TOWN OF SULLIVAN, MAINE

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2016

TOWN OF SULLIVAN, MAINE
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Selectmen
Town of Sullivan
Sullivan, ME 04664

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Sullivan, Maine (the Town) as of and for the fiscal year ended June 30, 2016, including the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Sullivan, Maine, as of June 30, 2016, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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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 3 through 6 and 19 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sullivan, Maine's financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information is the responsibility of management and was 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Respectfully Submitted,

James W. Wadman, C.P.A.

James W. Wadman, C.P.A.
February 18, 2017

TOWN OF SULLIVAN, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

The management of the Town of Sullivan, Maine (the Town) offers 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, 2016. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net Position – The assets of the Town exceeded its liabilities at the fiscal year ending June 30, 2016 by $7,062,844 (presented as "net position"). Of this amount, $2,081,285 was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position – The Town's total net position decreased by $118,168 (a 1.6% decrease) for the fiscal year ended June 30, 2016.

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2016, the Town's governmental funds reported a combined ending fund balance of $2,022,804, a decrease of $61,266 in comparison with the prior year. Of this total fund balance, $1,068,177 represents general unassigned fund balance. This unassigned fund balance represents approximately 39% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations decreased $23,344 (10.0%) during the current fiscal year. There were no new debt obligations issued during the year. Existing debt obligations were retired according to schedule.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison) and other supplementary information. These components are described below:

Government-wide Financial Statements

The government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting and are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. They distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of net position includes all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt), with the difference between the two reported as net position. The statement of activities shows how the Town's net position changed during the year, regardless of the timing of related cash flows. The government-wide financial statements can be found on pages 7 - 8 of this report.

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 fund financial statements include statements for one category of activity – governmental funds.

The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting and are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to explain the differences between the governmental funds and governmental activities. The basic governmental fund financial statements can be found on pages 9 - 10 of this report.

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 the financial statements can be found on pages 11 - 18 of this report.

Required Supplementary Information

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary). Required supplementary information can be found on page 19 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The largest portion of the Town's net position (68.2%) reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges and other immovable assets), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities	Business-like Activities	Total 2016	Total 2015
Current Assets	$ 2,280,177	$ 0	$ 2,280,177	$ 2,277,494
Capital Assets	$ 5,029,157	$ 0	$ 5,029,157	$ 5,171,913
Total Assets	$ 7,309,334	$ 0	$ 7,309,334	$ 7,449,407
Current Liabilities	$ 43,204	$ 0	$ 43,204	$ 49,093
Deferred Inflows	$ 17,807	$ 0	$ 17,807	$ 9,893
Other Liabilities	$ 185,479	$ 0	$ 185,479	$ 209,409
Net Position;				
Invested in Capital Assets	$ 4,819,749	$ 0	$ 4,819,749	$ 4,939,160
Restricted	$ 161,811	$ 0	$ 161,811	$ 175,386
Unrestricted	$ 2,081,285	$ 0	$ 2,081,285	$ 2,066,467
Total Liabilities, Deferred Inflows, and Net Position	$ 7,309,334	$ 0	$ 7,309,334	$ 7,449,407

An additional portion of the Town's net position (2.3%) represents resources that are subject to external restrictions on their use. The remaining balance of unrestricted net position (29.5%) may be used to meet the government's ongoing obligations to citizens and creditors.

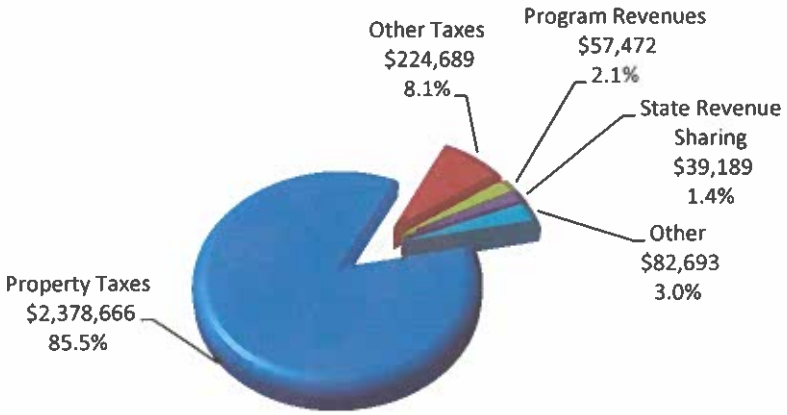
Changes in Net Position

Governmental activities decreased the Town's net position by $118,168. This decrease was primarily due to conservative budgeting and controlled costs offset by unbudgeted depreciation on capital assets.

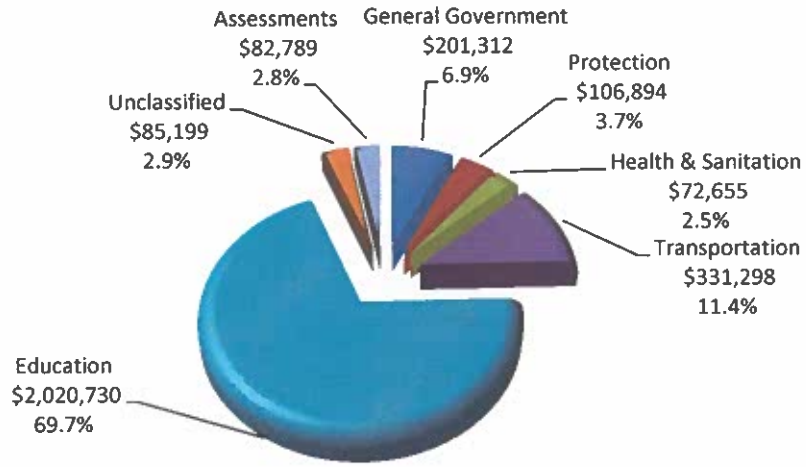
	Governmental Activities	Business-like Activities	Total 2016	Total 2015
Revenues;				
Tax Revenues	$ 2,603,355	$ 0	$ 2,603,355	$ 2,374,876
Program Revenues	$ 57,472	$ 0	$ 57,472	$ 139,243
Investments	$ 4,700	$ 0	$ 4,700	$ 2,305
Revenue Sharing	$ 39,189	$ 0	$ 39,189	$ 34,505
Other	$ 77,993	$ 0	$ 77,993	$ 206,786
Total Revenues	$ 2,782,710	$ 0	$ 2,782,710	$ 2,757,715

