

TOWN OF ST. AGATHA, MAINE

ANNUAL FINANCIAL REPORT
with Independent Auditors Report

For the Year Ending June 30, 2013

TOWN OF ST. AGATHA, MAINE
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2013

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KEEL J. HOOD

Certified Public Accountant

2 Burns Street - Fairfield, Maine 04937 - (207)453-2007

INDEPENDENT AUDITORS REPORT

Board of Selectmen
Town of St. Agatha
St. Agatha, Maine

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information, of Town of St. Agatha, Maine, as of and for the year ended June 30, 2013, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of St. Agatha, Maine's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the major fund, and the aggregate remaining fund information of Town of St. Agatha, Maine as of June 30, 2013, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Town of St. Agatha, Maine has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of the basic financial statements.

In accordance with *Government Auditing Standards*, I have also issued my report dated January 9, 2014, on my consideration of Town of St. Agatha, Maine's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of my 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* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require the budgetary comparison information 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of St. Agatha, Maine's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Town of St. Agatha, Maine. The schedule of expenditures of federal awards is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Handwritten signature of J. J. Hood, C.R.B. in cursive script.

January 9, 2014

TOWN OF ST. AGATHA, MAINE
Statement of Net Assets
June 30, 2013

Statement 1

ASSETS	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current Assets:			
Cash	\$ 1,597,773	\$ 89,130	\$ 1,686,903
Receivables			
Taxes	39,276	17,601	56,877
Liens	17,592		17,592
Other governments	4,754		4,754
Accounts			0
Internal balances	(357,806)	357,806	0
Total Current Assets	<u>1,301,589</u>	<u>464,537</u>	<u>1,766,126</u>
Noncurrent Assets:			
Capital assets, net	1,523,764	7,757,247	9,281,011
Total Noncurrent Assets	<u>1,523,764</u>	<u>7,757,247</u>	<u>9,281,011</u>
Total Assets	<u>2,825,353</u>	<u>8,221,784</u>	<u>11,047,137</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	11,649		11,649
Accrued interest		11,893	11,893
Notes due within one year	30,391		30,391
Bonds due within one year		52,910	52,910
Total Current Liabilities	<u>42,040</u>	<u>64,803</u>	<u>106,843</u>
Noncurrent Liabilities:			
Notes due in more than one year	73,015		73,015
Bonds due in more than one year	17,500	1,594,274	1,611,774
Total Noncurrent Liabilities	<u>90,515</u>	<u>1,594,274</u>	<u>1,684,789</u>
Total Liabilities	<u>132,555</u>	<u>1,659,077</u>	<u>1,791,632</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,402,858	6,110,063	7,512,921
Unrestricted	1,289,940	452,644	1,742,584
Total net assets	<u>\$ 2,692,798</u>	<u>\$ 6,562,707</u>	<u>\$ 9,255,505</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF ST. AGATHA, MAINE
Statement of Activities
For the Year Ended June 30, 2013

Function/Programs	Program Revenues				Net (Expense) Revenues
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	
Governmental activities:	\$				
General government	184,025	13,142			(170,883)
Public safety	48,435	478			(47,957)
Public works	298,388	16,951	29,144		(252,293)
Health and sanitation	95,192		50,000		(45,192)
Leisure services	41,285	24,115			(17,170)
Social services	14,552		1,064		(13,488)
Special assessments	481,451				(481,451)
Unclassified	50,000				(50,000)
Debt service	8,992				(8,992)
Capital outlay	6,400				(6,400)
Total governmental activities	1,228,720	54,686	80,208	0	(1,093,826)
Business type activities:					
Sewer	224,101	169,646		1,519,262	1,464,807
Total business type activities	224,101	169,646	0	1,519,262	1,464,807
Total	1,452,821	224,332	80,208	1,519,262	370,981

