

**Financial Statements**

**Town of Madison, Maine**

**June 30, 2015**

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## Notes to Financial Statements

### Town of Madison, Maine

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## **Independent Auditors' Report**

**To the Selectboard  
Town of Madison  
Madison, Maine**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Madison, 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 principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Madison, 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 on page 3 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 Madison, Maine's basic financial statements. The introductory section, combining and individual nonmajor 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 nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Purdy Poulos & Company*  
Professional Association

**Portland, Maine**  
**December 14, 2015**

## **Management's Discussion and Analysis**

As management of the Town of Madison, Maine, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### **Financial Highlights**

- The Town's assets exceeded liabilities by approximately \$9.2 million as of June 30, 2015, compared to approximately \$10.9 million as of June 30, 2014.

For the Town as a whole, the change in net position from one year to the next is one way to measure the Town's financial health. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. The net increase of \$1,756,559 for this fiscal year as well as an increase of \$486,345 the previous year is an indication of our financial strength going forward.

- The Town's governmental funds General Fund fund balance was \$1.71 million as of June 30, 2015, compared to \$2.93 million as of June 30, 2014.

Within the General Fund, actual expenditures exceeded actual revenues by \$1,222,753.

### **Overview of the Financial Statements**

The Management's Discussion and Analysis introduces the Town's basic financial statements. The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Town also includes in this report supplemental information to the basic financial statements.

### **Government-wide Financial Statements**

The government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements provide information about the activities of the Town as a whole and present both a long-term and short-term view of the Town's finances. Financial reporting at this level is similar to the accounting used by most private-sector companies.

## Management's Discussion and Analysis - Continued

### Town of Madison, Maine

The Statement of Net position includes all assets and liabilities, with the difference reported as net position. Evaluation of the overall economic health requires other non-financial factors, such as changes in the Town's property tax base and the condition of the Town's roads, as well as many others.

The Statement of Activities reports the current year change in net position. This statement includes all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net position and the Statement of Activities are divided into two kinds of activities:

- **Governmental activities:** Most of the Town's basic services are reported here, including general government, public safety, public works, public health, economic development, library and recreation services, and unclassified (cemetery, county tax, community service donations, and general assistance). All other governmental revenues are reported as miscellaneous. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.
- **Business-type activities:** The Town's community access television channel is reported as a business-type activity. Revenue is generated via town franchise fees and through sponsorships sold to advertisers and other users. During 2015, the net assets of Channel 11 were transferred to a separate newly formed not-for-profit.

### Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

The Town has the following fund types:

- **Governmental funds** are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. Since the government-wide focus includes the long-term view, comparisons between these two perspectives provide insight into the long-term impact of short-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 the government-wide statements to assist in understanding the differences between these two perspectives.
- **Proprietary funds** are reported in the fund financial statements and generally report services for which the Town charges customers or users a fee. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds.

## Management's Discussion and Analysis - Continued

### Town of Madison, Maine

#### Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

#### Financial Analysis of the Town as a Whole - Government-wide Financial Statements

The following schedule is a summary of net position for the years ended June 30, 2015 and 2014:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>2015</u>	<u>2014</u>	<u>Change</u>
Current and other assets	\$ 2,981,447	\$ 4,598,069	\$ (1,616,622)	\$ -	\$ 47,721	\$ (47,721)
Capital assets	6,406,317	6,415,396	(9,079)	-	25,425	(25,425)
<b>Total Assets</b>	<b>9,387,764</b>	<b>11,013,465</b>	<b>(1,625,701)</b>	<b>-</b>	<b>73,146</b>	<b>(73,146)</b>
Long-term liabilities	39,033	68,920	(29,887)	-	-	-
Other liabilities	177,782	70,184	107,598	-	19,999	(19,999)
<b>Total Liabilities</b>	<b>216,815</b>	<b>139,104</b>	<b>77,711</b>	<b>-</b>	<b>19,999</b>	<b>(19,999)</b>
Net position:						
Net investment in						
capital assets	6,406,317	6,415,396	(9,079)	-	25,425	(25,425)
Restricted	708,851	1,183,431	(474,580)	-	-	-
Unrestricted	2,055,781	3,275,534	(1,219,753)	-	27,722	(27,722)
	<u>\$ 9,170,949</u>	<u>\$ 10,874,361</u>	<u>\$ (1,703,412)</u>	<u>\$ -</u>	<u>\$ 53,147</u>	<u>\$ (53,147)</u>

The Town of Madison's overall financial condition shows a decrease of \$1,703,412 over 2014 which is indicative of the residents decision to begin using money from the fund balance to pay for the general operations of the Town. At the June 9, 2014 Town Meeting residents voted to use \$600,000 from the General Fund to reduce taxation and at a Special Town Meeting in September 2014, residents voted to use an additional \$800,000. These measures were taken in the wake of the loss of \$139,000,000 in valuation at Madison Paper Industries. Spending down the fund balance was part of an effort to mitigate the increase in the tax rate.

## Management's Discussion and Analysis - Continued

### Town of Madison, Maine

The following schedule is a summary of the statement of activities for the years ended June 30, 2015 and 2014:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>2015</u>	<u>2014</u>	<u>Change</u>
Revenues:						
Program revenues:						
Charges for services	\$ 205,233	\$ 128,008	\$ 77,225	\$ -	\$ 3,560	\$ (3,560)
Operating grants and contributions	296,658	176,930	119,728	-	64,660	(64,660)
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Taxes	7,433,922	9,131,129	(1,697,207)	-	-	-
Intergovernmental	914,146	840,565	73,581	-	-	-
Investment return	1,234	70,322	(69,088)	-	-	-
All others	61,386	99,118	(37,732)	-	-	-
<b>Total Revenues</b>	<u>8,912,579</u>	<u>10,446,072</u>	<u>(1,533,493)</u>	<u>-</u>	<u>68,220</u>	<u>(68,220)</u>
Expenses:						
General government	680,682	697,860	(17,178)	-	-	-
Public safety	1,095,311	961,572	133,739	-	-	-
Public works	813,947	575,163	238,784	-	-	-
Public health	266,050	291,331	(25,281)	-	-	-
Education	5,478,126	5,439,485	38,641	-	-	-
Library and recreation services	184,120	192,667	(8,547)	-	-	-
Economic development	82,786	67,855	14,931	-	-	-
Unclassified	1,285,133	1,312,746	(27,613)	-	-	-
Capital improvements	729,836	429,992	299,844	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Community access television	-	-	-	-	59,276	(59,276)
<b>Total Expenses</b>	<u>10,615,991</u>	<u>9,968,671</u>	<u>647,320</u>	<u>-</u>	<u>59,276</u>	<u>(59,276)</u>
<b>Change in Net Position</b>	<u>\$(1,703,412)</u>	<u>\$ 477,401</u>	<u>\$(2,180,813)</u>	<u>\$ -</u>	<u>\$ 8,944</u>	<u>\$ (8,944)</u>

The decrease in tax revenues to the Town of Madison reflects the utilization of \$1.4M from the general fund to mitigate a significant increase in the tax rate.

