

# Audited Financial Statements

## Town of Chelsea, Maine

June 30, 2015



*Proven Expertise and Integrity*

TOWN OF CHELSEA, MAINE

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JUNE 30, 2015

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## INDEPENDENT AUDITORS' REPORT

Board of Selectmen  
Town of Chelsea  
Chelsea, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Town of Chelsea, Maine, as of and for the year ended June 30, 2015, 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 principle generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

An audit 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 not 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.

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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 and the aggregate remaining fund information of the Town of Chelsea, Maine as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 35 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 Chelsea, Maine's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records

used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

*RHR Smith & Company*

Buxton, Maine  
December 14, 2015

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Chelsea's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

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

**Basic Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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

Both of the above mentioned financial statements have one column for the Town's activities. The type of activity presented for the Town is:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities and include general government, public safety, public works, human services, education and other unclassified expenses.

### **Fund Financial Statements**

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

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

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

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



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

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

### **Required Supplementary Information**

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

### **Other Supplementary Information**

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

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position increased by \$275,243 from \$4,056,372 to \$4,331,615.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased to a balance of \$1,314,882 at the end of this year.

**Table 1**  
**Town of Chelsea, Maine**  
**Net Position**  
**June 30,**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Current assets	\$ 1,534,776	\$ 2,115,103
Capital assets	<u>3,749,248</u>	<u>2,987,237</u>
Total assets	<u>5,284,024</u>	<u>5,102,340</u>
<b>Liabilities</b>		
Current liabilities	185,418	148,321
Long-term obligations outstanding	<u>750,000</u>	<u>880,537</u>
Total liabilities	<u>935,418</u>	<u>1,028,858</u>
<b>Deferred Inflows of Resources</b>		
Prepaid taxes	<u>16,991</u>	<u>17,110</u>
Total deferred inflows of resources	<u>16,991</u>	<u>17,110</u>
<b>Net Position</b>		
Net investment in capital assets	2,874,248	1,987,237
Restricted	142,485	158,727
Unrestricted	<u>1,314,882</u>	<u>1,910,408</u>
Total net position	<u>\$ 4,331,615</u>	<u>\$ 4,056,372</u>

### **Revenues and Expenses**

Revenues for the Town's governmental activities increased by 3.57%, while total expenses decreased by 5.24%. The increase in revenues was mainly due to increases in capital contributions and property taxes. The decrease in expenditures was primarily due to a decrease in public works.

**Table 2**  
**Town of Chelsea, Maine**  
**Changes in Net Position**  
**For the Years Ended June 30,**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 23,797	\$ 22,972
Operating grants and contributions	27,196	29,476
Capital grants and contributions	50,000	-
<i>General Revenues:</i>		
Taxes	3,055,180	2,995,477
Grants and contributions not restricted to specific programs	244,681	223,647
Miscellaneous	65,205	75,063
Total revenues	<u>3,466,059</u>	<u>3,346,635</u>
<b>Expenses</b>		
General government	236,164	217,023
Public safety	210,843	203,571
Public works	408,912	586,699
Human services	17,484	11,824
County tax	156,383	160,134
Education	2,010,023	2,054,458
Unclassified	135,751	133,678
Interest on long-term debt	15,256	-
Total expenses	<u>3,190,816</u>	<u>3,367,387</u>
Change in net position	275,243	(20,752)
Net position - July 1	<u>4,056,372</u>	<u>4,077,124</u>
Net position - June 30	<u><u>\$ 4,331,615</u></u>	<u><u>\$ 4,056,372</u></u>

### Financial Analysis of the Town's Fund Statements

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

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

	<u>2015</u>	<u>2014</u>
General Fund:		
Nonspendable	\$ 18,390	\$ 11,418
Restricted	-	8,220
Assigned	15,000	961,208
Unassigned	1,064,768	614,130
Total General Fund	<u>\$ 1,098,158</u>	<u>\$ 1,594,976</u>
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 28,855	\$ 37,051
Assigned	1,455	2,120
Capital Projects Funds:		
Committed	110,914	95,189
Assigned	5,052	4,060
Permanent Funds:		
Nonspendable - principal	20,000	20,000
Restricted	93,630	93,456
Total Nonmajor Funds	<u>\$ 259,906</u>	<u>\$ 251,876</u>

The general fund total fund balance decreased by \$496,818 from the prior fiscal year. The non-major fund balances increased by \$8,030 from the prior fiscal year.

### **Budgetary Highlights**

The difference between the original and final budget for the general fund was the application of use of assigned fund balances.

The general fund actual revenues exceeded budget by \$292,189. This was mainly a result of all revenue categories being over budget.

The general fund actual expenditures were under budget by \$172,201. All expenditure categories either agreed to the budget or were under budget.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

As of June 30, 2015, the net book value of capital assets recorded by the Town increased by \$762,011 from the prior year. This was a result of the current year additions of \$895,949 less current year depreciation expense of \$133,938.

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

	<u>2015</u>	<u>2014</u>
Land and Non-Depreciable Assets	\$ 60,000	\$ 60,000
Buildings and Improvements	80,150	96,180
Equipment	9,100	28,223
Vehicles	355,297	350,514
Infrastructure	<u>3,244,701</u>	<u>2,452,320</u>
Total	<u>\$ 3,749,248</u>	<u>\$ 2,987,237</u>

#### **Debt**

At June 30, 2015, the Town had \$875,000 in bonds outstanding versus \$1,000,000 last year. Other obligations include accrued vacation pay and sick leave. For additional comparative information on the Town's outstanding debt, refer to Note 5 of Notes to Financial Statements.