Expenses;				
General Government	$ 201,312	$ 0	$ 201,312	$ 216,941
Protection	$ 106,894	$ 0	$ 106,894	$ 95,492
Health/Sanitation	$ 72,655	$ 0	$ 72,655	$ 72,346
Transportation	$ 331,298	$ 0	$ 331,298	$ 336,668
Education	$ 2,020,730	$ 0	$ 2,020,730	$ 1,696,140
Unclassified	$ 85,199	$ 0	$ 85,199	$ 213,017
Assessments	$ 82,789	$ 0	$ 82,789	$ 71,938
Total Expenses	$ 2,900,878	$ 0	$ 2,900,878	$ 2,702,542
Changes in Net Position	$ (118,168)	$ 0	$ (118,168)	$ 55,173

Revenues by Source - Governmental and Business-Type



Expenditures by Source - Governmental and Business-Type



FINANCIAL ANALYSIS OF THE TOWN'S INDIVIDUAL FUNDS

Governmental Funds

The focus of the Town'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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of $2,022,804, a decrease of $61,266 in comparison with the prior year. Approximately 53 percent of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for new spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

GENERAL FUND BUDGETARY HIGHLIGHTS

Variances between actual General Fund revenues and expenditures and the final amended budget included the following:

- $93,482 negative variance in real estate and personal property tax. Actual collections were 90.1% of the levy as compared to 90.6% in the prior year. The variance is due to significant discounts and abatements plus a significant unavailable property tax revenue adjustment due to slower collections.
- $94,587 positive variance in excise tax revenues. This is primarily due to conservative budgeting.
- $31,780 positive variance in other revenues. This is primarily due to conservative budgeting.
- $58,059 positive variance in assessment and debt service expenditures. This is primarily due to overlay.
- $129,084 positive variance in all other expenditures. This is due to amounts budgeted to increase carry forward reserve balances, conservative budgeting and costs being controlled and maintained within budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities amounts to $11,183,184, net of accumulated depreciation of $6,154,027, leaving a net book value of $5,029,157. Current year additions include $13,469 for Gordon's Wharf improvements, $12,045 for town office furnace replacement, and $85,338 for town road improvements. There were no current year retirements or impairments. Additional information on the Town's capital assets can be found in Note 4 of the notes to the financial statements on page 17 of this report.

Debt

The Town has total bonded debt outstanding of $0 and $209,409 of total outstanding loans that is backed by the full faith and credit of the Town. The outstanding debt decreased $23,344 during the current fiscal year. Additional information on the Town's long-term debt can be found in Note 6 of the notes to the financial statements on pages 17 - 18 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Sullivan, 1888 U.S. Highway 1, Sullivan, ME 04664.

TOWN OF SULLIVAN, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2016

(Exhibit I)

	Governmental Activities
Assets	
Cash and Cash Equivalents	$279,424
Investments, at Fair Market Value	$1,642,784
Accounts Receivable	$51,443
Taxes Receivable	$305,525
Prepaid Expenses	$1,001
Capital Assets	
Land	$484,300
Other Capital Assets, net of Accumulated Depreciation	$4,544,857
Total Capital Assets	$5,029,157
Total Assets	$7,309,334
Liabilities, Deferred Inflows and Net Position	
Liabilities	
Current Liabilities	
Accounts Payable	$19,274
Loans Payable	
Due within one year	$23,930
Due in more than one year	$185,479
Total Liabilities	$228,683
Deferred Inflows of Resources	
Prepaid Property Taxes	$17,807
Total Deferred Inflows of Resources	$17,807
Net Position	
Net Investment in Capital Assets	$4,819,749
Restricted	$161,811
Unrestricted	$2,081,285
Total Net Position	$7,062,844
Total Liabilities, Deferred Inflows and Net Position	$7,309,334

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SULLIVAN, MAINE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Exhibit II)

Functions/Programs		*Program Revenues*		*Net (Expense) Revenue and Changes in Net Position*
Primary Government	*Expenses*	*Charges for Services*	*Operating Grants*	*Governmental Activities*
Governmental Activities				
General Government	$201,312	$13,507		($187,805)
Protection	$106,894	$262	$4,310	($102,322)
Health & Sanitation	$72,655	$18,452		($54,203)
Public Transportation	$331,298		$19,776	($311,522)
Education	$2,020,730			($2,020,730)
Unclassified	$85,199	$1,165		($84,034)
Assessments and Debt Service	$82,789			($82,789)
Total Governmental Activities	$2,900,878	$33,386	$24,086	($2,843,406)
Total Primary Government	$2,900,878	$33,386	$24,086	($2,843,406)
General Revenues;				
Tax Revenues, Including Homestead Exemption				$2,358,827
Excise Taxes				$224,689
State Revenue Sharing				$39,189
Interest on Delinquent Taxes				$19,839
Investment Interest				$4,700
Fundraisers and Donations				$22,151
Other Revenues				$55,842
Total Revenues				$2,725,238
Changes in Net Position				($118,168)
Net Position - Beginning				$7,181,012
Net Position - Ending				$7,062,844

