822,446	783,113
Food services	-	-	-	-	-	333,871	-	333,871	339,945
Bad debt expense	3,000	-	-	-	-	-	-	3,000	-
Total expenditures	3,000	-	-	1,013	815,753	333,871	6,693	1,160,330	1,124,338
Excess (deficiency) of revenues over (under) expenditures	5,097	-	-	(841)	(10,303)	(21,774)	(6,693)	(34,514)	(62,480)
Other financing sources (uses):									
Transfers from other funds	-	-	-	-	-	15,000	6,693	21,693	7,556
Transfers to other funds	-	-	-	-	-	-	-	-	(83,991)
Total other financing sources (uses)	-	-	-	-	-	15,000	6,693	21,693	(76,435)
Net change in fund balances	5,097	-	-	(841)	(10,303)	(6,774)	-	(12,821)	(138,915)
Fund balances (deficit), beginning of year	292,493	3,311	10,114	18,229	6,189	38,239	(4,563)	364,012	502,927
Fund balances (deficit), end of year	\$ 297,590	3,311	10,114	17,388	(4,114)	31,465	(4,563)	351,191	364,012

TOWN CAPITAL RESERVE FUNDS

TOWN OF MILLINOCKET, MAINE
 Combining Balance Sheet
 Town Capital Reserve Funds
 June 30, 2014
 (with comparative totals for June 30, 2013)

	General Capital	Airport	Ambulance	Police	Fire	Public Works	Transfer Station	Cemetery	SMI TIF	School	Totals	
	Reserve	Capital Reserve	Reserve	Reserve	Reserve	Reserve	Reserve	Reserve	Proceeds	Renovations	2014	2013
ASSETS												
Investments	\$ 212,371	43,493	-	-	-	-	-	-	48,178	-	304,042	378,278
Interfund loans receivable	-	29,098	81,301	29,903	43,714	4,646	22,866	8,262	9,355	30,318	259,463	145,126
Total assets	\$ 212,371	72,591	81,301	29,903	43,714	4,646	22,866	8,262	57,533	30,318	563,505	523,404
LIABILITIES AND FUND BALANCES												
Liabilities:												
Interfund loans payable	13,425	-	-	-	-	-	-	-	-	-	13,425	51,596
Total liabilities	13,425	-	-	-	-	-	-	-	-	-	13,425	51,596
Fund balances:												
Committed	198,946	72,591	81,301	29,903	43,714	4,646	22,866	8,262	57,533	30,318	550,080	471,808
Total fund balances	198,946	72,591	81,301	29,903	43,714	4,646	22,866	8,262	57,533	30,318	550,080	471,808
Total liabilities and fund balances	\$ 212,371	72,591	81,301	29,903	43,714	4,646	22,866	8,262	57,533	30,318	563,505	523,404

TOWN OF MILLINOCKET, MAINE
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Town Capital Reserve Funds
 For the year ended June 30, 2014
 (with comparative totals for the year ended June 30, 2013)

	General Capital Reserve	Airport Capital Reserve	Ambulance Reserve	Police Reserve	Fire Reserve	Public Works Reserve	Transfer Station Reserve	Cemetery Reserve	SMI TIF Proceeds	School Renovations	Totals	
											2014	2013
Revenues:												
Other revenue	\$ -	-	-	-	-	-	-	-	-	-	-	-
Interest earnings	12	5	-	-	-	-	-	-	16	-	33	56
Total revenues	12	5	-	-	-	-	-	-	16	-	33	56
Expenditures:												
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	12	5	-	-	-	-	-	-	16	-	33	56
Other financing sources (uses):												
Transfers from other funds	-	20,315	81,301	29,903	43,714	4,646	22,866	8,262	-	-	211,007	-
Transfers to other funds	(14,759)	-	-	-	-	-	-	-	(118,009)	-	(132,768)	(96,676)
Total other financing sources (uses)	(14,759)	20,315	81,301	29,903	43,714	4,646	22,866	8,262	(118,009)	-	78,239	(96,676)
Net change in fund balances	(14,747)	20,320	81,301	29,903	43,714	4,646	22,866	8,262	(117,993)	-	78,272	(96,620)
Fund balances, beginning of year	213,693	52,271	-	-	-	-	-	-	175,526	30,318	471,808	568,428
Fund balances, end of year	\$ 198,946	72,591	81,301	29,903	43,714	4,646	22,866	8,262	57,533	30,318	550,080	471,808

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

TOWN OF MILLINOCKET, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2014

		Cemetery Perpetual Care	Peluso Welfare Trust	Ministerial and School Fund	Totals
ASSETS					
Cash and cash equivalents	\$	-	2,237	1,145	3,382
Investments		4,241	13,085	21,643	38,969
Total assets	\$	4,241	15,322	22,788	42,351
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund loans payable		-	-	3,800	3,800
Total liabilities		-	-	3,800	3,800
Fund balances:					
Nonspendable		1,401	4,000	11,000	16,401
Restricted		2,840	11,322	7,988	22,150
Total fund balances		4,241	15,322	18,988	38,551
Total liabilities and fund balances	\$	4,241	15,322	22,788	42,351

TOWN OF MILLINOCKET, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the year ended June 30, 2014

	Cemetery Perpetual Care	Peluso Welfare Trust	Ministerial and School Fund	Totals
Revenues:				
Investment income	\$ -	2	2	4
Donations	-	-	-	-
Total revenues	-	2	2	4
Expenditures:				
Current:				
Other miscellaneous	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	-	2	2	4
Fund balances, beginning of year	4,241	15,320	18,986	38,547
Fund balances, end of year	\$ 4,241	15,322	18,988	38,551