#### **Currently Known Facts, Decisions, or Conditions**

##### **Economic Factors and Next Year's Budgets and Rates**

Currently, the Town's unassigned fund balance is at a level sufficient to sustain government operations for a period of approximately three months. However, the Town has worked to build this balance to this sufficient level. As evidence of this, the Town's unassigned fund balance has increased to \$1,064,768 for the year ended June 30, 2015, from \$614,130 for the same period in 2014.

To further promote and ensure the financial well-being and fiscal stability of the Town, the Chelsea Board of Selectmen adopted a Fund Balance Policy in September of 2011. The Town's management established the policy following a detailed evaluation of the Town's operating characteristics, property tax base, reliability of non-property tax revenue sources, working capital needs, state and local economic outlooks, emergency and disaster risk, and other contingent issues. As a result, the Town will strive to maintain an unassigned fund balance level in an amount equal to 2/12<sup>th</sup> or 16.6% of the Town's Operating Budget. Once the Town achieves its goal, any excess funds may be utilized for capital improvement needs and tax rate stabilization or reduction purposes. Further, the Board of Selectmen, with the Town's permission, reserves the right to re-appropriate funds from unassigned fund balance for emergencies and other requirements they believe to be in the best interest of the Town of Chelsea.

### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at 560 Togus Road, Chelsea, Maine 04330-1272.

## STATEMENT A

TOWN OF CHELSEA, MAINE  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,248,521
Investments	37,755
Accounts receivable (net of allowance for uncollectibles)	
Taxes	159,541
Liens	59,212
Other	292
Due from other governments	11,065
Tax acquired property	18,390
Total current assets	<u>1,534,776</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	119,691
Buildings and equipment, net of accumulated depreciation	3,629,557
Total noncurrent assets	<u>3,749,248</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 5,284,024</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 54,520
Due to other governments	2,302
Current portion of long-term obligations	128,596
Total current liabilities	<u>185,418</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	750,000
Total noncurrent liabilities	<u>750,000</u>
<b>TOTAL LIABILITIES</b>	<u>935,418</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Prepaid taxes	16,991
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>16,991</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,874,248
Restricted - nonspendable	20,000
Restricted for: Special revenue funds	28,855
Permanent funds	93,630
Unrestricted	1,314,882
<b>TOTAL NET POSITION</b>	<u><u>4,331,615</u></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 5,284,024</u></u>

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

## STATEMENT B

TOWN OF CHELSEA, MAINE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 236,164	\$ 21,127	\$ -	\$ -	\$ (215,037)
Public safety	210,843	2,670	-	50,000	(158,173)
Public works	408,912	-	27,196	-	(381,716)
Human services	17,484	-	-	-	(17,484)
County tax	156,383	-	-	-	(156,383)
Education	2,010,023	-	-	-	(2,010,023)
Unclassified	135,751	-	-	-	(135,751)
Interest on long-term debt	15,256	-	-	-	(15,256)
Total government	<u>\$ 3,190,816</u>	<u>\$ 23,797</u>	<u>\$ 27,196</u>	<u>\$ 50,000</u>	<u>\$ (3,089,823)</u>



STATEMENT B (CONTINUED)  
TOWN OF CHELSEA, MAINE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(3,089,823)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	2,622,957
Excise taxes	432,223
Grants and contributions not restricted to specific programs	244,681
Miscellaneous	<u>65,205</u>
Total general revenues	<u>3,365,066</u>
Change in net position	275,243
NET POSITION - JULY 1	<u>4,056,372</u>
NET POSITION - JUNE 30	<u><u>\$ 4,331,615</u></u>

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

## TOWN OF CHELSEA, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,030,686	\$ 217,835	\$ 1,248,521
Investments	-	37,755	37,755
Accounts receivable (net of allowance of doubtful accounts):			
Taxes	159,541	-	159,541
Tax liens	59,212	-	59,212
Other	292	-	292
Due from other governments	-	11,065	11,065
Tax acquired property	18,390	-	18,390
Due from other funds	8,998	2,249	11,247
<b>TOTAL ASSETS</b>	<u>\$ 1,277,119</u>	<u>\$ 268,904</u>	<u>\$ 1,546,023</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 54,520	\$ -	\$ 54,520
Due to other governments	2,302	-	2,302
Due to other funds	2,249	8,998	11,247
<b>TOTAL LIABILITIES</b>	<u>59,071</u>	<u>8,998</u>	<u>68,069</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	16,991	-	16,991
Deferred property tax revenues	102,899	-	102,899
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>119,890</u>	<u>-</u>	<u>119,890</u>
<b>FUND BALANCES</b>			
Nonspendable	18,390	20,000	38,390
Restricted	-	122,485	122,485
Committed	-	110,914	110,914
Assigned	15,000	6,507	21,507
Unassigned	1,064,768	-	1,064,768
<b>TOTAL FUND BALANCES</b>	<u>1,098,158</u>	<u>259,906</u>	<u>1,358,064</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 1,277,119</u>	<u>\$ 268,904</u>	<u>\$ 1,546,023</u>