Changes in Net Assets:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net (expense) / revenue	(1,093,826)	1,464,807	370,981
General revenues:			
General property taxation			
Property taxes	877,392		877,392
Excise taxes	256,617		256,617
Interest and costs on taxes	4,455		4,455
Intergovernmental			
State revenue sharing	50,240		50,240
Homestead exemption	19,240		19,240
Snowmobile grant			0
Tree growth	654		654
Veterans exemption	384		384
BETE	20,498		20,498
Interest			
Interest income	2,237	2,267	4,504
Miscellaneous			
Miscellaneous	3,812		3,812
Total general revenues	1,235,529	2,267	1,237,796
Change in Net Assets	141,703	1,467,074	1,608,777
Net Assets - beginning	2,551,095	5,095,633	7,646,728
Net Assets - ending	2,692,798	6,562,707	9,255,505

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF ST. AGATHA, MAINE
Balance Sheet
Governmental Funds
June 30, 2013

Statement 3

ASSETS	General <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Cash	\$ 1,597,773	\$	\$ 1,597,773
Receivables			
Taxes	39,276		39,276
Liens	17,592		17,592
Other governments	4,754		4,754
Due from other funds	(359,352)	1,546	(357,806)
Total Assets	<u>1,300,043</u>	<u>1,546</u>	<u>1,301,589</u>
LIABILITIES			
Accounts payable	11,649		11,649
Deferred property taxes	46,000		46,000
Total Liabilities	<u>57,649</u>	<u>0</u>	<u>57,649</u>
FUND BALANCES			
Fund Balances			
Restricted			0
Committed for Capital purchases	419,631		419,631
Assigned revenues	767		767
Unassigned	821,996	1,546	823,542
Total Fund Equity	<u>1,242,394</u>	<u>1,546</u>	<u>1,243,940</u>
Total Liabilities and Fund Equity	\$ <u>1,300,043</u>	\$ <u>1,546</u>	\$

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

1,523,764

Other long-term assets are not available to pay for current-periods expenditures and therefore are deferred in the funds.

46,000

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.

 Notes payable

(103,406)

 Bonds payable

(17,500)

Net assets of governmental activities

\$ 2,692,798

TOWN OF ST. AGATHA, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 1,138,463	\$	\$ 1,138,463
Intergovernmental	121,224	50,000	171,224
Interest	2,237		2,237
Charges for services	54,685		54,685
Miscellaneous	862	2,950	3,812
Total Revenues	<u>1,317,471</u>	<u>52,950</u>	<u>1,370,421</u>
Expenditures:			
Current:			
General government	174,005	7,949	181,954
Public safety	39,839		39,839
Public works	296,376		296,376
Health and sanitation	95,063	129	95,192
Leisure services	24,650	9,321	33,971
Social services	14,552		14,552
Special assessments	481,450		481,450
Unclassified		50,000	50,000
Debt service	58,377		58,377
Capital outlay	6,400		6,400
Total Expenditures	<u>1,190,712</u>	<u>67,399</u>	<u>1,258,111</u>
Excess of Revenues Over (Under) Expenditures	<u>126,759</u>	<u>(14,449)</u>	<u>112,310</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	126,759	(14,449)	112,310
Fund Balances - beginning	1,115,635	15,995	1,131,630
Fund Balances - ending	<u>\$ 1,242,394</u>	<u>\$ 1,546</u>	<u>\$ 1,243,940</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF ST. AGATHA, MAINE
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances
 Of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds	\$	112,310
Amounts reported for governmental activities in the Statement of Activities are different because:		

Government funds report capital outlays as expenditures.
 While governmental activities report depreciation
 expense to allocate those expenditures over the
 life of the assets:

Depreciation expense		(129,992)
Capital asset purchases capitalized		110,000

Repayment of debt principal is an expenditure in the
 governmental funds, ut the repayment reduces long-term
 liabilities in the Statement of Net Assets:

Capital lease obligation principal payments		17,616
Capital note obligation principal payments		23,019
Capital bond obligation principal payments		8,750

Change in Net Assets of Governmental Activities	\$	141,703
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TOWN OF ST. AGATHA, MAINE