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SULLIVAN, MAINE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

(Exhibit III)

	General Fund	*Special Revenue Fund*	*Permanent Fund*	*Total Governmental Funds*
Assets				
Cash	$163,791	$49,450	$66,183	$279,424
Investments, at Fair Market Value	$1,616,553		$26,231	$1,642,784
Accounts Receivable	$51,443			$51,443
Taxes Receivable	$305,525			$305,525
Prepaid Expenses	$1,001			$1,001
Due from Other Funds			$975	$975
Total Assets	$2,138,312	$49,450	$93,389	$2,281,152
Liabilities, Deferred Inflows & Fund Balances				
Liabilities:				
Accounts Payable	$19,274			$19,274
Due to Other Funds	$975			$975
Total Liabilities	$20,249	$0	$0	$20,249
Deferred Inflows of Resources				
Prepaid Property Taxes	$17,807			$17,807
Unavailable Property Tax Revenue	$220,292			$220,292
Total Deferred Inflows of Resources	$238,099	$0	$0	$238,099
Fund Balances:				
Nonspendable			$7,119	$7,119
Restricted	$105,242	$49,450		$154,691
Committed	$457,519			$457,519
Assigned	$249,027		$86,270	$335,298
Unassigned	$1,068,177			$1,068,177
Total Fund Balances	$1,879,964	$49,450	$93,389	$2,022,804
Total Liabilities, Deferred Inflows & Fund Balances	$2,138,312	$49,450	$93,389	$2,281,152

Total Fund Balance - Governmental Funds	$2,022,804
Net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	$5,029,157
Delinquent taxes are recognized as revenue in the period for which levied in the government-wide financial statements, but are reported as unavailable revenue (a deferred inflow) in governmental funds	$220,292
Some liabilities are not due and payable in the current period and therefore, are not reported in the funds, including loans payable	($209,409)
Net Position of Governmental Activities	$7,062,844

The Notes to the Financial Statements are an Integral Part of this Statement.

TOWN OF SULLIVAN, MAINE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Exhibit IV)

	General Fund	Special Revenue Fund	Permanent Fund	Total Governmental Funds
Revenues:				
Tax Revenues, Including Homestead Exemption	$2,296,318			$2,296,318
Local Road Assistance	$19,776			$19,776
Excise Taxes	$224,689			$224,689
State Revenue Sharing	$39,189			$39,189
Interest on Delinquent Taxes	$19,839			$19,839
Investment Interest	$3,229	$72	$1,399	$4,700
Fundraisers, Grants and Donations	$24,316	$2,145		$26,461
Other Revenues	$45,087	$9,180	$1,575	$55,842
Total Revenues	$2,672,443	$11,398	$2,974	$2,686,814
Expenditures (Net of Departmental Revenues):				
Current				
General Government	$181,598			$181,598
Protection	$78,391			$78,391
Health & Sanitation	$53,869			$53,869
Public Transportation	$118,002			$118,002
Education	$2,020,730			$2,020,730
Unclassified	$61,844	$13,820	$2,840	$78,504
Assessments and Debt Service	$106,133			$106,133
Capital Outlay	$110,852			$110,852
Total Expenditures	$2,731,420	$13,820	$2,840	$2,748,080
Excess Revenues Over Expenditures	($58,978)	($2,422)	$134	($61,266)
Beginning Fund Balances	$1,938,942	$51,872	$93,256	$2,084,070
Ending Fund Balances	$1,879,964	$49,450	$93,389	$2,022,804

Reconciliation to Statement of Activities, change in Net Position:	
Net Change in Fund Balances - Above	($61,266)
Delinquent taxes are recognized as revenue in the period for which levied in the government-wide financial statements, but are recorded as unavailable revenue (a deferred inflow) in governmental funds	$62,509
Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position	
This amount represents long-term debt payments	$23,344
Governmental funds report capital outlays as expenditures, while in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	$110,852
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.	($253,608)
Changes in Net Position of Governmental Activities	($118,168)

The Notes to the Financial Statements are an Integral Part of this Statement.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Town of Sullivan, Maine (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for the governmental accounting and financial reporting principles. The more significant of the Town's accounting principles are described below.

A. Financial Reporting Entity

The accompanying financial statements present the government of the Town of Sullivan, Maine, which is identified based upon the criteria identified in Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*. The Town is governed under a Selectmen form of government. The Town engages in a comprehensive range of municipal services, including administrative services, public safety, health and sanitation, transportation, education and cultural services. The financial statements include all operations of the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the Town. The material effect of interfund activity has been removed from these statements. *Governmental activities* are normally are supported by taxes and intergovernmental revenues.

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. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized when transactions occur and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied (i.e. intended to finance). Grants are recognized as revenue as soon as all eligibility requirements have been met.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports unavailable revenue on its governmental fund financial statements. Unavailable revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unavailable revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unavailable revenue is removed from the balance sheet and the revenue is recognized.

The Town reports the following major governmental funds:

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

The special revenue fund is used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Permanent funds are used to account for assets held in perpetuity and therefore cannot be used to support the Town's own programs, but the investment earnings may be used for designated purposes.

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.

D. Assets, Liabilities, Deferred Inflows/Outflows and Net Position or Fund Equity

Deposits

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-tem investments with original maturities of one year or less from the date of acquisition. These investments are not specifically identified with any other fund.

The Town may invest in certificates of deposit, in time deposits, and in any securities in which State of Maine Statutes authorize them to invest in.