## Management's Discussion and Analysis - Continued

### Town of Madison, Maine

The following is a statement of the changes in net position for the year ending June 30, 2015

	<b>Governmental Activities</b>	<b>Business Activities</b>	<b>Total</b>
Beginning net position	\$ 10,874,361	\$ 53,147	\$ 10,927,508
Decrease in net position	<u>1,703,412</u>	<u>53,147</u>	<u>1,756,559</u>
Ending net position	<u>\$ 9,170,949</u>	<u>\$ -</u>	<u>\$ 9,170,949</u>

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

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

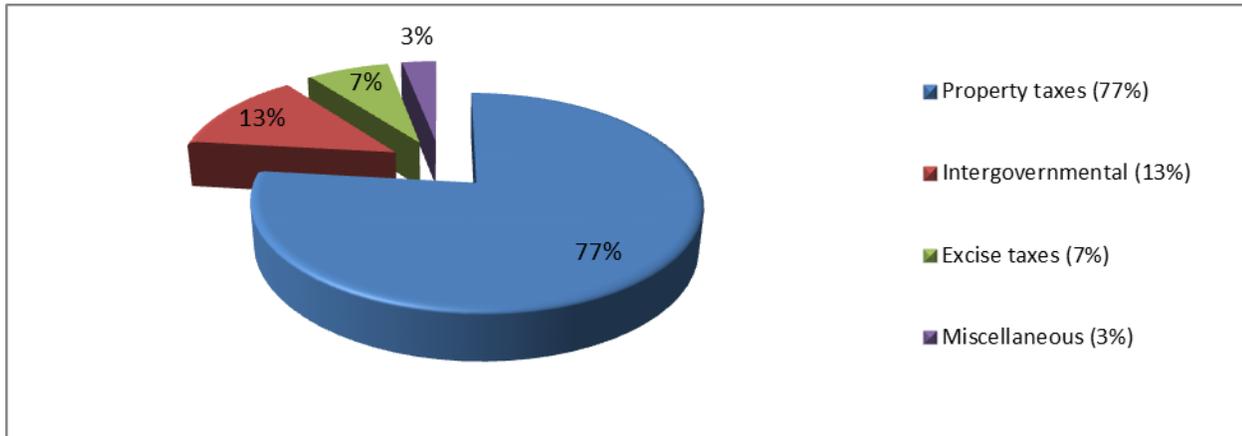
As of the end of the current fiscal year, the Town of Madison, Maine governmental funds reported combined ending fund balances at June 30, 2015 of \$2.5 million. Approximately 45% of this total constitutes unassigned fund balances, which is available for spending at the government's discretion. The remainder of the fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed to account for reserved for non-expendable principal in the trust funds, \$28,046, or designated for subsequent year's expenditures, \$1,329,691.

The general fund is the central operating fund of the Town of Madison, Maine. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,116,895. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 12% of the total general fund expenditures.

## Management's Discussion and Analysis - Continued

### Town of Madison, Maine

The Town's general fund operating fund revenues on a budgetary basis were as follows:

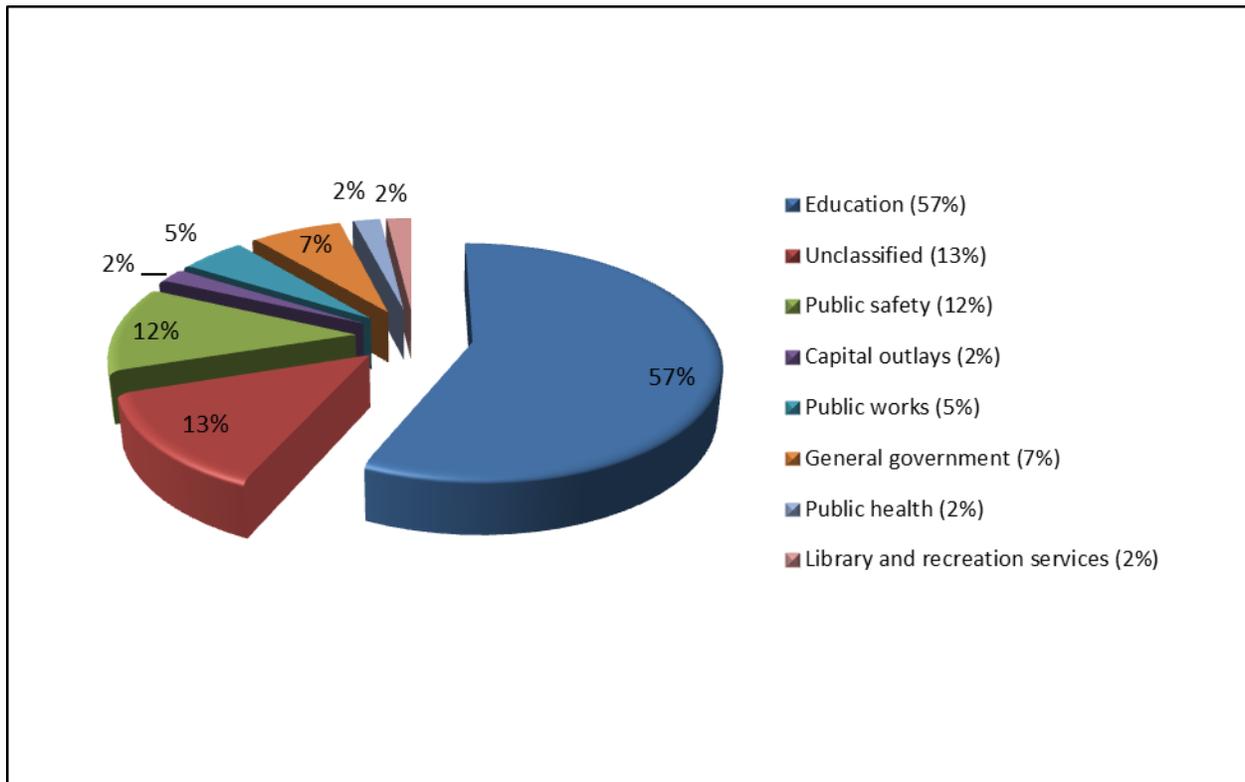


The State Legislature passed a budget that holds the line on Revenue Sharing for the next four years to provide municipalities with some level of stability, but that amount is a fraction of what it used to be. Going forward the Town must continue to create local budgets based on the ability of the local tax base to fund them.

## Management's Discussion and Analysis - Continued

### Town of Madison, Maine

The Town's general fund operating fund expenditures on a budgetary basis were as follows:



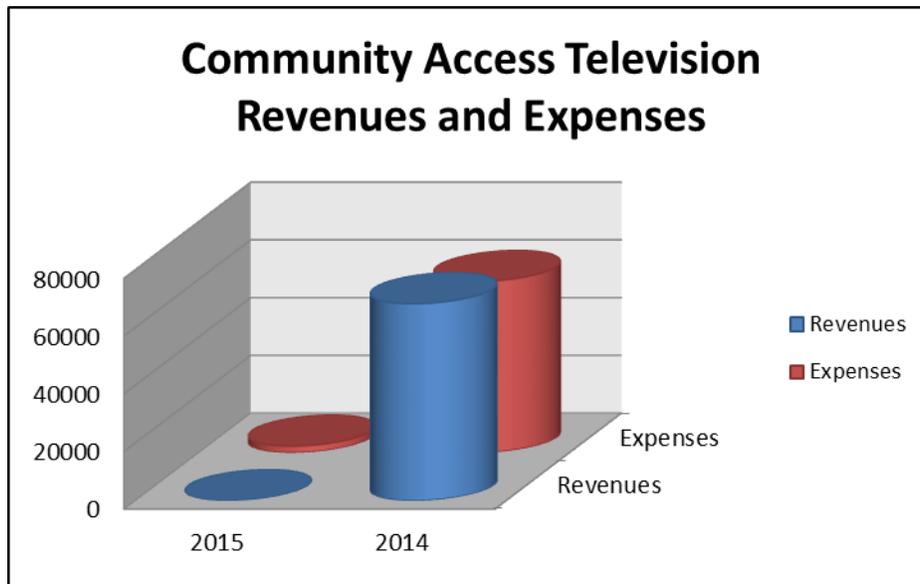
The Town of Madison continues to work it's way through significant changes to the tax base with the loss of \$139M in valuation from Madison Paper and the shrinking of the local school district. The Town of Madison and MSAD#59 will continue to collaborate in the budget process to deliver quality services at a competitive tax rate.