Statement of Net Assets

Proprietary Fund

June 30, 2013

ASSETS	Enterprise	
	<u>Sewer</u>	<u>Total</u>
Current assets:		
Cash	\$ 89,130	\$ 89,130
Receivables:		
Accounts	17,601	17,601
Internal balances	357,806	357,806
Total current assets	<u>464,537</u>	<u>464,537</u>
Noncurrent assets:		
Capital assets (net)	7,757,247	7,757,247
Total Assets	<u>8,221,784</u>	<u>8,221,784</u>
LIABILITIES		
Current liabilities:		
Accrued interest	11,893	11,893
Bond payable due in one year	52,910	52,910
Total current liabilities	<u>64,803</u>	<u>64,803</u>
Noncurrent liabilities:		
Bonds payable in more than one year	1,594,274	1,594,274
Total noncurrent liabilities	<u>1,594,274</u>	<u>1,594,274</u>
Total Liabilities	<u>1,659,077</u>	<u>1,659,077</u>
NET ASSETS		
Investment in capital assets, net of		
related debt	6,110,063	6,110,063
Unrestricted	452,644	452,644
Total net assets	<u>\$ 6,562,707</u>	<u>\$ 6,562,707</u>

TOWN OF ST. AGATHA, MAINE
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended June 30, 2013

	<u>Enterprise Fund Sewer</u>	<u>Total</u>
Operating Revenues:		
Charges for services	\$ 168,871	\$ 168,871
Other income	775	775
Total Operating Revenues	<u>169,646</u>	<u>168,871</u>
Operating Expenses:		
Administration	47,158	47,158
Utilities	30,876	30,876
Professional fees	3,306	3,306
Repairs and maintenance	16,538	16,538
Testing	2,511	2,511
Depreciation	113,298	113,298
Total Operating Expenses	<u>213,687</u>	<u>213,687</u>
Operating Income (Loss)	<u>(44,041)</u>	<u>(44,816)</u>
Nonoperating Revenues (Expenses):		
Interest on charges	2,267	2,267
Interest expense	(10,414)	(10,414)
Net Nonoperating Revenues (Expenses)	<u>(8,147)</u>	<u>(8,147)</u>
Capital Contributions:		
Governmental grants	<u>1,519,262</u>	<u>1,519,262</u>
Change in net assets	1,467,074	1,466,299
Net Assets - beginning	5,095,633	5,095,633
Net Assets - ending	<u>\$ 6,562,707</u>	<u>\$ 6,561,932</u>

TOWN OF ST. AGATHA, MAINE
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2013

	<u>Enterprise Fund Sewer</u>	<u>Total</u>
Cash Flows from Operating Activities:		
Receipts from customers	\$ 172,162	\$ 172,162
Payments to suppliers	(100,388)	(100,388)
Interfund use of services	(17,095)	(17,095)
Net Increase in Cash from Operating Activities	<u>54,679</u>	<u>54,679</u>
Cash Flows from Capital and Related Financing Activities:		
Retirement of debt	(66,259)	(66,259)
Interest expense	(1,636)	(1,636)
Acquisition of fixed assets	(1,499,792)	(1,499,792)
Net Decrease in Cash from Capital and Related Financing Activities	<u>(1,567,687)</u>	<u>(1,567,687)</u>
Cash Flows from Non capital Financing Activities:		
Governmental grants	<u>1,519,262</u>	<u>1,519,262</u>
Net Increase in Cash from Investing Activities	<u>1,519,262</u>	<u>1,519,262</u>
Net Increase (Decrease) in Cash	6,254	6,254
Cash Balance - beginning	82,876	82,876
Cash Balance - ending	<u>\$ 89,130</u>	<u>\$ 89,130</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ (44,041)	\$ (44,041)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	113,298	113,298
Non utility billing	2,267	2,267
Decrease (Increase) in receivables	250	250
Increase (Decrease) in internal balances	(17,095)	(17,095)
Net Cash Provided by operating activities	<u>\$ 54,679</u>	<u>\$ 54,679</u>

TOWN OF ST. AGATHA, MAINE
Notes to Combined Financial Statements
June 30, 2013

1. Summary of Significant Accounting Policies

The Town of St. Agatha was incorporated under the laws of the State of Maine. The Town operates under the Town Manager/Town Meeting form of government.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit is made by applying the criteria set forth in GAAP 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. Based upon the application of these criteria, there were no potential component units required to be included in this report.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non fiduciary 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.