Accounts Receivable and Accounts Payable

All material receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

Assets	*Years*
Buildings	50
Infrastructure	50
Equipment	7-10

Interfund Activity

Interfund receivables and payables arise from interfund activity and is recorded by all funds effected in the period in which transactions are executed.

Deferred Inflows/Outflows of Resources

In addition to assets and liabilities, the statement of net position and the governmental fund balance sheet will report a separate section for deferred outflows and/or inflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period(s) and therefore will not be recognized as an expense/expenditure until then. Deferred inflows or resources represent and acquisition of net position that applies to future period(s) and therefore will not be recognized as revenue until that time. The Town has no items that qualify as deferred outflows of resources, but it does have an item that qualifies as deferred inflows. This amount is considered unavailable and will be recognized as an inflow of resources (revenue) in the period that the amounts become available.

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. In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources.

Governmental Fund Balances

The Town has identified June 30, 2016 fund balances on the balance sheet as follows:

	General Fund	*Special Revenue Fund*	*Permanent Fund*	*Total*
Nonspendable				
Simpson Trust Principal			$1,000	$1,000
Gordon/Blaisdell Cemetery Principal			$6,119	$6,119
Restricted				
State Revenue Sharing	$60,728			$60,728
Local Road Assistance	$16,292			$16,292
Christmas for Kids	$443			$443
Fire Dept Pumper Account	$18,220			$18,220
Jaws of Life	$1,902			$1,902
FEMA Grant	$3,217			$3,217
Blaisdell Cemetery	$2,600			$2,600
York Hill Cemetery	$400			$400
Birchtree Cemetery	$200			$200
Flag Fund	$200			$200
Gordon Cemetery Trust	$840			$840
Johnson Cemetery	$200			$200
Pet Pantry/Pet Project and Bingo		$49,450		$49,450
Committed				
Sullivan Memorial Park Reserve	$791			$791
Bicentennial Reserve	$2,496			$2,496
Emergency Fund Reserve	$2,458			$2,458
Subdivision Ordinance Reserve	$4,956			$4,956
Playground Fund Reserve	$22,745			$22,745
Property Tax Reserve	$175,000			$175,000

	Fire Department Capital Reserve	$22,500			$22,500
	Fire Truck Reserve	$50,168			$50,168
	Gordon's Wharf	$10,730			$10,730
	Veteran's Memorial Lighting	$470			$470
	Capital Improvements	$160,686			$160,686
	Harbor Master	$2,000			$2,000
	Harbor Boat Ramp	$2,517			$2,517
Assigned					
	Lien Cost & Fees	$1,500			$1,500
	Tree Growth	$115,411			$115,411
	Vending Machine	$1,046			$1,046
	Administration	$5,000			$5,000
	Officers Salaries	$1,000			$1,000
	Social Security	$2,377			$2,377
	Trio Budgetary System	$4,300			$4,300
	Tax Maps	$2,700			$2,700
	Municipal Building	$35,854			$35,854
	Animal Control Officer	$2,000			$2,000
	Fire Protection	$15,288			$15,288
	EMT	$1,000			$1,000
	Transfer Station	$10,000			$10,000
	Road Maintenance/Culverts	$8,918			$8,918
	Sand & Salt Shed	$3,000			$3,000
	Cemetery Maintenance	$1,000			$1,000
	Perpetual Care	$160			$160
	General Assistance	$5,000			$5,000
	Food Pantry	$4,439			$4,439
	Sumner Memorial Park	$1,000			$1,000
	Sumner Memorial Park Improveme	$5,000			$5,000
	Fire Works - Sullivan Daze	$3,812			$3,812
	Sullivan Daze Parade Fund	$500			$500
	Friends for a Warmer Town	$3,949			$3,949
	Sullivan Daze Auxiliary	$14,774			$14,774
	Simpson Trust			$275	$275
	York Hill Cemetery			$55,688	$55,688
	Gordon/Blaisdell Cemetery			$22,276	$22,276
	Birchtree Cemetery			$8,031	$8,031
Unassigned		$1,068,927			$1,068,927
	Dangerous Building	($750)			($750)
Total Fund Balances		$1,879,964	$49,450	$93,389	$2,022,804

In accordance with GASB Statement 54, the Town classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors or creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Town through formal action at the highest level of decision making authority and does not lapse at the end of the year.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered Restricted or Committed.

Unassigned - includes fund balance amounts that are not considered to be Non-spendable, Restricted, Committed or Assigned.

The Town considers restricted, committed, assigned and unassigned amounts to be spent in that order when expenditures are incurred for which any of those amounts are available.

The Board of Selectmen are authorized to make assignments pursuant to their appointment. Committed fund balances are determined based on the need of town meeting votes.

Net Position

Net position is required to be classified into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted - This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports $161,811 of restricted net position, of which enabling legislation restricts $0.

Unrestricted - This component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

E. Budgetary Accounting

Formal budgetary accounting is employed as a management control for the general fund only. Annual operating budgets are adopted each fiscal year by the registered voters of the Town at their annual Town meeting. Budgets are established in accordance with generally accepted accounting principles. Budgetary control is exercised at the selectman level, since individual department heads do not exist. All unencumbered budget appropriations lapse at the end of the year unless specifically designated by the Board of Selectmen or required by law.

F. Endowments

In the permanent funds, there are established endowment funds of $1,000 for the Simpson Trust Fund and $6,119 for the Gordon/ Blaisdell Cemetery Trust Fund. The investment earnings of these funds are used for the specific purposes that the funds were established for and shall be paid out by order of those persons responsible for administering the funds. State law directs that, subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established. The current amount available for expenditure is $275 from the Simpson Trust Fund and $22,276 from the Gordon/ Blaisdell Cemetery Trust Fund, which is reported as unrestricted net position in the statements of net position. The initial endowment principal is reported as part of the restricted net position in the statement of net position.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town's deposit policy for custodial credit risk requires compliance with the provisions authorized by Maine State Statutes. The Town requires that, at the time funds are deposited, there is collateral in place to cover the deposits in excess of the FDIC insurance limits.