## Management's Discussion and Analysis - Continued

### Town of Madison, Maine

#### Business-type Activities

The one fund that is classified as a business-type fund is the Community Access Television fund.



In the current year, Community Access Television become their own independent nonprofit.

CATV11 has undergone several changes over the past year, most notably a change in name to Somerset Community Television. As the chart shows they have separated themselves financially from the Town of Madison for accounting and payroll purposes. The station is in the process of establishing itself as a stand alone 501(c)3 entity. It continues to have board representation from the Towns of Madison, Skowhegan and Anson.

## **Management's Discussion and Analysis - Continued**

### **Town of Madison, Maine**

#### **General Fund Budgetary Highlights**

A comparison of the Town's approved budget to the actual revenues and expenditures appears on page 10.

Near the end of the 2015 fiscal year the Town began the transition from a locally operated police force to a contracted unit with oversight from the Somerset County Sheriff's Office. While the contract with the county provides savings for the 2016 budget there were several costs of paying out employee earned benefits that were part of the close out of the 2015 budget attributing to the higher Public Safety costs.

#### **Capital Assets**

At the end of June 30, 2015, the Town had \$11.4 million invested in capital assets including police, fire and highway equipment, buildings, roads, and park facilities. This represents a net increase of just over \$229,406 or 2.0% over last year.

Municipal facilities increased with the destruction and replacement of an old school building with a new ice rink and volleyball court for recreational purposes.

#### **Debt**

The Town has no outstanding bonds or notes and no new debt was issued this year.

## **Management's Discussion and Analysis - Continued**

### **Town of Madison, Maine**

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

The reduction in value at Madison Paper Industries from \$229,000,000 to \$80,000,000 became official in August of 2014 which sent the Board of Selectmen and Town Management scrambling to come up with ways to cover the loss of \$2.5M in tax revenues. At a special Town Meeting residents voted to increase the amount used from the undesignated fund balance to offset taxes from \$600,000 to \$1,400,000. In addition the residents voted to establish a \$2.5M line of credit to use in case of an emergency.

During this budget year Madison Paper has continued operations at a reduced rate with a number of temporary layoffs dictated by the amount of paper sales on the books. There has been no indication of any further requests for reduction in valuation.

The Town joined with several other communities affected by the reduction in paper mill valuations (Skowhegan, Jay, East Millinocket and Bucksport) to support legislation which would allow the State to recognize the lower valuations sooner to increase intergovernmental funding. Unfortunately such legislation was stalled in committee. The Town of Madison will see some increase in funding for education assistance but that increase will be spread out over 3 years.

As such, the Madison Board of Selectmen will continue to be very conservative in their spending over the next several years to avoid any increase in the tax rate which was held at \$19.50 from 2014 to 2015. Without an increase in the tax rate and by continuing to spend down undesignated funds, the Town will continue to operate with a considerably low fund balance.

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

This financial report is designed to provide our citizens, taxpayers, customers, 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 26 Weston Avenue, Madison, Maine or call 696-3971.

## Statement of Net Position

### Town of Madison, Maine

As of June 30, 2015

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash	\$ 278,485	\$ -	\$ 278,485
Investments	2,168,177	-	2,168,177
Accounts receivable	66,394	-	66,394
Taxes receivable	286,802	-	286,802
Tax liens receivable	128,041	-	128,041
Loans receivable	53,548	-	53,548
Capital assets, net of accumulated depreciation	6,406,317	-	6,406,317
<b>Total Assets</b>	<u>9,387,764</u>	<u>-</u>	<u>9,387,764</u>
<b>Liabilities</b>			
Accounts payable	152,574	-	152,574
Taxes paid in advance	25,208	-	25,208
Long-term liabilities:			
Portion due or payable within one year:			
Accrued compensated absences	9,758	-	9,758
Portion due or payable after one year:			
Accrued compensated absences	29,275	-	29,275
<b>Total Liabilities</b>	<u>216,815</u>	<u>-</u>	<u>216,815</u>
<b>Net Position</b>			
Net investment in capital assets	6,406,317	-	6,406,317
Restricted, expendable	690,849	-	690,849
Restricted for endowments, nonexpendable	28,046	-	28,046
Unrestricted	2,045,737	-	2,045,737
<b>Total Net Position</b>	<u>\$ 9,170,949</u>	<u>\$ -</u>	<u>\$ 9,170,949</u>

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

# Statement of Activities

## Town of Madison, Maine

For the Year Ended June 30, 2015

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
General government	\$ 775,132	\$ 134,890	\$ -	\$ (640,242)	\$ -	\$ (640,242)
Public safety	1,266,347	2,020	172,566	(1,091,761)	-	(1,091,761)
Public works	813,947	34,674	77,438	(701,835)	-	(701,835)
Public health	266,050	-	-	(266,050)	-	(266,050)
Education	5,478,126	-	-	(5,478,126)	-	(5,478,126)
Library and recreation services	193,620	8,598	29,635	(155,387)	-	(155,387)
Economic development	82,786	-	-	(82,786)	-	(82,786)
Unclassified	1,285,133	25,051	17,019	(1,243,063)	-	(1,243,063)
Capital improvements	454,850	-	-	(454,850)	-	(454,850)
<b>Total Governmental Activities</b>	<b>10,615,991</b>	<b>205,233</b>	<b>296,658</b>	<b>(10,114,100)</b>	<b>-</b>	<b>(10,114,100)</b>
<b>Business-type Activities:</b>						
Community access television	2,279	-	-	-	(2,279)	(2,279)
<b>Total Business-type Activities</b>	<b>2,279</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,279)</b>	<b>(2,279)</b>
<b>Total Primary Government</b>	<b>\$ 10,618,270</b>	<b>\$ 205,233</b>	<b>\$ 296,658</b>	<b>(10,114,100)</b>	<b>(2,279)</b>	<b>(10,116,379)</b>
General revenues:						
Taxes				7,433,922	-	7,433,922
Intergovernmental				914,146	-	914,146
Contributions				2,501	-	2,501
Investment return				1,234	-	1,234
Miscellaneous				68,692	-	68,692
Gain (loss) on disposal of operations				-	(50,868)	(50,868)
Gain (loss) on disposal of capital assets				(9,807)	-	(9,807)
<b>Total General Revenues</b>				<b>8,410,688</b>	<b>(50,868)</b>	<b>8,359,820</b>
<b>Change in Net Position</b>				<b>(1,703,412)</b>	<b>(53,147)</b>	<b>(1,756,559)</b>
Net position at beginning of year				10,874,361	53,147	10,927,508
<b>Net Position at End of Year</b>	<b>\$ 9,170,949</b>	<b>\$ -</b>	<b>\$ 9,170,949</b>			