1. Summary of Significant Accounting Policies, continued

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.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

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 Other Governmental funds account for the activity of several grant projects.

Additionally, the Town reports the following fund types:

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

1. Summary of Significant Accounting Policies, continued

D. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives ranging from 3 to 50 years.

E. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, if material, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, if material, are reported as deferred charges and amortized over the term of the related debt.

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 issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

F. Fund Equity

Restricted fund equity is the portion of funds donated or granted to the town and limited in use. Committed fund balance indicates that a portion of the fund balance is constrained for a specific future use, and is indicated by the title of each purpose listed in the balance sheet. Committed fund balances are voted on at Town Meetings. Assigned fund balances indicate amounts which either are intended to be carried forward by law or contractual agreement, or which the Board of Selectmen has voted to carry forward.

G. Use of Estimates

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

1. Summary of Significant Accounting Policies, continued

liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Deposits

The Town's policy is to invest all available funds at the highest possible rates, in conformance with legal and administrative guidelines, while avoiding unreasonable risk.

At year end, the Town's carrying amount of deposits was \$1,686,903. The bank balances for all funds totaled \$1,730,963. Custodial credit risk is the risk that, in the event of a bank failure the District's deposits might not be recovered. As of June 30, 2013, all of the Town's deposits were insured or collateralized.

3. Operating Property

Operating and nonoperating property are recorded at cost or, in the case of contributed property, at the fair market value at the date of acquisition. Depreciation is computed on the straight line method based upon the estimated useful lives of the assets as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2013
Sewer Department:	\$	\$	\$	\$
Land and easements	1,061			1,061
Operating property	4,480,330			4,480,330
Construction in progress	3,469,144	1,499,792		4,968,936
Accumulated Depreciation	(1,579,782)		113,298	(1,693,080)
Total Sewer	\$ 6,370,753	\$ 1,499,792	\$ 113,298	\$ 7,757,247
Governmental Activities:	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2013
Assets not being depreciated				
Land and easements	\$ 12,800	\$	\$	\$ 12,800
Assets being depreciated				
Buildings	267,300			267,300
Equipment	435,691			435,691
Vehicles	500,208			500,208
Infrastructure	3,237,362	110,000		3,347,362
	4,453,361	110,000	0	4,563,361
Less accumulated depreciation				
Buildings	151,765	5,129		156,894
Equipment	184,061	16,546		200,607
Vehicles	290,252	24,633		314,885
Infrastructure	2,283,527	83,684		2,367,211
	2,909,605	129,992	0	3,039,597
Capital Assets, net	\$ 1,543,756	\$ (19,992)	\$ 0	\$ 1,523,764
Depreciation Expense:				
General government	\$	2,071		
Public safety		8,596		
Leisure services		7,315		
Public works		112,010		
	\$	129,992		

4. Property Tax

Property taxes for the year were committed on July 20, 2013, on the assessed value listed as of April 1, 2013, for all taxable real and

4. Property Tax, continued

personal property located in the Town. Payment of taxes was due in equal installments on October 31, 2013 and April 30, 2013 with interest at 7% on all tax bills unpaid as of that date. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. The assessed value for the list of April 1, 2013 upon which the levy for the year ended June 30, 2013, was based, was \$48,793,227. This assessed value was 80% of the estimated market value.