State Statutes require banks either to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the Town in the amount of the Town's deposits. The Statutes allow pledged securities to be reduced by the amount of the deposits insured by the Federal Deposit Insurance Corporation (FDIC).

The financial institution holding the Town's cash accounts is participating in the FDIC Transaction Account Guarantee Program. Under the program, all accounts, including non-interest bearing accounts, are aggregated and are insured up to $250,000 in total by the FDIC. Any cash deposits, including certificates of deposit, in excess of the $250,000 FDIC limits are not covered by collateral and thus, custodial credit risk could exist. In order to avoid leaving deposits in excess of the $250,000 FDIC limits unprotected, the Town has had one of the financial institutions in which they have deposits with purchase collateral in the name of the Town through the Federal Reserve.

At year end, the carrying value of the Town's deposits was $279,424 and the bank balance was $279,424. The Town has no uninsured and uncollateralized deposits as of June 30, 2016.

Investments

At year end, the Town's Governmental Fund investment balances were as follows:

	Fair Market Value	*Maturities (yrs)*		
		Less than 1 yr	*1-5 yrs*	*Long-term*
U.S. Treasury Securities - Bonds	$26,231			$26,231
ICS Account Certificates of Deposit	$1,616,553	$1,616,553		
	$1,642,784	$1,616,553	$0	$26,231

Generally, the Town's investing activities are managed under the custody of the Town Treasurer. Investing is performed in accordance with State Statutes. The Town may legally invest in U.S. Government securities and agencies, U.S. Government sponsored agencies and in bank repurchase agreements.

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 investment securities that are in the possession of an outside party. As a means of limiting its exposure to custodial credit risk, the Town requires that, at the time funds are invested, collateral for repurchase agreements be held in the Town's name by a custodial agent for the term of the agreement and investments in obligations of the United States or its agencies be held by the Federal Reserve.

Interest rate risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town invests in short-term repurchase obligations and short-term investments held by a local banking institution. Money market, common stock and mutual funds are presented as investments with a maturity of less than one year because they are redeemable in full immediately.

Credit risk - credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town limits its investments to those authorized by Maine State Statutes, which authorize the Town to make deposits/investments in insured commercial banks, insured credit union and direct debt securities of the United States Government unless such an investment is expressly prohibited by law.

Note 3 - Property Taxes

Property taxes were assessed on April 1, 2015 and committed on October 20, 2015. Interest of 7.0% per annum is charged on delinquent taxes. Tax liens are recorded on property taxes remaining unpaid twelve months after the commitment date. Tax liens unpaid for a period of eighteen months expire and the property becomes tax acquired by the Town. For governmental funds, only property taxes which are intended to finance the current fiscal year and collected within 60 days subsequent to year-end are recorded as revenue. Accordingly, $220,292 of the property taxes receivable have been classified as unavailable property tax revenue on the general fund balance sheet.

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	*Increases*	*Decreases*	*Ending Balance*
Governmental Activities:				
Capital assets not being depreciated				
Land	$484,300			$484,300
Capital assets being depreciated				
Buildings & Improvements	$741,826			$741,826
Equipment	$999,108	$25,514		$1,024,622
Infrastructure	$8,847,097	$85,338		$8,932,435
Total capital assets being depreciated	$10,588,031	$110,852	$0	$10,698,883
Less accumulated depreciation for				
Buildings & Improvements	$226,572	$15,677		$242,249
Equipment	$563,118	$28,016		$591,133
Infrastructure	$5,110,729	$209,915		$5,320,644
Total accumulated depreciation	$5,900,419	$253,608	$0	$6,154,026
Net capital assets being depreciated	$4,687,612	($142,755)	$0	$4,544,857
Governmental Activities, Capital Assets, net	$5,171,913	($142,755)	$0	$5,029,157

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

Governmental Activities	
General Government	$6,207
Protection	$28,241
Health and Sanitation	$334
Public Transportation, including depreciation of general infrastructure assets	$213,295
Unclassified	$5,530
Total Depreciation Expense - Governmental Activities	$253,608

Note 5 - Interfund Activity

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. The payables are classified as Due to Other Funds with offsetting receivables classified as Due from Other Funds. At June 30, 2016, the offsetting receivable and payable balances were $975. This balance represents an amount owed to the cemetery trust account from the general fund. The balance for the cemetery trust is expected to be repaid upon need of the funds.

Note 6 - Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the fiscal year ended June 30, 2016:

Long-Term Debt payable at July 1, 2015	$232,753
Long-Term Debt Issued	$0
Long-Term Debt Retired	($23,344)
Long-Term Debt payable June 30, 2016	$209,409

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the Town of Sullivan. Outstanding bonds at June 30, 2016 are as follows:

In July 2013, the Town secured a business loan with Machias Savings Bank for the purpose of purchasing a fire truck. The loan is for $260,000 and will be repaid over ten years with annual payments of $29,255.76, including interest at 2.54%. The balance at June 30, 2016 was $209,409.

Presented below is a summary of debt service requirements along with estimated interest:

Year	*Principal*	*Interest*	*Total*
2017	$23,930	$5,326	$29,256
2018	$24,551	$4,705	$29,256
2019	$25,168	$4,088	$29,256
2020	$25,807	$3,448	$29,256
2021	$26,459	$2,796	$29,256
2021-2024	$83,493	$4,274	$87,767
	$209,409	$24,637	$234,046

Note 7 - Restricted Net Position

The Town reports restricted net position totaling $161,811 on its statements of net position. This restricted net position represents the nonspendable and restricted fund balances detailed in the Governmental Fund Balances note above.