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

## Balance Sheet - Governmental Funds

### Town of Madison, Maine

As of June 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Cash	\$ 270,542	\$ 7,943	\$ 278,485
Investments	1,290,965	877,212	2,168,177
Accounts receivable	66,394	-	66,394
Taxes receivable	286,802	-	286,802
Tax liens receivable	128,041	-	128,041
Loans receivable	-	53,548	53,548
Due from other funds	223,128	52,212	275,340
	<u>223,128</u>	<u>52,212</u>	<u>275,340</u>
<b>Total Assets</b>	<b>\$ 2,265,872</b>	<b>\$ 990,915</b>	<b>\$ 3,256,787</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 152,203	\$ 371	\$ 152,574
Due to other funds	52,212	223,128	275,340
Taxes paid in advance	25,208	-	25,208
Accrued compensated absences	39,033	-	39,033
	<u>39,033</u>	<u>          </u>	<u>39,033</u>
<b>Total Liabilities</b>	268,656	223,499	492,155
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	290,000	-	290,000
<b>Total Deferred Inflows of Resources</b>	290,000	-	290,000
<b>Fund Balances</b>			
Nonspendable:			
Special revenue funds	-	48,521	48,521
Permanent funds	-	28,046	28,046
Restricted:			
Special revenue funds	-	431,087	431,087
Permanent funds	-	259,762	259,762
Assigned:			
General fund	590,321	-	590,321
Unassigned:			
General fund	1,116,895	-	1,116,895
	<u>1,116,895</u>	<u>          </u>	<u>1,116,895</u>
<b>Total Fund Balances</b>	<b>1,707,216</b>	<b>767,416</b>	<b>2,474,632</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,265,872</b>	<b>\$ 990,915</b>	<b>\$ 3,256,787</b>

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

**Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Position**

**Town of Madison, Maine**

**As of June 30, 2015**

**Total Fund Balances - Governmental Funds** \$ 2,474,632

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 as assets in governmental  
funds. The cost of capital assets, net of accumulated depreciation is: 6,406,317

Property tax revenues are presented on the modified accrual basis  
of accounting in the governmental funds but in the Statement of  
Activities, property tax revenue is reported under the accrual method.  
The balance in unavailable revenue - property taxes in the  
governmental funds as a deferred inflow is: 290,000

**Total Net Position - Governmental Activities** \$ 9,170,949

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

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds**

**Town of Madison, Maine**

**For the Year Ended June 30, 2015**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Taxes			
Property	\$ 6,571,292	\$ 594,318	\$ 7,165,610
Excise	681,334	-	681,334
Intergovernmental	850,659	347,012	1,197,671
Contributions	-	2,501	2,501
Investment return	(273)	1,507	1,234
Miscellaneous	285,545	1,513	287,058
<b>Total Revenues</b>	<u>8,388,557</u>	<u>946,851</u>	<u>9,335,408</u>
<b>Expenditures</b>			
Current			
General government	683,831	63,078	746,909
Public safety	1,144,633	51,685	1,196,318
Public works	486,909	153,768	640,677
Public health	202,882	63,168	266,050
Education	5,478,126	-	5,478,126
Library and recreation services	187,650	3,234	190,884
Economic development	-	82,786	82,786
Unclassified	1,280,895	4,238	1,285,133
Tax increment financing credit	-	416,022	416,022
Capital outlays	189,935	539,901	729,836
<b>Total Expenditures</b>	<u>9,654,861</u>	<u>1,377,880</u>	<u>11,032,741</u>
<b>Revenues Over (Under) Expenditures</b>	(1,266,304)	(431,029)	(1,697,333)
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	43,551	-	43,551
Operating transfers out	-	(43,551)	(43,551)
<b>Total Other Financing Sources (Uses)</b>	<u>43,551</u>	<u>(43,551)</u>	<u>-</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(1,222,753)	(474,580)	(1,697,333)
Fund balances at beginning of year	<u>2,929,969</u>	<u>1,241,996</u>	<u>4,171,965</u>
<b>Fund Balances at End of Year</b>	<u>\$ 1,707,216</u>	<u>\$ 767,416</u>	<u>\$ 2,474,632</u>

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

# Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

## Town of Madison, Maine

**As of June 30, 2015**

**Net Change in Fund Balances - Total Governmental Funds** \$ (1,697,333)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions differed from depreciation expense in the current period:

Capital asset additions	\$ 274,986	
Depreciation expense	<u>(267,857)</u>	7,129

Property tax revenues are presented on the modified accrual basis of accounting in the governmental funds but in the Statement of Activities, property tax revenue is reported under the accrual method. The current year change in unavailable revenue - property tax revenue reported in the governmental funds and not in the Statement of Activities is:

3,000

Governmental funds report the disposal of capital assets as revenues. However in the Statement of Activities, the disposal of those assets is recognized as a gain or loss, depending on the sale and accumulated depreciation amounts.

Proceeds from the sale of capital assets	(6,401)	
Loss on disposal of capital assets	<u>(9,807)</u>	<u>(16,208)</u>

**Change in Net Position of Governmental Activities** \$ (1,703,412)

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

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - General Fund (Budgetary Basis)**

**Town of Madison, Maine**

**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Taxes				
Property	\$ 7,166,983	\$ 7,166,983	\$ 7,165,610	\$ (1,373)
Excise	634,500	634,500	681,334	46,834
Intergovernmental	1,012,084	1,012,084	1,197,671	185,587
Miscellaneous	<u>105,240</u>	<u>111,641</u>	<u>285,545</u>	<u>173,904</u>
<b>Total Revenues</b>	<b>8,918,807</b>	<b>8,925,208</b>	<b>9,330,160</b>	<b>404,952</b>
<b>Expenditures</b>				
Current				
General government	689,436	689,436	683,831	5,605
Public safety	1,025,325	1,025,325	1,144,633	(119,308)
Public works	941,397	941,397	486,909	454,488
Public health	290,000	290,000	202,882	87,118
Education	5,478,126	5,478,126	5,478,126	-
Library and recreation services	193,752	193,752	187,650	6,102
Unclassified	1,253,521	1,253,521	1,280,892	(27,371)
Capital outlays	<u>258,200</u>	<u>264,601</u>	<u>189,935</u>	<u>74,666</u>
<b>Total Expenditures</b>	<b><u>10,129,757</u></b>	<b><u>10,136,158</u></b>	<b><u>9,654,858</u></b>	<b><u>481,300</u></b>
<b>Revenues Over (Under) Expenditures</b>	<b>(1,210,950)</b>	<b>(1,210,950)</b>	<b>(324,698)</b>	<b>886,252</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from borrowing	310,000	310,000	-	(310,000)
Operating transfers in	176,151	176,151	43,551	(132,600)
Operating transfers out	(941,330)	(941,330)	(941,330)	-
Utilization of assigned fund balance	292,315	292,315	-	(292,315)
Utilization of unassigned fund balance	<u>1,400,000</u>	<u>1,400,000</u>	<u>-</u>	<u>(1,400,000)</u>
<b>Total Other Financing Sources (Uses)</b>	<b><u>1,237,136</u></b>	<b><u>1,237,136</u></b>	<b><u>(897,779)</u></b>	<b><u>(2,134,915)</u></b>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses on the Budgetary Basis</b>	<b><u>\$ 26,186</u></b>	<b><u>\$ 26,186</u></b>	<b>(1,222,477)</b>	<b><u>\$ (1,248,663)</u></b>
Budgetary fund balance at beginning of year			<u>2,746,448</u>	
<b>Budgetary Fund Balance at End of Year</b>			<b><u>\$ 1,523,971</u></b>	

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

**Statement of Net Position**  
**Proprietary Fund - Business-type Activities - Enterprise Fund**

**Town of Madison, Maine**

**As of June 30, 2015**

	<u>Community Access Television</u>
<b>Assets</b>	
Petty cash	\$ -
Accounts receivable	-
Due from other funds	-
<b>Total Current Assets</b>	<u>-</u>
<b>Capital Assets</b>	
Equipment	-
Accumulated depreciation	-
<b>Net Capital Assets</b>	<u>-</u>
<b>Total Assets</b>	-
<b>Liabilities</b>	
Accounts payable	<u>-</u>
<b>Net Position</b>	
Net investment in capital assets	-
Unrestricted	-
<b>Total Net Position</b>	<u><u>\$ -</u></u>