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

## TOWN OF CHELSEA, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 1,358,064
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	3,749,248
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	102,899
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(875,000)
Accrued compensated absences	<u>(3,596)</u>
Net position of governmental activities	<u><u>\$ 4,331,615</u></u>

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

## TOWN OF CHELSEA, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 2,747,878	\$ -	\$ 2,747,878
Excise	432,223	-	432,223
Intergovernmental	270,917	960	271,877
Interest income	24,837	290	25,127
Charges for services	23,797	-	23,797
Other revenue	36,269	3,809	40,078
TOTAL REVENUES	<u>3,535,921</u>	<u>5,059</u>	<u>3,540,980</u>
EXPENDITURES			
Current:			
General government	233,730	-	233,730
Public safety	138,425	-	138,425
Public works	351,767	-	351,767
Human services	17,484	-	17,484
County tax	156,383	-	156,383
Education	2,010,023	-	2,010,023
Unclassified	966,671	15,029	981,700
Debt service:			
Principal	125,000	-	125,000
Interest	15,256	-	15,256
TOTAL EXPENDITURES	<u>4,014,739</u>	<u>15,029</u>	<u>4,029,768</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(478,818)</u>	<u>(9,970)</u>	<u>(488,788)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	34,271	34,271
Transfers (out)	(18,000)	(16,271)	(34,271)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(18,000)</u>	<u>18,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(496,818)	8,030	(488,788)
FUND BALANCES - JULY 1,	<u>1,594,976</u>	<u>251,876</u>	<u>1,846,852</u>
FUND BALANCES - JUNE 30	<u>\$ 1,098,158</u>	<u>\$ 259,906</u>	<u>\$ 1,358,064</u>

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

## TOWN OF CHELSEA, 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, 2015

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (488,788)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset purchases capitalized	895,949
Depreciation expense	<u>(133,938)</u>
	<u>762,011</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>(124,921)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	
	<u>125,000</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>1,941</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 275,243</u></u>

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

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Chelsea, Maine was incorporated under the laws of the State of Maine. The Town provides the following services: general government, public safety, public works, human services, education and other unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so.

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

**Government – Wide and Fund Financial Statements**

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

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

Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all activities of the entity as governmental.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (instruction, special education, etc.). The functions are also supported by general government revenues (support from towns, certain intergovernmental revenues, miscellaneous revenues,

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

**Measurement Focus - Basic Financial Statements & Fund Financial Statements**

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

The following fund types are used by the Town:

1. Governmental Funds:

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

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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



TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Budget**

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

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. The Town does not adopt budgets for Special Revenue Funds.

**Deposits and Investments**

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town is authorized by State Statutes to invest all excess funds in the following:

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

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

**Transactions Between Funds**

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

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts for accounts receivables is estimated to be \$0 as of June 30, 2015.

**Capital Assets**

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

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

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

Estimated useful lives are as follows:

Buildings	20 - 50 years
Machinery and equipment	5 - 10 years
Vehicles	3 - 25 years

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Long-term Obligations**

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

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

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

**Compensated Absences**

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation but not sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2015, the Town's liability for compensated absences is \$3,596.

**Net Position**

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

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Fund Balance**

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

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

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

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

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of assigned funds, and then unassigned funds, as needed.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. The separate

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no deferred outflows of resources.

In addition to liabilities, the statement of financial position and or balance sheet will at times 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 Town has only one type of item, deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied August 6, 2014 on the assessed value listed as of April 1, 2014, for all real and personal property located in the Town. Taxes were due on in two installments on October 1, 2014 and April 1, 2015. Interest on unpaid taxes commenced on October 2, 2014 and April 2, 2015, at 7% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$100,566 for the year ended June 30, 2015.

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.

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Program Revenues**

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

**Encumbrance Accounting**

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

**Use of Estimates**

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2015, the Town's deposits amounting to \$1,248,521 were comprised of bank balances of \$1,250,669. Of these balances, \$500,000 was covered by federal depository insurance and consequently was not exposed to custodial credit risk and \$333,650 was collateralized with securities held by the financial institution in the Town's name. The remaining balance of \$417,019 was uncollateralized and uninsured.

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 316,846
Repurchase agreement	333,650
Savings accounts	600,173
	<u>\$ 1,250,669</u>

**Investments:**

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

At June 30, 2015, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>&lt; 1 Year</u>	<u>1 - 5 Years</u>
Certificates of deposit	<u>\$ 37,755</u>	<u>\$ -</u>	<u>\$ 37,755</u>	<u>\$ -</u>

In accordance with its investment policy, the Town seeks to minimize custodial credit risk by doing business with well-established financial institutions (banks, credit unions) or other recognized investment services only. The Town's investments of \$37,755 in certificates of deposit were uncollateralized and uninsured.