Note 8 - Risk Management

The Town participates in Public Entity Risk Pools for the purposes of Workers Compensation, Property and Liability Insurance and Unemployment Compensation. The Public Entity Risk Pool is administered by the Maine Municipal Association. The Public Entity Risk Pools were established for the purposes of lowering costs for members and for developing specific programs to control losses. Members pay annual premiums to the Maine Municipal Association for participation in the respective programs.

The Town is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which it carries municipal and commercial insurance. The Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2016.

Note 9 - Pending Litigation

According to management, there are no matters that would result in material adverse losses, claims or assessments against the Town of Sullivan, Maine through the date of the audit report.

Note 10 - Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, governed or operated by town or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an on-going financial interest or (b) an on-going financial responsibility. The Town is a member of Coastal Recycling Corporation, a not-for-profit corporation established to manage recyclable materials and to provide education on waste reduction and recycling. Complete financial statements for Coastal Recycling Corporation can be obtained from the following address: Coastal Recycling Corporation, P.O. Box 221, Hancock, ME 04640.

TOWN OF SULLIVAN, MAINE *(Exhibit V)*
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	*Final Budget*	*Actual*	*Variance Favorable (Unfavorable)*
Revenues:				
Tax Revenues, Including Homestead Exemption	$2,389,800	$2,389,800	$2,296,318	($93,482)
Local Road Assistance	$19,572	$19,572	$19,776	$204
Excise Taxes	$130,102	$130,102	$224,689	$94,587
State Revenue Sharing	$50,000	$50,000	$39,189	($10,811)
Interest on Delinquent Taxes	$0	$0	$19,839	$19,839
Investment Interest	$0	$0	$3,229	$3,229
Fundraisers, Grants and Donations	$0	$0	$24,316	$24,316
Other Revenues	$50,085	$50,085	$45,087	($4,997)
Total Revenues	$2,639,558	$2,639,558	$2,672,443	$32,884
Expenditures (Net of Departmental Revenues):				
General Government	$222,281	$222,281	$193,643	$28,638
Protection	$117,247	$117,247	$78,391	$38,856
Health & Sanitation	$73,778	$73,778	$53,869	$19,909
Public Transportation	$219,514	$219,514	$203,341	$16,173
Education	$2,020,730	$2,020,730	$2,020,730	($0)
Unclassified	$100,821	$100,821	$75,313	$25,508
Assessments and Debt Service	$164,193	$164,193	$106,133	$58,059
Total Expenditures	$2,918,563	$2,918,563	$2,731,420	$187,143
Excess Revenues Over Expenditures	($279,005)	($279,005)	($58,978)	$220,027
Beginning Fund Balances	$1,938,942	$1,938,942	$1,938,942	$0
Ending Fund Balances	$1,659,937	$1,659,937	$1,879,964	$220,027

TOWN OF SULLIVAN, MAINE
SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Department	*Beginning Balance*	*Appropriations*	*Departmental Revenues*
General Government;			
Administration	$5,000	$58,000	$8,693
Officer's Salaries	$0	$119,081	$0
Social Security	$1,959	$11,000	$0
Administrative Travel	$0	$1,500	$0
Trio Budgetary System	$4,300	$0	$0
Planning Board	$153	$0	$0
Tax Maps	$0	$2,700	$0
Municipal Building	$28,502	$25,000	$13,507
Legal Fees	$0	$5,000	$0
Property Tax Reserve	$275,000	$0	$0
	$314,914	$222,281	$22,201
Protection;			
Animal Control Officer	$2,000	$3,000	$262
Fire Protection	$851	$80,033	$5,414
Fire Hydrant	$0	$1,714	$0
Fire Department Capital Reserve	$15,000	$7,500	$0
Fire Truck Reserve	$30,168	$20,000	$0
Stolen Generator	$799	$0	$0
Fire Pumper	$15,173	$0	$3,100
Jaws of Life	$1,895	$0	$7
Streetlights	$0	$5,000	$0
	$65,887	$117,247	$8,783
Health & Sanitation;			
Recycling Transportation	$0	$1,200	$0
Ambulance	$0	$9,579	$0
County 911	$0	$3,425	$0
EMT	$1,000	$9,650	$2,050
Sludge Disposal	$0	$922	$0
Transfer Station	$10,000	$40,000	$18,452
Coastal Recycling	$0	$9,002	$0
	$11,000	$73,778	$20,502
Public Transportation;			
Emergency Street Signs	$0	$500	$0
FEMA Grant	$3,217	$0	$0
Town Road Paving	$0	$74,912	$0
Snow Removal	$0	$86,127	$0
Road Maintenance/Culverts	$1,797	$15,000	$0
Sand & Salt Shed	$2,251	$7,000	$1
Sand & Salt	$0	$35,975	$0
	$7,265	$219,514	$1
Education;			
RSU #24 Assessment	$0	$2,020,730	$0
	$0	$2,020,730	$0
Assessments;			
County Tax	$0	$76,877	$0
Fire Truck Payment	$0	$30,000	$0
Overlay	$0	$57,315	$0
	$0	$164,193	$0