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

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Fund - Business-type Activities - Enterprise Fund**

**Town of Madison, Maine**

**For the Year Ended June 30, 2015**

	Community Access Television
<b>Operating Revenues</b>	
Cable franchise fees	\$ -
Sponsorships	-
	<hr/>
<b>Total Operating Revenues</b>	-
 <b>Operating Expenses</b>	
Contract labor and benefits	2,279
	<hr/>
<b>Total Operating Expenses</b>	2,279
	<hr/>
<b>Operating Loss before Special Item</b>	(2,279)
 <b>Loss on Disposal of Operations</b>	(50,868)
	<hr/>
<b>Decrease in Net Position</b>	(53,147)
	<hr/>
Net position at beginning of year	53,147
	<hr/>
<b>Net Position at End of Year</b>	<u><u>\$ -</u></u>

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

**Statement of Cash Flows**  
**Proprietary Fund - Business-type Activities - Enterprise Fund**

**Town of Madison, Maine**

**For the Year Ended June 30, 2015**

	Community Access Television
<b>Cash Flows from Operating Activities</b>	
Receipts from franchise fees	\$ 47,621
Payments for contract labor	<u>(22,278)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>25,343</u>
<b>Cash Flows from Investing Activities</b>	
Cash transferred with disposal of operations	<u>(25,443)</u>
<b>Net Cash Used by Investing Activities</b>	<u>(25,443)</u>
<b>Increase (Decrease) in Cash</b>	(100)
Cash at beginning of year	<u>100</u>
<b>Cash at End of Year</b>	<u>\$ -</u>
<b>Reconciliation of Operating Profit (Loss) to</b>	
<b>Net Cash Provided (Used) by Operating Activities:</b>	
Operating profit (loss)	\$ (2,279)
Adjustments to reconcile operating profit (loss) to	
net cash provided (used) by operating activities:	
Depreciation expense	-
(Increase) decrease in operating assets:	
Accounts receivable	-
Due from other funds	47,621
(Increase) decrease in operating liabilities:	
Accounts payable	<u>(19,999)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 25,343</u>

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

## Notes to Financial Statements

# Town of Madison, Maine

### Note A - Summary of Significant Accounting Policies

The Town of Madison, Maine operates under a Selectboard - Town Manager form of government. The accounting policies of the Town of Madison, Maine, conform to United States generally accepted accounting principles (GAAP). The Town applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant accounting policies established in GAAP and used by the Town are discussed below.

#### **Principles Determining Scope of Reporting Entity**

The basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in GAAP include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Town holds the corporate powers of the organization
- the Town appoints a voting majority of the organization's board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is fiscal dependency by the organization on the Town

Based on the aforementioned criteria, the Town of Madison has no component units.

#### **Basis of Presentation**

##### Government-wide Financial Statements

The statement of net position and statement of activities report information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. 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 services for support.

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

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

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

##### Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

##### Governmental Activities

Governmental funds are identified as either general, special revenue, or permanent funds based upon the following guidelines.

The *General Fund* is the operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* are used to account for the proceeds of specific sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

*Permanent Funds* are used to account for resources legally held in trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization as stipulated by the specific trust instrument.

##### Proprietary (Business-type) Activities

The focus of proprietary fund measurement is upon determination of operating income, changes in Net Position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

*Enterprise Funds* are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that 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.

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

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

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 they are needed.

#### **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 is related to the timing of the measurements made, regardless of the measurement focus applied.

#### **Accrual**

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

#### **Modified Accrual**

Governmental funds 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 within 60 days after year end. 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 is recognized when due.

#### **Cash and Cash Equivalents**

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.

#### **Investments**

The Town follows GASBS No. 31, Accounting and Reporting of Certain Investments and External Investment Pools. Under GASBS No. 31, certain investments held by governments are reported at their fair value in the balance sheet. Fair value for investments are determined by quoted market values, except that fair value for the real estate investment trust investment is determined by reference to the current offer price for a new share from the issuer. Unrealized gains and losses are included in the statement of revenues, expenditures and changes in fund balance.

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

##### Inventories

Inventories of supplies are considered to be expenditures at the time of purchase.

##### Capital Assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$10,000 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. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line method. Estimated useful lives are as follows: land improvements, 15 to 20 years; buildings and improvements, 20 to 50 years; infrastructure, 5 to 60 years; and vehicles and equipment, 3 to 15 years.

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

##### Vacation and Sick Leave

Under the terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service. The Town accrues unpaid vacation and sick leave when earned by the employee.

##### Budget

The Town of Madison'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:

- Early in the second half of the last fiscal year the Town prepared a budget for this fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- A vote of the inhabitants of the Town was then taken for the purpose of adopting the proposed budget after public notice of the vote was given.
- The budget was adopted subsequent to passage by the inhabitants of the Town.

The Town does not adopt budgets for special revenue funds.

## **Notes to Financial Statements - Continued**

### **Town of Madison, Maine**

#### **Note A - Summary of Significant Accounting Policies - Continued**

##### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### **Interfund Activity**

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund loan receivables and payables as appropriate and are subject to elimination upon consolidation in the government-wide presentation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. Since not all funds maintain a separate cash account, cash is pooled in the General Fund cash account and activity for individual funds are recorded through the General Fund and each respective individual fund through the recognition of a "due to/due from" as appropriate. The due to/from other funds balances are subject to elimination upon consolidation in the government-wide presentation. All interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

##### **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are recognized as an expense in the period incurred.

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

##### **Deferred Inflow of Resources**

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

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

##### **Loans Receivable**

Amounts recorded as loans receivable represent loans made under an economic development program to local businesses. Management has determined that no allowance for loan losses is necessary at June 30, 2015. Bad debt expense for the year ended June 30, 2015 was \$1,798. The portion of the loans receivable balance expected to be collected beyond a period of one year is reported in the fund financial statements as nonspendable because those resources are unavailable for use in the near term.

##### **Revenue Recognition - Property Taxes**

The Town's property tax for the current year was levied September 22, 2014, on the assessed value listed as of April 1, 2014, for all real and personal property located in the Town. Taxes were due October 22, 2014, and March 16, 2015. Interest on unpaid taxes commenced on October 23, 2014 and March 17, 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 \$26,186 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.

##### **Government-wide Net Position**

Government-wide Net Position is divided into three components:

*Net investment in capital assets* - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

*Restricted Net Position* - consists of Net Position that is restricted by the Town's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

*Unrestricted* - All other Net Position is reported in this category.

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

##### Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

*Nonspendable* - resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

*Restricted* - resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed through constitutional provisions or enabling legislation.

*Committed* - resources which are subject to limitations the government imposes upon itself at its highest level of design making, and that remain binding unless removed in the same manner.

*Assigned* - resources neither restricted nor committed for which a government has a stated intended use as established by the Selectboard or a body or official to which the Selectboard has designated the authority to assign amounts for specific purposes.

*Unassigned* - resources which cannot be properly classified in one of the other four categories.

##### Use of Restricted Resources

The Town has no formal fund balance policy. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

#### Note B - Cash and Investments

The Town conducts all its banking and investment transactions with depository bank and investment firms.

##### Deposits

###### Custodial Credit Risk

At June 30, 2015, the carrying amount of the Town's deposits was \$278,485 and the bank balance was \$277,584. The difference between these balances relates to deposits in transit, outstanding checks and cash on hand at year-end.

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note B - Cash and Investments - Continued

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does have a deposit policy on custodial credit risk. At June 30, 2015, \$19,634 of the Town's bank balance of \$277,584 as exposed to credit risk as follows:

Uninsured and uncollateralized: \$ 19,634

#### Investments

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, certain corporate stocks and bonds and mutual funds.