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

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

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2015 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
General fund	\$ 8,998	\$ 2,249
Nonmajor special revenue funds	2,234	8,998
Nonmajor capital project funds	15	-
	<u>\$ 11,247</u>	<u>\$ 11,247</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2015:

	Balance 7/1/14	Additions	Disposals	Balance 6/30/15
Non-depreciated assets:				
Land	\$ 60,000	\$ -	\$ -	\$ 60,000
Construction in Progress	59,691	-	-	59,691
	<u>119,691</u>	<u>-</u>	<u>-</u>	<u>119,691</u>
Depreciated assets:				
Buildings	641,200	-	-	641,200
Equipment	260,368	-	-	260,368
Vehicles	1,202,389	50,000	-	1,252,389
Infrastructure	4,079,757	845,949	-	4,925,706
	<u>6,183,714</u>	<u>895,949</u>	<u>-</u>	<u>7,079,663</u>
Less accumulated depreciation:				
Buildings	(545,020)	(16,030)	-	(561,050)
Equipment	(232,943)	(18,325)	-	(251,268)
Vehicles	(851,904)	(45,188)	-	(897,092)
Infrastructure	(1,686,301)	(54,395)	-	(1,740,696)
	<u>(3,316,168)</u>	<u>(133,938)</u>	<u>-</u>	<u>(3,450,106)</u>
Net depreciated assets	<u>2,867,546</u>	<u>762,011</u>	<u>-</u>	<u>3,629,557</u>
Net capital assets	<u>\$ 2,987,237</u>	<u>\$ 762,011</u>	<u>\$ -</u>	<u>\$ 3,749,248</u>



TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:

General government	\$ 4,375
Public safety	72,418
Public works	57,145
	<u>\$ 133,938</u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	Balance 7/1/14	Additions	Reductions	Balance 6/30/15	Current Year Portion
Bonds payable	\$ 1,000,000	\$ -	\$ (125,000)	\$ 875,000	\$ 125,000
Accrued compensated absences	5,537	-	(1,941)	3,596	3,596
Totals	<u>\$ 1,005,537</u>	<u>\$ -</u>	<u>\$ (126,941)</u>	<u>\$ 878,596</u>	<u>\$ 128,596</u>

The following is a summary of outstanding bonds payable:

\$1,000,000 bond payable to Maine Municipal Bond Bank, annual principal payments of \$125,000, interest is charged at a rate varying from .45%-2.74% per annum.

\$ 875,000

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

	Principal	Interest	Total Debt Service
2016	\$ 125,000	\$ 14,569	\$ 139,569
2017	125,000	13,544	138,544
2018	125,000	12,088	137,088
2019	125,000	10,150	135,150
2020	125,000	7,731	132,731
2021-2025	250,000	6,631	256,631
	<u>\$ 875,000</u>	<u>\$ 64,713</u>	<u>\$ 939,713</u>

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 6 – OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. The County of Kennebec had no outstanding debt. At June 30, 2015, the Town's share was approximately:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Amount</u>
RSU #12	\$ 16,392,733	19.81%	<u>\$ 3,247,400</u>
			<u>\$ 3,247,400</u>

NOTE 7 – NONSPENDABLE FUND BALANCES

At June 30, 2015, the Town had the following nonspendable fund balances:

General fund:	
Tax acquired property	\$ 18,390
Nonmajor permanent funds (Schedule I)	<u>20,000</u>
	<u>\$ 38,390</u>

NOTE 8 – RESTRICTED FUND BALANCES

At June 30, 2015, the Town had the following restricted fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 28,855
Nonmajor permanent funds (Schedule I)	<u>93,630</u>
	<u>\$ 122,485</u>

NOTE 9 – COMMITTED FUND BALANCES

At June 30, 2015, the Town had the following committed fund balances:

Nonmajor capital projects funds (Schedule G)	<u>\$ 110,914</u>
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TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 10 – ASSIGNED FUND BALANCES

At June 30, 2015, the Town had the following assigned fund balances:

General fund:	
Summer roads	\$ 13,000
Cemeteries/parks	2,000
Nonmajor special revenue funds (Schedule E)	1,455
Nonmajor capital projects funds (Schedule G)	5,052
	<u>\$ 21,507</u>

NOTE 11 - EXPENDITURES OVER APPROPRIATIONS

The following appropriations were overspent at June 30, 2015:

	<u>Excess</u>
Legal fees	\$ 2,844
Street lights	579
	<u>\$ 2,844</u>

NOTE 12 – 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, participates in a public entity risk pool, or is effectively self-insured. Currently, the Town participates in several public-entity and self-insured risk pools sponsored by the Maine Municipal Association.

Based on the coverage provided by the pools described above, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2015. Amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 13 - CONTINGENCIES

The Town participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015 may be impaired. In the opinion of the Town, there are no significant contingent liabilities relating to compliance

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 13 - CONTINGENCIES

with the rules and regulations; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 14 – COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