Total Available	*Net Expenditures*	*Audit Adjustments*	*Lapsed Unexpended (Overdraft)*	*Ending Balance*
$71,693	$58,390	$200	$8,503	$5,000
$119,081	$114,864	$932	$4,149	$1,000
$12,959	$10,582	$0	$0	$2,377
$1,500	$784	($55)	$661	$0
$4,300	$0	$0	$0	$4,300
$153	$150	$0	$3	$0
$2,700	$0	$0	$0	$2,700
$67,010	$31,113	($43)	$0	$35,854
$5,000	$995	$0	$4,005	$0
$275,000	$0	($100,000)	$0	$175,000
$559,396	$216,878	($98,965)	$17,321	$226,231
$5,262	$2,438	$1,067	$1,890	$2,000
$86,299	$78,645	$7,635	$0	$15,288
$1,714	$1,714	$0	$0	$0
$22,500	$0	$0	$0	$22,500
$50,168	$0	$0	$0	$50,168
$799	$799	$0	($0)	$0
$18,273	$53	$0	$0	$18,220
$1,902	$0	$0	$0	$1,902
$5,000	$4,804	($5)	$191	$0
$191,916	$88,454	$8,697	$2,081	$110,079
$1,200	$850	$0	$350	$0
$9,579	$9,579	$0	$0	$0
$3,425	$3,424	$0	$1	$0
$12,700	$8,460	$208	$3,448	$1,000
$922	$922	$0	$0	$0
$68,452	$39,528	($764)	$18,160	$10,000
$9,002	$9,002	$0	$0	$0
$105,280	$71,764	($557)	$21,959	$11,000
$500	$179	$0	$321	$0
$3,217	$0	$0	$0	$3,217
$74,912	$78,279	$3,367	$0	$0
$86,127	$86,127	$0	$0	$0
$16,797	$7,879	$0	$0	$8,918
$9,252	$1,555	($450)	$4,247	$3,000
$35,975	$28,872	$0	$7,103	$0
$226,779	$202,891	$2,917	$11,671	$15,135
$2,020,730	$2,020,730	$0	($0)	$0
$2,020,730	$2,020,730	$0	($0)	$0
$76,877	$76,877	$0	$0	$0
$30,000	$29,256	$0	$744	$0
$57,315	$0	$0	$57,315	$0
$164,193	$106,133	$0	$58,059	$0

TOWN OF SULLIVAN, MAINE
SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Department	*Beginning Balance*	*Appropriations*	*Departmental Revenues*
Unclassified:			
Vending Machine	$1,118	$0	$1,165
Dangerous Building	$0	$0	$0
Christmas for Kids	$453	$0	$0
Gordon's Wharf	$15,611	$2,500	$3,647
Gordon's Wharf Capital Improvements	$1,168	$1,000	$0
Cemetery Maintenance	$1,000	$7,500	$0
Perpetual Care	$160	$0	$0
Blaisdell Cemetery	$2,600	$0	$0
York Hill Cemetery	$400	$0	$0
Birch Tree Cemetery	$200	$0	$0
Flag Fund	$222	$500	$0
Fuel Adjustment	$0	$1,000	$0
General Assistance	$5,000	$15,000	$3,495
Food Pantry	$4,439	$0	$0
Sullivan-Sorrento Recreation Center	$0	$14,000	$0
Sullivan-Sorrento Historical Society	$0	$750	$0
Sullivan-Sorrento Playground	$0	$500	$1,871
WIC	$0	$920	$0
Sumner Memorial Park	$1,000	$3,000	$100
Veteran's Memorial Lighting	$470	$0	$0
Frenchman's Bay Library	$0	$3,600	$0
Little League	$0	$500	$0
Ball Field	$200	$0	$0
Sumner Memorial Park Improvements	$0	$5,000	$0
Down East YMCA	$0	$3,200	$0
Ellsworth Library	$0	$3,360	$0
Loaves and Fishes Food Pantry	$2,000	$2,400	$0
Maine Coast Memorial Hospital	$0	$2,000	$0
Flander's Pond Beach	$0	$1,500	$0
Fire Works - Sullivan Daze	$3,387	$3,000	$425
Sullivan Daze Parade Fund	$500	$500	$0
Capital Improvement Funds	$150,686	$10,000	$0
Shellfish Administration	$0	$3,000	$0
Harbor Master	$4,729	$3,000	$0
Harbor Boat Ramp	$247	$0	$2,400
Memorial Day	$0	$500	$0
Child & Family Opportunities	$0	$1,200	$0
Eastern Area on Aging	$0	$300	$0
Washington Hancock Community Agency	$3,782	$4,730	$0
Community Health & Counseling	$0	$2,911	$0
American Red Cross	$0	$1,500	$0
Life Flight	$0	$500	$0
Hospice	$0	$600	$0
Grand Theater	$0	$500	$0
Downeast Horizons	$0	$250	$0
Maine Public Broadcasting	$0	$100	$0
Friends for a Warmer Town	$3,342	$0	$1,400
Sullivan Daze Auxiliary	$10,170	$0	$8,156
Gordon Cemetery Trust	$840	$0	$0
Johnson Cemetery	$200	$0	$0
	$213,925	$100,821	$22,659
TOTALS	$612,991	$2,918,563	$74,145