#### Interest Rate Risk

In accordance with the Town's investment policy, to the extent possible, investment maturities will be matched with anticipated cash requirements. At June 30, 2015, the Town had the following investments and maturities:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Maturity</u>			
		<u>Not Applicable</u>	<u>Less than 1 year</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>
Repurchase agreement with bank	\$ 1,581,032	\$ -	\$ 1,581,032	\$ -	\$ -
Real estate investment trust	44,514	44,514	-	-	-
Corporate stock	33,384	33,384	-	-	-
Unit investment trusts	43,306	43,306	-	-	-
Mutual funds	<u>465,941</u>	<u>465,941</u>	-	-	-
	<u>\$ 2,168,177</u>	<u>\$ 587,145</u>	<u>\$ 1,581,032</u>	<u>\$ -</u>	<u>\$ -</u>

#### Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2015, the underlying securities held as collateral for the Town's repurchase agreement by the investment's counterparty, was not in the name of the Town.

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with the Town's investment policy, credit risk is minimized by diversifying investments held. At June 30, 2015 the Town had no investments subject to credit risk.

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note B - Cash and Investments - Continued

##### Concentration of Credit Risk

In accordance with the Town's investment policy, concentration of credit risk is minimized by diversifying investments held. At June 30, 2015 the Town had no investments subject to concentration of credit risk

#### Note C - Capital Assets

A summary of capital assets transactions for the year ended June 30, 2015 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 958,590	\$ -	\$ -	\$ 958,590
Depreciable Assets:				
Buildings and improvements	891,412	9,500	-	900,912
Land improvements	6,903,670	94,450	-	6,998,120
Vehicles and equipment	<u>2,466,598</u>	<u>171,036</u>	<u>45,580</u>	<u>2,592,054</u>
Totals at historical cost	11,220,270	274,986	45,580	11,449,676
Less accumulated depreciation:				
Buildings and improvements	295,789	15,196	-	310,985
Land improvements	2,999,477	120,925	-	3,120,402
Vehicles and equipment	<u>1,509,608</u>	<u>131,736</u>	<u>29,372</u>	<u>1,611,972</u>
Total accumulated depreciation	<u>4,804,874</u>	<u>267,857</u>	<u>29,372</u>	<u>5,043,359</u>
Capital assets, Net	<u>\$ 6,415,396</u>	<u>\$ 7,129</u>	<u>\$ 16,208</u>	<u>\$ 6,406,317</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
General government	\$ 28,223
Public safety	63,628
Public works	173,270
Library and recreation services	<u>2,736</u>
Total governmental activities depreciation expense	<u>\$ 267,857</u>

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note C - Capital Assets - Continued

Business-type Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Equipment	\$ 51,897	\$ -	\$ 51,897	\$ -
Less accumulated depreciation	<u>26,472</u>	<u>-</u>	<u>26,472</u>	<u>-</u>
Capital assets, Net	<u>\$ 25,425</u>	<u>\$ -</u>	<u>\$ 25,425</u>	<u>\$ -</u>

During the year ended June 30, 2015, the net assets of the Community Access Television (Channel 11) were transferred to a newly formed separate 501(c)(3) organization.

#### Note D - Interfund Transfers

Interfund transfers for the year ended June 30, 2015 consisted of the following amounts:

<u>General Fund:</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
<i>Other Governmental Funds:</i>			
<i>Special Revenue Funds:</i>			
Backyard Farms Capture and Retain TIF	\$ 18,500	\$ -	
<i>Permanent Funds:</i>			
Cemetery	<u>25,051</u>	<u>-</u>	
	<u>43,551</u>	<u>-</u>	\$ 43,551
<u>Special Revenue Funds:</u>			
<i>General Fund:</i>			
Backyard Farms Capture and Retain TIF	<u>-</u>	<u>(18,500)</u>	
<u>Permanent Funds:</u>			
<i>General Fund:</i>			
Cemetery	<u>-</u>	<u>(25,051)</u>	
<b>Other Governmental Funds</b>	<u>-</u>	<u>(43,551)</u>	<u>(43,551)</u>
<b>Total Interfund Transfers</b>	<u>\$ 43,551</u>	<u>\$ (43,551)</u>	<u>\$ -</u>

Transfers are used to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note E - Interfund Receivables and Payables

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

Governmental Activities	<u>Receivables Due from</u>	<u>Payables Due to</u>	<u>Net Internal Balances</u>
<u>General Fund:</u>			
<i>Other Governmental Funds:</i>			
Special Revenue:			
Backyard Farms Capture & Retain TIF	\$ 211,101	\$ -	
Revolving Loan Fund	-	(52,212)	
Permanent Fund:			
Cemetery	<u>12,027</u>	<u>-</u>	
Total General Fund	223,128	(52,212)	\$ 170,916
<u>Other Governmental Funds:</u>			
<i>Special Revenue:</i>			
General Fund:			
Backyard Farms Capture & Retain TIF	-	(211,101)	
Revolving Loan Fund	52,212	-	
<i>Permanent Fund:</i>			
General Fund:			
Cemetery	<u>-</u>	<u>(12,027)</u>	
Total Other Governmental Funds	<u>52,212</u>	<u>(223,128)</u>	<u>(170,916)</u>
Total Governmental Activities	<u>\$ 275,340</u>	<u>\$ (275,340)</u>	<u>\$ -</u>

All interfund balances resulted from the Town pooling cash in the General Fund for other funds disclosed above, for greater efficiency and physical control, with each fund having an interest in the pooled cash account and reporting its interest in its balance sheet and statement of net asset.

#### Note F - Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
Compensated absences	<u>\$ 68,920</u>	<u>\$ 188,043</u>	<u>\$ 217,930</u>	<u>\$ 39,033</u>	<u>\$ 9,758</u>

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note G - Economic Dependency

A single taxpayer, Madison Paper Industries, is assessed approximately \$1,567,000 or approximately 22% of the Town of Madison's current year tax commitment.

#### Note H - Line of Credit

The Town has secured a revolving line of credit with a bank. The maximum amount of the line is \$2,500,000. Interest is payable at a fixed rate of 3.19%. The line of credit is unsecured. The term of the loan will be six years. The first three years will be the revolving period, the final three years will be the repayment period. The loan will permit revolving advances and principal payments on an as needed basis during the first three years and require semiannual payments of interest based on the use of funds during the prior six months. No advances were taken from the line of credit in 2015.

#### Note I - Tax Increment Financing District

##### 30% Economic Development/Infrastructure and 70% Credit Enhancement

Under Maine law, the Town has established a Tax Increment Financing District to finance a development program and a fund for economic development, assistance for job training, and public facilities improvements and infrastructure projects.

The acquisitions and improvements made by the Development Program (Backyard Farms LLC for expansion) will result in additional investment, creating additional tax base within the Town.

The Town will make available to Backyard Farms 70% of the captured tax increment revenues from the District for a period of 30 years. These revenues will be used by Backyard Farms to finance expansion and improvements. Real property additions made by Backyard Farms above the original assessed value of the District prior to the establishment of the TIF District will be subject to a 30% / 70% allocation. The tax on personal property additions made by Backyard Farms within the District over the original assessed value will be captured and retained 100% by the Town. Effective April 1, 2007 under state law, property taxes will no longer be assessed on personal property additions made after that date.