### Required Supplementary Information

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

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

## TOWN OF CHELSEA, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance - July 1	\$ 1,594,976	\$ 1,594,976	\$ 1,594,976	\$ -
Resources (Inflows):				
Taxes:				
Property	2,614,069	2,614,069	2,747,878	133,809
Excise	351,700	351,700	432,223	80,523
Intergovernmental	238,313	238,313	270,917	32,604
Charges for services	13,050	13,050	23,797	10,747
Interest income	13,500	13,500	24,837	11,337
Other revenue	13,100	13,100	36,269	23,169
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>4,838,708</u>	<u>4,838,708</u>	<u>5,130,897</u>	<u>292,189</u>
Charges to Appropriations (Outflows):				
General government	254,331	256,331	233,730	22,601
Public safety	140,742	140,742	138,425	2,317
Public works	350,322	367,922	351,767	16,155
Human services	20,100	20,100	17,484	2,616
County assessment	156,392	156,392	156,383	9
Education	2,010,023	2,010,023	2,010,023	-
Unclassified	153,566	1,095,174	966,671	128,503
Debt service:				
Principal	125,000	125,000	125,000	-
Interest	15,256	15,256	15,256	-
Transfers to other funds	18,000	18,000	18,000	-
Total Charges to Appropriations	<u>3,243,732</u>	<u>4,204,940</u>	<u>4,032,739</u>	<u>172,201</u>
Budgetary Fund Balance - June 30	<u>\$ 1,594,976</u>	<u>\$ 633,768</u>	<u>\$ 1,098,158</u>	<u>\$ 464,390</u>
Utilization of assigned fund balance	<u>\$ -</u>	<u>\$ 961,208</u>	<u>\$ -</u>	<u>\$ (961,208)</u>
	<u>\$ -</u>	<u>\$ 961,208</u>	<u>\$ -</u>	<u>\$ (961,208)</u>

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

### Other Supplementary Information

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

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

SCHEDULE A

TOWN OF CHELSEA, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
BUDGET AND ACTUAL – GENERAL FUND REVENUES  
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 2,614,069	\$ 2,614,069	\$ 2,747,878	\$ 133,809
Auto excise	350,000	350,000	430,218	80,218
Boat excise	1,700	1,700	2,005	305
Intergovernmental revenues:				
State revenue sharing	130,740	130,740	138,825	8,085
Homestead reimbursement	68,886	68,886	89,308	20,422
Local road assistance	29,000	29,000	27,196	(1,804)
Tree growth	-	-	2,656	2,656
Veterans' exemption	-	-	1,980	1,980
Other	9,687	9,687	10,952	1,265
Charges for services:				
Building permits	2,600	2,600	3,227	627
Plumbing permits	2,100	2,100	5,135	3,035
Junk yard permits	-	-	851	851
Motor vehicle agent fees	5,750	5,750	8,720	2,970
Dog agent fees	-	-	95	95
Animal welfare fees	500	500	2,575	2,075
Recreational agent fees	900	900	1,063	163
Town clerk lic/certificate fees	800	800	2,026	1,226
Returned check fees	-	-	105	105
Dog warrant fees	400	400	-	(400)
Interest income:				
Tax/lien interest	13,500	13,500	24,400	10,900
Interest income	-	-	437	437
Miscellaneous revenues:				
Rental agreement	9,000	9,000	9,861	861
Misc. other	4,100	4,100	26,408	22,308
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>\$ 3,243,732</u>	<u>\$ 3,243,732</u>	<u>\$ 3,535,921</u>	<u>\$ 292,189</u>

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



## TOWN OF CHELSEA, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>GENERAL GOVERNMENT</b>					
Administrative salaries	\$ 123,135	\$ -	\$ 123,135	\$ 122,586	\$ 549
Administrative expense	25,735	-	25,735	25,871	(136)
Town office expense	7,580	-	7,580	4,955	2,625
Administration miscellaneous	21,800	-	21,800	21,954	(154)
Cont lab/services	3,500	-	3,500	3,299	201
Assessor's office	17,912	2,000	19,912	16,483	3,429
Board expense	3,925	-	3,925	3,571	354
Employee benefits	25,438	-	25,438	22,675	2,763
Code enforcement agreement	25,306	-	25,306	12,336	12,970
Totals	<u>254,331</u>	<u>2,000</u>	<u>256,331</u>	<u>233,730</u>	<u>22,601</u>
<b>PUBLIC SAFETY</b>					
Fire department	61,300	-	61,300	60,647	653
Public safety	17,884	-	17,884	17,858	26
Insurance	25,378	-	25,378	24,799	579
Animal control	5,726	-	5,726	4,396	1,330
Ambulance	24,394	-	24,394	24,086	308
Street light	6,060	-	6,060	6,639	(579)
Totals	<u>140,742</u>	<u>-</u>	<u>140,742</u>	<u>138,425</u>	<u>2,317</u>
<b>PUBLIC WORKS</b>					
Winter roads	186,072	11,000	197,072	197,072	-
Summer roads	112,485	6,000	118,485	105,002	13,483
Landfill	41,565	-	41,565	41,295	270
Cemetery & parks	10,200	600	10,800	8,398	2,402
Totals	<u>350,322</u>	<u>17,600</u>	<u>367,922</u>	<u>351,767</u>	<u>16,155</u>