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

5. Long-term Debt

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

	Proprietary Fund Type		General
	<u>Enterprise Fund</u>		<u>Long-term Debt</u>
Long-term debt payable at July 1, 2011	\$	1,713,443	\$ 170,290
Debt Retired		(66,259)	(49,384)
Debt issued			
Long-term debt payable at June 30, 2013	\$	<u>1,647,184</u>	\$ <u>120,906</u>
Interest Paid	\$	<u>10,414</u>	\$ <u>7,987</u>

Long-term debt payable at June 30, 2013 is comprised of the following:

	Interest rate	Final maturity date	Balance end of year
<u>General Long-term Debt</u>			
2011 Municipal note	5%	2020	\$ 46,732
2006 Municipal note	5%	2014	17,500
2013 Municipal note	3%	2017	56,674
			\$ <u>120,906</u>
<u>Enterprise Fund</u>			
<u>Sewer</u>			
Maine Municipal Bond Bank	1.0%	2029	625,231
Maine Municipal Bond Bank	4.5%	2026	91,000
Maine Municipal Bond Bank	2.02%	2027	235,848
Maine Municipal Bond Bank	1.86%	2022	145,105
Rural Development	1.88%	2041	550,000
			\$ <u>1,647,184</u>

5. Long-term Debt, continued

8. Assigned Revenues and Expenditures

The portion of the General Fund fund equity which has been designated for subsequent year's revenues represents amounts received during the current accounting period that are to be budgeted as revenues in the subsequent year. Historically, the townspeople vote to carry certain departmental unexpended balances forward to the following year for expenditure. This is usually in lieu of additional appropriations in any particular accounts. These accounts, were as follows at June 30, 2013:

<u>Subsequent Years</u>	<u>Revenues</u>
Lake shore permits	\$ 31
Dog shelter	736
Total	<u>\$ 767</u>

9. Joint Venture - Northern Aroostook Regional Airport Authority

The Northern Aroostook Regional Airport is owned jointly by its eight member towns. The Town of St. Agatha, Maine owns 8% of the facility. Ownership is based on a formula using population and state valuation figures at the time of inception. Ownership percentage will not always be the same over the life of the joint venture. The Facility is administered by an eight member executive committee each town appoints 1 voting member to serve. No summary is available from the Authority's annual financial report, prepared on the accrual basis for the fiscal year ended December 31, 2013.

TOWN OF ST. AGATHA, MAINE
Budget Comparison Schedule
General Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance with final budget positive (negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:	\$	\$	\$	\$
Taxes	1,106,682	1,106,682	1,138,463	31,781
Intergovernmental	89,313	89,313	121,224	31,911
Charges for services	44,975	44,975	54,685	9,710
Interest			2,237	2,237
Miscellaneous	2,000	2,000	862	(1,138)
Total revenues	<u>1,242,970</u>	<u>1,242,970</u>	<u>1,317,471</u>	<u>74,501</u>
Expenditures:				
Current:				
General government	183,390	183,390	174,005	9,385
Public safety	58,902	58,902	39,839	19,063
Public works	209,006	309,006	296,376	12,630
Health and sanitation	106,826	108,306	95,063	13,243
Leisure services	26,334	26,334	24,650	1,684
Social services	14,552	14,552	14,552	0
Special assessments	512,038	512,038	481,451	30,587
Debt service	58,388	58,388	58,377	11
Capital outlay	104,150	104,150	6,400	97,750
Total expenditures	<u>1,273,586</u>	<u>1,375,066</u>	<u>1,190,713</u>	<u>184,353</u>
Excess (deficiency) of revenues over (under) expenditures	(30,616)	(132,096)	126,758	258,854
Excess (deficiency) of revenues over under other financing uses	(30,616)	(132,096)	126,758	258,854
Fund Balance - beginning	1,115,635	1,115,635	1,115,635	0
Fund Balance - ending	<u>\$ 1,085,019</u>	<u>\$ 983,539</u>	<u>\$ 1,242,393</u>	<u>\$ 258,854</u>

KEEL J. HOOD

Certified Public Accountant

PO Box 302 - Fairfield, Maine 04937 - (207)453-2006

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

Town Council
Town of St. Agatha, Maine
St. Agatha, Maine

I have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Town of St. Agatha, Maine as of and for the year ended June 30, 2013, which collectively comprise Town of St. Agatha, Maine's basic financial statements and have issued my report thereon dated January 9, 2014. I conducted my audits 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.