Fiscal year ending June 30, 2015 is the eighth year tax revenues were retained and made available to Backyard Farms. The amount of captured tax increment revenues was \$594,318. The amount of retained captured tax increment revenues returned to Backyard Farms LLC was \$416,022; representing 70% of the captured tax increment revenues. The remaining 30% (\$178,296) was captured and held by the Town for economic development and infrastructure initiatives. In addition, the BETE reimbursement from the State (\$347,012) related to the property added in this TIF district is also captured and retained for the noted designated purpose for a total of \$525,308.

## **Notes to Financial Statements - Continued**

### **Town of Madison, Maine**

#### **Note I - Tax Increment Financing District - Continued**

If certain hiring thresholds are achieved by Backyard Farms at any point during the 30 year period, the percentage of captured tax increment revenues captured and returned to Backyard Farms LLC would increase from 70% to 75%. As such, the percentage of captured tax increment revenues captured and retained by the Town would decrease from 30% to 25%.

#### **Note J - Deferred Compensation Plan**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by the International City Management Association Retirement Corporation (ICMARC).

The plan, available to all full-time and permanent part-time Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the Town and from any use by the Town other than paying benefits to employees and their beneficiaries in accordance with the plan.

The Towns' deferred compensation plan contribution for the employees for the year ended June 30, 2015, was approximately \$49,300 which was charged to the general fund. The amount withheld from the Town's employees' as deferred compensation which was contributed to the plan was approximately \$62,400 which was charged to the general fund as wages. In addition, Madison Electric Works is allowed to participate in the plan. The amount contributed to the plan from Madison Electric Works (both employee and employer positions) was approximately \$79,800 for the year ended June 30, 2015, which was reimbursed in full by the Electric Works.

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note K - Budget to Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Budgetary basis revenues and other sources over (under) expenditures and other uses	\$ (1,222,477)
---	----------------

#### *Sources/inflows of resources - reconciling items*

The Town budgets property taxes on a gross basis but a portion of the property taxes levied are recognized in special revenue funds under generally accepted accounting principles	(594,318)
--	-----------

The Town budgets certain intergovernmental revenues in its general fund that are recognized in special revenue funds under generally accepted accounting principles	(347,012)
---	-----------

The Town budgets certain investment returns outside of its general fund that are recognized in the general fund under generally accepted accounting principles	(276)
--	-------

#### *Uses/outflows of resources - reconciling items*

Transfers to other funds are outflows of budgetary resources but are not transfers under generally accepted accounting principles	<u>941,330</u>
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Generally accepted accounting principles basis revenues and other sources over (under) expenditures and other uses	<u>\$ (1,222,753)</u>
--	-----------------------

The difference between the general fund balance reported according to generally accepted accounting principles and the general fund balance reported according to the budgetary basis of accounting is accounted by the ending balances (shown in Note L) of the Debt Retirement, Water Access/Beach Area, Revaluation, and Legal Deductible assigned fund balances. These balances were those amounts reclassified upon the implementation of GASBS No. 54

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note L - Assigned Fund Balance

At June 30, 2015, the assigned general fund balance consisted of the following:

	Balance at <u>7/1/2014</u>	<u>Appropriations</u>	<u>Additions</u>	<u>Reductions</u>	Balance at <u>6/30/2015</u>
<i>Carryforwards:</i>					
General government - cemetery repairs	\$ 2,500	-	-	-	\$ 2,500
General government - Admin equipment	-	3,500	-	-	3,500
Public safety - personnel payroll	15,000	-	-	15,000	-
Public safety - street lights	-	4,000	-	-	4,000
Public safety - equipment	12,000	55,000	-	12,000	55,000
Public works - personnel payroll	10,000	-	-	10,000	-
Public works - summer roads	-	15,000	-	-	15,000
Public works - road surface	224,135	289,673	-	224,135	289,673
Recreation - equipment purchase	-	2,500	-	-	2,500
Recreation - library building repairs	-	2,500	-	-	2,500
Recreation - mowing	-	5,000	-	-	5,000
Community services - tree removal	2,500	-	-	1,000	1,500
Madison Anson Days	10,408	16,000	18,035	26,362	18,081
Keep Madison Warm Fund	53	-	780	380	453
Employee Wellness Program	686	-	-	686	-
Christmas Parade Committee	1,316	-	6,900	5,661	2,555
Tourism grant	1,800	-	-	1,800	-
Participation	4,310	-	7,362	6,860	4,812
Insurance claim	7,607	-	-	7,607	-
<i>Reserves:</i>					
Debt retirement	33,903	-	-	-	33,903
Water access/beach area	6,932	-	-	-	6,932
Revaluation	115,260	-	-	440	114,820
Legal deductible	27,426	-	166	-	27,592
	<u>\$ 475,836</u>	<u>\$ 393,173</u>	<u>\$ 33,243</u>	<u>\$ 311,931</u>	<u>\$ 590,321</u>

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note M - Commitments

The Town has entered into separate agreements with unrelated third parties for certain services. Future required payments under the three agreements are as follows:

	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>Total</u>
Mowing	\$ <u>7,465</u>	\$ <u>4,666</u>	\$ <u>12,131</u>

#### Note N - Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town either carries commercial insurance, or is effectively self-insured. Currently, the Town carries commercial insurance for any risks of loss to which it may be exposed.

Based on the coverage provided by commercial insurance, the Town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2015

#### Note O - Expenditures Over Appropriations

The following appropriation was exceeded by actual expenditure:

	<u>Excess</u>
Public safety	\$ 119,308

#### Note P - Subsequent Event

Subsequent to year-end, management entered into a contract with the Somerset County Sheriff's office to provide public safety services to the town. The contract is the result of a town vote approved in June 2015 to consolidate the Town's police department effective July 1, 2015 with the Sheriff's office. The result of this change is projected by the Town's management to save the Town approximately \$90,000 annually.

**Combining Balance Sheet  
Nonmajor Governmental Funds - Other Governmental Funds**

**Town of Madison, Maine**

**As of June 30, 2015**

	Special Revenue	Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash	\$ 2,205	\$ 5,738	\$ 7,943
Investments	583,115	294,097	877,212
Loans receivable	53,548	-	53,548
Due from other funds	52,212	-	52,212
	<u>691,080</u>	<u>299,835</u>	<u>990,915</u>
<b>Total Assets</b>	<b>\$ 691,080</b>	<b>\$ 299,835</b>	<b>\$ 990,915</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 371	\$ -	\$ 371
Due to other funds	211,101	12,027	223,128
	<u>211,472</u>	<u>12,027</u>	<u>223,499</u>
<b>Total Liabilities</b>	<b>211,472</b>	<b>12,027</b>	<b>223,499</b>
<b>Fund Balances</b>			
Nonspendable	48,521	28,046	76,567
Restricted	431,087	259,762	690,849
	<u>479,608</u>	<u>287,808</u>	<u>767,416</u>
<b>Total Fund Balances</b>	<b>479,608</b>	<b>287,808</b>	<b>767,416</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 691,080</b>	<b>\$ 299,835</b>	<b>\$ 990,915</b>

See accompanying independent auditors' report.