## TOWN OF CHELSEA, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
HUMAN SERVICES					
General assistance	6,250	-	6,250	3,634	2,616
Donations & contributions	13,850	-	13,850	13,850	-
Totals	20,100	-	20,100	17,484	2,616
COUNTY TAX	156,392	-	156,392	156,383	9
EDUCATION	2,010,023	-	2,010,023	2,010,023	-
UNCLASSIFIED					
Legal	10,000	1,300	11,300	14,144	(2,844)
Miscellaneous	3,000	-	3,000	2,979	21
Road Bond	-	940,308	940,308	940,308	-
Reim FB	40,000	-	40,000	-	40,000
Overlay	100,566	-	100,566	9,240	91,326
Totals	153,566	941,608	1,095,174	966,671	128,503
DEBT SERVICE					
Principal	125,000	-	125,000	125,000	-
Interest	15,256	-	15,256	15,256	-
Totals	140,256	-	140,256	140,256	-
TRANSFERS OUT					
FD Vehicles	7,000	-	7,000	7,000	-
FD Buildings	2,000	-	2,000	2,000	-
TO Buildings	3,000	-	3,000	3,000	-
TO Equipment	4,000	-	4,000	4,000	-
Salt Shed	2,000	-	2,000	2,000	-
Totals	18,000	-	18,000	18,000	-
TOTAL EXPENDITURES	<u>\$ 3,243,732</u>	<u>\$ 961,208</u>	<u>\$ 4,204,940</u>	<u>\$ 4,032,739</u>	<u>\$ 172,201</u>

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

## SCHEDULE C

## TOWN OF CHELSEA, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 26,009	\$ 115,951	\$ 75,875	\$ 217,835
Investments	-	-	37,755	37,755
Due from other governments	11,065	-	-	11,065
Due from other funds	2,234	15	-	2,249
TOTAL ASSETS	<u>\$ 39,308</u>	<u>\$ 115,966</u>	<u>\$ 113,630</u>	<u>\$ 268,904</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	8,998	-	-	8,998
TOTAL LIABILITIES	<u>8,998</u>	<u>-</u>	<u>-</u>	<u>8,998</u>
FUND BALANCES				
Nonspendable - permanent funds principal	-	-	20,000	20,000
Restricted	28,855	-	93,630	122,485
Committed	-	110,914	-	110,914
Assigned	1,455	5,052	-	6,507
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>30,310</u>	<u>115,966</u>	<u>113,630</u>	<u>259,906</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 39,308</u>	<u>\$ 115,966</u>	<u>\$ 113,630</u>	<u>\$ 268,904</u>

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

## SCHEDULE D

## TOWN OF CHELSEA, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Interest income	\$ 23	\$ 93	\$ 174	\$ 290
Intergovernmental	960	-	-	960
Other	985	2,824	-	3,809
TOTAL REVENUES	<u>1,968</u>	<u>2,917</u>	<u>174</u>	<u>5,059</u>
EXPENDITURES	<u>10,829</u>	<u>4,200</u>	<u>-</u>	<u>15,029</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,861)</u>	<u>(1,283)</u>	<u>174</u>	<u>(9,970)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	34,271	-	34,271
Transfers (out)	-	(16,271)	-	(16,271)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>
NET CHANGE IN FUND BALANCES	(8,861)	16,717	174	8,030
FUND BALANCES - JULY 1	<u>39,171</u>	<u>99,249</u>	<u>113,456</u>	<u>251,876</u>
FUND BALANCES - JUNE 30	<u>\$ 30,310</u>	<u>\$ 115,966</u>	<u>\$ 113,630</u>	<u>\$ 259,906</u>

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

## Special Revenue Funds

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

## TOWN OF CHELSEA, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2015

	CDBG Rehab	Chelsea Cares	Small Communities Grant	Fire Dept Forestry Grant	Natural Gas TIF	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 26,009	\$ -	\$ -	\$ -	\$ -	\$ 26,009
Due from other governments	11,065	-	-	-	-	11,065
Due from other funds	-	2,234	-	-	-	2,234
<b>TOTAL ASSETS</b>	<u>\$ 37,074</u>	<u>\$ 2,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,308</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	19	760	8,219	8,998
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>19</u>	<u>760</u>	<u>8,219</u>	<u>8,998</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	37,074	-	-	-	(8,219)	28,855
Committed	-	-	-	-	-	-
Assigned	-	2,234	(19)	(760)	-	1,455
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>37,074</u>	<u>2,234</u>	<u>(19)</u>	<u>(760)</u>	<u>(8,219)</u>	<u>30,310</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 37,074</u>	<u>\$ 2,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,308</u>

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

## TOWN OF CHELSEA, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

	CDBG Rehab	Chelsea Cares	Small Communities Grant	Fire Dept Forestry Grant	Natural Gas TIF	Totals
REVENUES						
Interest income	\$ 23	\$ -	\$ -	\$ -	\$ -	\$ 23
Intergovernmental	-	-	-	960	-	960
Other income	-	985	-	-	-	985
TOTAL REVENUES	<u>23</u>	<u>985</u>	<u>-</u>	<u>960</u>	<u>-</u>	<u>1,968</u>
EXPENDITURES	<u>-</u>	<u>871</u>	<u>19</u>	<u>1,720</u>	<u>8,219</u>	<u>10,829</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>23</u>	<u>114</u>	<u>(19)</u>	<u>(760)</u>	<u>(8,219)</u>	<u>(8,861)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	23	114	(19)	(760)	(8,219)	(8,861)
FUND BALANCES - JULY 1	<u>37,051</u>	<u>2,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,171</u>
FUND BALANCES - JUNE 30	<u>\$ 37,074</u>	<u>\$ 2,234</u>	<u>\$ (19)</u>	<u>\$ (760)</u>	<u>\$ (8,219)</u>	<u>\$ 30,310</u>