Internal Control over Financial Reporting

In planning and performing my audits, I considered Town of St. Agatha, Maine's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of St. Agatha, Maine's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Town of St. Agatha, Maine's internal control over financial reporting.

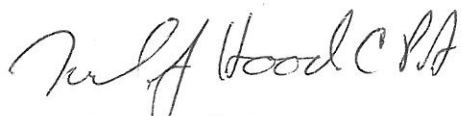
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Selectmen, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "W. J. Hood CPA". The signature is fluid and cursive, with the letters "W", "J", and "H" being particularly prominent.

January 9, 2014

KEEL J. HOOD

Certified Public Accountant

PO Box 302 - Fairfield, Maine 04937 - (207)453-2006

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Selectmen
Town of St. Agatha, Maine
St. Agatha, Maine

Compliance

I have audited the compliance of Town of St. Agatha, Maine with the types of compliance requirements described in the *US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2013. Town of St. Agatha, Maine's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Town of St. Agatha, Maine's management. My responsibility is to express an opinion on Town of St. Agatha, Maine's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of St. Agatha, Maine's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Town of St. Agatha, Maine's compliance with those requirements.

In my opinion, Town of St. Agatha, Maine complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2012.

Internal Control over Compliance

The management of Town of St. Agatha, Maine is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing my audit, I considered the Town of St. Agatha, Maine's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or

detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Selectmen, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


January 9, 2014

Town of St. Agatha, Maine
Schedule of Federal Expenditures of Federal Awards
For the Year Ended
June 30, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Disbursements or Expenditures
US Department of Economic and Community Development		
Passed Through Maine, DECD:		
State grants	14.228	\$ 500,000
Total US Department of Economic and Community Development		<u>500,000</u>
US Department of Agriculture:		
Water and Waste Disposal	10.760	222,937
Total US Department of Agriculture		<u>222,937</u>
 Total		
		\$ 722,937

TOWN OF ST. AGATHA, MAINE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2013

PURPOSE OF THE SCHEDULE

Office of Management and Budget (OMB) Circular A-133, requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA).

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs of the Town for the fiscal year ended June 30, 2013. The reporting entity is defined in Notes to Financial Statements of Town of St. Agatha, Maine.
- B. Basis of Presentation - The information in the accompanying Schedule Expenditures of Federal Awards is presented in accordance with OMB Circular A-133.
 - 1. Pursuant to OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.
 - 2. Major Programs - OMB Circular A-133 establishes the level of expenditures to be used in defining major federal financial award programs. Major programs for the Town have been identified in the attached Schedule of Findings - Summary of Auditor's Results.
- C. Basis of Accounting - The information presented in the Schedule of Expenditures of Federal Awards is presented on a basis consistent with the Town's general purpose financial statements. The grants included are all accounted for on a modified accrual basis of accounting which is described in the notes to the general purpose financial statements.

TOWN OF ST. AGATHA, MAINE
Summary of Auditor's Results and
Schedule of Findings
December 31, 2013

Summary of Audit Results

Financial Statements

Type of auditors report issued: Unqualified.

Internal control over financial reporting:

Material weakness(es) identified? No.

Reportable conditions identified that are not considered to be material weakness(es)? No.

Federal Awards

Internal control over major programs:

Material weaknesses identified? No.

Reportable conditions identified that are not considered to be material weakness(es)? One reported.

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

HUD #14.228 : Unqualified

RD #10.760 : Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? None

Major Programs:

HUD #14.228

Dollar threshold used to distinguish between type A and type B programs: \$300,000. There were two type A program.

Auditee qualified as low risk auditee? No.

Summary of Prior Audit Findings

None.

Findings and Questioned costs

None.