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds - Other Governmental Funds**

**Town of Madison, Maine**

**For the Year Ended June 30, 2015**

	Special Revenue	Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property taxes	\$ 594,318	\$ -	\$ 594,318
Intergovernmental	347,012	-	347,012
Contributions	2,501	-	2,501
Investment return	608	899	1,507
Miscellaneous	1,513	-	1,513
<b>Total Revenues</b>	<u>945,952</u>	<u>899</u>	<u>946,851</u>
<b>Expenditures</b>			
Current			
Library and recreation services	3,234	-	3,234
Economic development	82,786	-	82,786
Unclassified	2,038	-	2,038
Tax increment financing credit	416,022	-	416,022
Approved municipal expenses	333,899	-	333,899
Capital outlays	539,901	-	539,901
<b>Total Expenditures</b>	<u>1,377,880</u>	<u>-</u>	<u>1,377,880</u>
<b>Revenues Over (Under) Expenditures</b>	(431,928)	899	(431,029)
<b>Other Financing Sources (Uses)</b>			
Operating transfers out	(18,500)	(25,051)	(43,551)
<b>Total Other Sources (Uses)</b>	<u>(18,500)</u>	<u>(25,051)</u>	<u>(43,551)</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(450,428)	(24,152)	(474,580)
Fund balances at beginning of year	<u>930,036</u>	<u>311,960</u>	<u>1,241,996</u>
<b>Fund Balances at End of Year</b>	<u>\$ 479,608</u>	<u>\$ 287,808</u>	<u>\$ 767,416</u>

See accompanying independent auditors' report.

## Combining Balance Sheet - Special Revenue Funds

### Town of Madison, Maine

As of June 30, 2015

	Public Library Expendable Trust Fund	Dorothy Brown Expendable Trust Fund	Backyard Farms Capture and Retain TIF	Backyard Farms Capture and Return TIF	Revolving Loan Fund	Total
<b>Assets</b>						
Cash	\$ 2,112	\$ -	\$ -	\$ 93	\$ -	\$ 2,205
Investments	63,348	87,290	432,477	-	-	583,115
Loans receivable	-	-	-	-	53,548	53,548
Due from other funds	-	-	-	-	52,212	52,212
<b>Total Assets</b>	<u>\$ 65,460</u>	<u>\$ 87,290</u>	<u>\$ 432,477</u>	<u>\$ 93</u>	<u>\$ 105,760</u>	<u>\$ 691,080</u>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 371	\$ -	\$ -	\$ 371
Due to other funds	-	-	211,101	-	-	211,101
<b>Total Liabilities</b>	-	-	211,472	-	-	211,472
<b>Fund Balance</b>						
Nonspendable	-	-	-	-	48,521	48,521
Restricted	65,460	87,290	221,005	93	57,239	431,087
<b>Total Fund Balance</b>	<u>65,460</u>	<u>87,290</u>	<u>221,005</u>	<u>93</u>	<u>105,760</u>	<u>479,608</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 65,460</u>	<u>\$ 87,290</u>	<u>\$ 432,477</u>	<u>\$ 93</u>	<u>\$ 105,760</u>	<u>\$ 691,080</u>

See accompanying independent auditors' report.

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Special Revenue Funds**

**Town of Madison, Maine**

**For the Year Ended June 30, 2015**

	Public Library Expendable Trust Fund	Dorothy Brown Expendable Trust Fund	Backyard Farms Capture and Retain TIF	Backyard Farms Capture and Return TIF	Revolving Loan Fund	Total
<b>Revenues</b>						
Property taxes	\$ -	\$ -	\$ 178,296	\$ 416,022	\$ -	\$ 594,318
Intergovernmental	-	-	347,012	-	-	347,012
Contributions	2,501	-	-	-	-	2,501
Investment return	(100)	(948)	1,656	-	-	608
Miscellaneous	-	-	-	22	1,491	1,513
<b>Total Revenues</b>	<u>2,401</u>	<u>(948)</u>	<u>526,964</u>	<u>416,044</u>	<u>1,491</u>	<u>945,952</u>
<b>Expenditures</b>						
Current						
Library and recreation services	3,234	-	-	-	-	3,234
Economic development	-	-	80,988	-	1,798	82,786
Unclassified	-	2,038	-	-	-	2,038
Tax increment financing credit	-	-	-	416,022	-	416,022
Approved municipal expenses	-	-	333,899	-	-	333,899
Capital outlays	-	-	539,901	-	-	539,901
<b>Total Expenditures</b>	<u>3,234</u>	<u>2,038</u>	<u>954,788</u>	<u>416,022</u>	<u>1,798</u>	<u>1,377,880</u>
<b>Revenues Over (Under) Expenditures</b>	(833)	(2,986)	(427,824)	22	(307)	(431,928)
<b>Other Financing Sources (Uses)</b>						
Operating transfers out	-	-	(18,500)	-	-	(18,500)
<b>Total Other Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(18,500)</u>	<u>-</u>	<u>-</u>	<u>(18,500)</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(833)	(2,986)	(446,324)	22	(307)	(450,428)
Fund balances at beginning of year	<u>66,293</u>	<u>90,276</u>	<u>667,329</u>	<u>71</u>	<u>106,067</u>	<u>930,036</u>
<b>Fund Balances at End of Year</b>	<u>\$ 65,460</u>	<u>\$ 87,290</u>	<u>\$ 221,005</u>	<u>\$ 93</u>	<u>\$ 105,760</u>	<u>\$ 479,608</u>

See accompanying independent auditors' report.

**Combining Balance Sheet  
Permanent Funds - Trust Funds**

**Town of Madison, Maine**

**As of June 30, 2015**

	<u>Cemetery</u>	Jacobs <u>Scholarship</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 5,738	\$ -	\$ 5,738
Investments	<u>287,032</u>	<u>7,065</u>	<u>294,097</u>
<b>Total Assets</b>	<u>\$ 292,770</u>	<u>\$ 7,065</u>	<u>\$ 299,835</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Due to other funds	<u>\$ 12,027</u>	<u>\$ -</u>	<u>\$ 12,027</u>
<b>Fund Balances</b>			
Nonspendable	23,046	5,000	28,046
Restricted	<u>257,697</u>	<u>2,065</u>	<u>259,762</u>
<b>Total Fund Balances</b>	<u>280,743</u>	<u>7,065</u>	<u>287,808</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 292,770</u>	<u>\$ 7,065</u>	<u>\$ 299,835</u>

See accompanying independent auditors' report.

**Combining Schedule of Revenues, Expenses and Changes in Fund Balances  
Permanent Funds - Trust Funds**

**Town of Madison, Maine**

**For the Year Ended June 30, 2015**

	<u>Cemetery</u>	<u>Jacobs Scholarship</u>	<u>Total</u>
<b>Revenues</b>			
Contributions	\$ -	\$ -	\$ -
Investment return	880	19	899
<b>Total Revenues</b>	<u>880</u>	<u>19</u>	<u>899</u>
<b>Expenses</b>			
Current			
Unclassified	-	-	-
<b>Total Expenses</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues Over (Under) Expenses</b>	880	19	899
<b>Other Financing Sources (Uses)</b>			
Operating transfers out	(25,051)	-	(25,051)
<b>Total Other Financing Sources (Uses)</b>	<u>(25,051)</u>	<u>-</u>	<u>(25,051)</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(24,171)	19	(24,152)
Fund balances at beginning of year	<u>304,914</u>	<u>7,046</u>	<u>311,960</u>
<b>Fund Balances at End of Year</b>	<u>\$ 280,743</u>	<u>\$ 7,065</u>	<u>\$ 287,808</u>

See accompanying independent auditors' report.

# Schedule of Valuation, Assessment and Collection of Taxes

## Town of Madison, Maine

For the Year Ended June 30, 2015

### Valuation

Real estate	\$	306,993,000
Personal property		<u>60,544,600</u>

**Total Valuation** \$ 367,537,600

### Assessment

Valuation x Rate	367,537,600 x .019500	\$ 7,166,983
Supplemental taxes		<u>1,626</u>

**Total Assessment Charged to Collector** \$ 7,168,609

### Collection and Credits

Cash collections	6,878,775
Tax abatements	<u>6,931</u>

**Total Collection and Credits** 6,885,706

**2015 Taxes Receivable - June 30, 2015** \$ 282,903

See accompanying independent auditors' report.