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

## Capital Projects Funds

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



## TOWN OF CHELSEA, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2015

	Fire Dept. Donations	Town Reserve	Fire Dept. Reserve	Fire Truck Reserve	Town Office Equipment	Salt/Sand Shed	Totals
ASSETS							
Cash and cash equivalents	\$ 5,037	\$ 31,526	\$ 4,639	\$ 57,207	\$ 13,539	\$ 4,003	\$ 115,951
Due from other funds	15	-	-	-	-	-	15
TOTAL ASSETS	<u>\$ 5,052</u>	<u>\$ 31,526</u>	<u>\$ 4,639</u>	<u>\$ 57,207</u>	<u>\$ 13,539</u>	<u>\$ 4,003</u>	<u>\$ 115,966</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	31,526	4,639	57,207	13,539	4,003	110,914
Assigned	5,052	-	-	-	-	-	5,052
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>5,052</u>	<u>31,526</u>	<u>4,639</u>	<u>57,207</u>	<u>13,539</u>	<u>4,003</u>	<u>115,966</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,052</u>	<u>\$ 31,526</u>	<u>\$ 4,639</u>	<u>\$ 57,207</u>	<u>\$ 13,539</u>	<u>\$ 4,003</u>	<u>\$ 115,966</u>

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

## TOWN OF CHELSEA, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

	Fire Dept. Donations	Town Reserve	Fire Dept. Reserve	Fire Truck Reserve	Town Office Equipment	Salt/Sand Shed	Totals
REVENUES							
Interest income	\$ 3	\$ 27	\$ 4	\$ 48	\$ 9	\$ 2	\$ 93
Other income	2,824	-	-	-	-	-	2,824
TOTAL REVENUES	<u>2,827</u>	<u>27</u>	<u>4</u>	<u>48</u>	<u>9</u>	<u>2</u>	<u>2,917</u>
EXPENDITURES	<u>1,835</u>	<u>-</u>	<u>2,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,200</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>992</u>	<u>27</u>	<u>(2,361)</u>	<u>48</u>	<u>9</u>	<u>2</u>	<u>(1,283)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	3,000	2,000	23,271	4,000	2,000	34,271
Transfers (out)	<u>-</u>	<u>-</u>	<u>(16,271)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,271)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>3,000</u>	<u>(14,271)</u>	<u>23,271</u>	<u>4,000</u>	<u>2,000</u>	<u>18,000</u>
NET CHANGE IN FUND BALANCES	992	3,027	(16,632)	23,319	4,009	2,002	16,717
FUND BALANCES - JULY 1	<u>4,060</u>	<u>28,499</u>	<u>21,271</u>	<u>33,888</u>	<u>9,530</u>	<u>2,001</u>	<u>99,249</u>
FUND BALANCES - JUNE 30	<u>\$ 5,052</u>	<u>\$ 31,526</u>	<u>\$ 4,639</u>	<u>\$ 57,207</u>	<u>\$ 13,539</u>	<u>\$ 4,003</u>	<u>\$ 115,966</u>

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

## Permanent Funds

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

## TOWN OF CHELSEA, MAINE

## COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS

JUNE 30, 2015

	Searls Mills Cemetery	Ruth Ludwig Library	School Reserves	Katon Scholarship Fund	Hayes Hill Cemetery	Chelsea Heights Cemetery
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 26,474	\$ -	\$ 500	\$ 2,855
Investments	10,844	5,095	-	21,816	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 10,844</u>	<u>\$ 5,095</u>	<u>\$ 26,474</u>	<u>\$ 21,816</u>	<u>\$ 500</u>	<u>\$ 2,855</u>
LIABILITIES						
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	20,000	-	-
Restricted	10,844	5,095	26,474	1,816	500	2,855
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>10,844</u>	<u>5,095</u>	<u>26,474</u>	<u>21,816</u>	<u>500</u>	<u>2,855</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,844</u>	<u>\$ 5,095</u>	<u>\$ 26,474</u>	<u>\$ 21,816</u>	<u>\$ 500</u>	<u>\$ 2,855</u>

## TOWN OF CHELSEA, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2015

	George Woodbury Lot	Harry Morril Lot	H.S. Patterson Lot	Kirkwood Dondero Lot	Thoms & William Winter Lot	Dewey Seguin Lot
ASSETS						
Cash and cash equivalents	\$ 100	\$ 100	\$ 500	\$ 200	\$ 250	\$ 100
Investments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 500</u>	<u>\$ 200</u>	<u>\$ 250</u>	<u>\$ 100</u>
LIABILITIES						
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	100	100	500	200	250	100
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>100</u>	<u>100</u>	<u>500</u>	<u>200</u>	<u>250</u>	<u>100</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 500</u>	<u>\$ 200</u>	<u>\$ 250</u>	<u>\$ 100</u>

## TOWN OF CHELSEA, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2015

	William Robbins Lot	Mary Blanchard Sesarles Mills Lote	Davenport Cemetery	Francis Gardner Lot	Caron Lot Chelsea Heights	Searles Mills Cemetery
ASSETS						
Cash and cash equivalents	\$ 100	\$ 200	\$ 50	\$ 200	\$ 500	\$ 9,995
Investments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 100</u>	<u>\$ 200</u>	<u>\$ 50</u>	<u>\$ 200</u>	<u>\$ 500</u>	<u>\$ 9,995</u>
LIABILITIES						
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	100	200	50	200	500	9,995
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>100</u>	<u>200</u>	<u>50</u>	<u>200</u>	<u>500</u>	<u>9,995</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 100</u>	<u>\$ 200</u>	<u>\$ 50</u>	<u>\$ 200</u>	<u>\$ 500</u>	<u>\$ 9,995</u>