Total Available	*Net Expenditures*	*Audit Adjustments*	*Lapsed Unexpended (Overdraft)*	*Ending Balance*
$2,283	$1,274	$37	$0	$1,046
$0	$750	$0	$0	($750)
$453	$10	$0	$0	$443
$21,758	$11,488	$460	$0	$10,730
$2,168	$3,469	$1,301	$0	$0
$8,500	$1,971	$0	$5,529	$1,000
$160	$0	$0	$0	$160
$2,600	$0	$0	$0	$2,600
$400	$0	$0	$0	$400
$200	$0	$0	$0	$200
$722	$523	$0	$0	$200
$1,000	$0	$0	$1,000	$0
$23,495	$4,816	$0	$13,679	$5,000
$4,439	$0	$0	$0	$4,439
$14,000	$14,000	$0	$0	$0
$750	$750	$0	$0	$0
$2,371	$561	($1,810)	$0	$0
$920	$920	$0	$0	$0
$4,100	$2,380	$23	$743	$1,000
$470	$0	$0	$0	$470
$3,600	$3,600	$0	$0	$0
$500	$500	$0	$0	$0
$200	$0	$0	$200	$0
$5,000	$0	$0	$0	$5,000
$3,200	$3,200	$0	$0	$0
$3,360	$3,360	$0	$0	$0
$4,400	$4,000	$0	$400	$0
$2,000	$2,000	$0	$0	$0
$1,500	$510	$0	$990	$0
$6,812	$3,000	$0	$0	$3,812
$1,000	$0	$0	$500	$500
$160,686	$0	$0	$0	$160,686
$3,000	$3,000	$0	$0	$0
$7,729	$1,509	$370	$4,590	$2,000
$2,647	$130	$0	$0	$2,517
$500	$657	$0	($157)	$0
$1,200	$1,200	$0	$0	$0
$300	$300	$0	$0	$0
$8,512	$4,730	$0	$3,782	$0
$2,911	$2,911	$0	$0	$0
$1,500	$1,500	$0	$0	$0
$500	$500	$0	$0	$0
$600	$600	$0	$0	$0
$500	$500	$0	$0	$0
$250	$250	$0	$0	$0
$100	$100	$0	$0	$0
$4,742	$793	$0	$0	$3,949
$18,326	$3,553	$0	$0	$14,774
$840	$0	$0	$0	$840
$200	$0	$0	$0	$200
$337,405	$85,315	$382	$31,256	$221,216
$3,605,699	$2,792,166	($87,526)	$142,347	$583,660

TOWN OF SULLIVAN, MAINE
SCHEDULE OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Exhibit A-2)

Beginning Unassigned Fund Balance		$1,064,673
Additions:		
Lapsed Accounts (Exhibit A-1)	$142,347	
Supplemental Taxes	$9,669	
Excise Taxes (Net of Appropriations)	$91,140	
Boat Excise	$3,447	
Interest and Lien Costs on Delinquent Taxes	$18,448	
Interest Earned	$3,182	
Other Revenues	$17,426	
Total Additions		$285,659
Reductions:		
Appropriations from Unassigned Fund Balance	$179,005	
Increase in Unearned Tax Revenue	$62,509	
Abatements and Discounts Granted	$40,642	
Total Reductions		$282,156
Ending Unassigned Fund Balance		$1,068,177

TOWN OF SULLIVAN, MAINE *(Exhibit A-3)*

SCHEDULE OF VALUATION, COMMITMENT AND COLLECTIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Valuation:		
Real Property	$200,853,460	
Personal Property	$485,600	
Total Valuation		$201,339,060
Mill Rate		$0.01175
Tax Commitment		$2,365,734
Collections and Adjustments:		
Cash Collections	$2,133,575	
Abatements Granted	$8,710	
Refunds of Overpayments	($9,669)	
Total Collections and Adjustments		$2,132,616
Uncollected Taxes June 30		$233,118

TOWN OF SULLIVAN, MAINE *(Exhibit A-4)*
SCHEDULE OF APPROPRIATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Revenues:		
Tax Commitment	$2,365,734	
Motor Vehicle Excise	$130,102	
BETE Reimbursement	$85	
State Revenue Sharing	$50,000	
Local Road Assistance	$19,572	
Property Tax Reserve	$100,000	
Unassigned Fund Balance	$179,005	
Tree Growth	$50,000	
Homestead Exemption	$24,066	
Total Revenues		$2,918,563
Expenditures (See Exhibit A-1 for Detail):		
General Government	$222,281	
Protection	$117,247	
Health & Sanitation	$73,778	
Public Transportation	$219,514	
Education	$2,020,730	
Unclassified	$100,821	
Assessments and Debt Service	$164,193	
Total Expenditures		$2,918,563

TOWN OF SULLIVAN, MAINE *(Exhibit B-1)*

COMBINED BALANCE SHEET - PERMANENT FUNDS

JUNE 30, 2016

Assets	*York Hill Cemetery Trust*	*Gordon/Blaisdell Cemetery Trust*	*Birchtree Cemetery Trust*	*Simpson Trust*	*Total*
Cash	$28,482	$28,395	$8,031	$1,275	$66,183
Investments, at Fair Market Value	$26,231				$26,231
Due from Other Funds	$975				$975
Total Assets	$55,688	$28,395	$8,031	$1,275	$93,389
Fund Balances					
Restricted for Endowment		$6,119		$1,000	$7,119
Unrestricted	$55,688	$22,276	$8,031	$275	$86,270
Total Fund Balances	$55,688	$28,395	$8,031	$1,275	$93,389

TOWN OF SULLIVAN, MAINE *(Exhibit B-2)*

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - PERMANENT FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	York Hill Cemetery Trust	*Gordon/Blaisdell Cemetery Trust*	*Birchtree Cemetery Trust*	*Simpson Trust*	*Total*
Revenues					
Unrealized Gain/(Loss) on Marketable Securities	($306)				($306)
Interest and Dividends	$1,613	$68	$22	$3	$1,705
Other Revenues	$1,575				$1,575
Total Revenues	$2,882	$68	$22	$3	$2,974
Expenditures					
Expenses	$2,840				$2,840
Total Expenditures	$2,840	$0	$0	$0	$2,840
Excess Revenues Over Expenditures	$42	$68	$22	$3	$134
Beginning Fund Balances	$55,646	$28,328	$8,009	$1,273	$93,256
Ending Fund Balances	$55,688	$28,395	$8,031	$1,275	$93,389