## TOWN OF CHELSEA, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2015

	Perpetual Care	Cemetery Lot Sales	Cemetery Interest	John Bernier	Totals
ASSETS					
Cash and cash equivalents	\$ 6,700	\$ 3,500	\$ 8,338	\$ 15,213	\$ 75,875
Investments	-	-	-	-	37,755
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 6,700</u>	<u>\$ 3,500</u>	<u>\$ 8,338</u>	<u>\$ 15,213</u>	<u>113,630</u>
LIABILITIES					
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	20,000
Restricted	6,700	3,500	8,338	15,213	93,630
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>6,700</u>	<u>3,500</u>	<u>8,338</u>	<u>15,213</u>	<u>113,630</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,700</u>	<u>\$ 3,500</u>	<u>\$ 8,338</u>	<u>\$ 15,213</u>	<u>113,630</u>

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

## TOWN OF CHELSEA, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	Searls Mills Cemetery	Ruth Ludwig Library	School Reserves	Katon Scholarship Fund	Hayes Hill Cemetery	Chelsea Heights Cemetery
REVENUES						
Interest income	\$ 11	\$ 20	\$ 24	\$ 73	\$ -	\$ -
TOTAL REVENUES	<u>11</u>	<u>20</u>	<u>24</u>	<u>73</u>	<u>-</u>	<u>-</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>11</u>	<u>20</u>	<u>24</u>	<u>73</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	11	20	24	73	-	-
FUND BALANCES - JULY 1	<u>10,833</u>	<u>5,075</u>	<u>26,450</u>	<u>21,743</u>	<u>500</u>	<u>2,855</u>
FUND BALANCES - JUNE 30	<u>\$ 10,844</u>	<u>\$ 5,095</u>	<u>\$ 26,474</u>	<u>\$ 21,816</u>	<u>\$ 500</u>	<u>\$ 2,855</u>



## TOWN OF CHELSEA, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

	George Woodbury Lot	Harry Morril Lot	H.S. Patterson Lot	Kirkwood Dondero Lot	Thoms & William Winter Lot	Dewey Seguin Lot
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES	-	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-
FUND BALANCES - JULY 1	100	100	500	200	250	100
FUND BALANCES - JUNE 30	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 500</u>	<u>\$ 200</u>	<u>\$ 250</u>	<u>\$ 100</u>

## TOWN OF CHELSEA, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

	William Robbins Lot	Mary Blanchard Searles Mills Lote	Davenport Cemetery	Francis Gardner Lot	Caron Lot Chelsea Heights	Searles Mills Cemetery
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES	-	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-
FUND BALANCES - JULY 1	100	200	50	200	500	9,995
FUND BALANCES - JUNE 30	\$ 100	\$ 200	\$ 50	\$ 200	\$ 500	\$ 9,995

## TOWN OF CHELSEA, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

	Perpetual Care	Cemetery Lot Sales	Cemetery Interest	John Bernier	Totals
REVENUES					
Interest income	\$ -	\$ -	\$ 32	\$ 14	\$ 174
TOTAL REVENUES	-	-	32	14	174
EXPENDITURES	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	32	14	174
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	32	14	174
FUND BALANCES - JULY 1	6,700	3,500	8,306	15,199	113,456
FUND BALANCES - JUNE 30	<u>\$ 6,700</u>	<u>\$ 3,500</u>	<u>\$ 8,338</u>	<u>\$ 15,213</u>	<u>\$ 113,630</u>

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

## General Capital Assets

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

## TOWN OF CHELSEA, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2015

	Land and Non-depreciable Assets	Buildings and Improvements	Machinery, Equipment & Vehicles	Infrastructure	Totals
General government	\$ -	\$ 175,000	\$ -	\$ 59,691	\$ 234,691
Public safety	-	356,200	1,512,757	-	1,868,957
Public works	-	110,000	-	4,925,706	5,035,706
Town-wide	60,000	-	-	-	60,000
Total general capital assets	60,000	641,200	1,512,757	4,985,397	7,199,354
Less: accumulated depreciation	-	(561,050)	(1,148,360)	(1,740,696)	(3,450,106)
Net general capital assets	<u>\$ 60,000</u>	<u>\$ 80,150</u>	<u>\$ 364,397</u>	<u>\$ 3,244,701</u>	<u>\$ 3,749,248</u>

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

## TOWN OF CHELSEA, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2015

	General Capital Assets 7/1/14	Additions	Deletions	General Capital Assets 6/30/15
General government	\$ 234,691	\$ -	\$ -	\$ 234,691
Public safety	1,818,957	50,000	-	1,868,957
Public works	4,189,757	845,949	-	5,035,706
Town-wide	60,000	-	-	60,000
Total General Capital Assets	6,303,405	895,949	-	7,199,354
Less: Accumulated Depreciation	(3,316,168)	(133,938)	-	(3,450,106)
Net General Capital Assets	<u>\$ 2,987,237</u>	<u>\$ 762,011</u>	<u>\$ -</u>	<u>\$ 3,749,248</u>

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