

TOWN OF BENTON, MAINE

ANNUAL FINANCIAL REPORT
with Independent Auditors Report

For the Year Ending December 31, 2014

TOWN OF BENTON, MAINE
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2014
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KEEL J. HOOD

Certified Public Accountant

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INDEPENDENT AUDITORS REPORT

Board of Selectmen
Town of Benton
Benton, Maine

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and the major fund of Town of Benton, Maine, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Town of Benton, Maine as of December 31, 2013, and the respective changes in financial position, and where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion & Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. My opinion of the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtain during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 26, 2015, on my consideration of Town of Benton, Maine's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Statement 1

TOWN OF BENTON, MAINE
Statement of Net Position
December 31, 2014

ASSETS	<u>Governmental Activities</u>
Current Assets:	
Cash	\$ 1,175,387
Cash-restricted	134,862
Receivables	
Taxes	183,808
Liens	61,730
Accounts	34,724
Tax aquired property	539
Total Current Assets	<u>1,591,050</u>
Noncurrent Assets:	
Capital assets net	2,629,457
Total Assets	<u>4,220,507</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	35,413
Total Current Liabilities	<u>35,413</u>
Total Liabilities	<u>35,413</u>
NET POSITION	
Invested in capital assets, net of related debt	2,629,457
Unrestricted	1,555,637
Total net position	<u>\$ 4,185,094</u>

TOWN OF BENTON, MAINE
Statement of Activities
For the Year Ended December 31, 2014

Function/Programs	Program Revenues				Net (Expense) Revenues
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	
Governmental activities:	\$				
General government	219,321	15,589			(203,732)
Public safety	249,694	5,199			(244,495)
Public works	389,770		28,580		(361,190)
Social services	17,415				(17,415)
Leisure services	24,685	603	1,648		(22,434)
Health and sanitation	144,423	32,608	6,224		(105,591)
Special assessments	1,952,679				(1,952,679)
Unclassified	57,285				(57,285)
Total governmental activities	<u>3,055,272</u>	<u>53,999</u>	<u>36,452</u>	<u>0</u>	<u>(2,964,821)</u>
					<u>Governmental</u>
					<u>Activities</u>
Net (expense) / revenue					
General revenues:					
Property taxes					2,441,429
Excise taxes					492,708
Interest and costs on taxes					15,701
Intergovernmental:					
State revenue sharing					69,279
Homestead exemption					53,622
Tree growth					4,343
Veterans reimbursement					2,140
BETE					2,147
Miscellaneous					4,708
Fisheries					20,420
Unrestricted interest					1,745
Total general revenues					<u>3,108,242</u>
Change in Net Position					143,421
Net Position - beginning					<u>4,041,673</u>
Net Position - ending	\$				<u><u>4,185,094</u></u>

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

TOWN OF BENTON, MAINE
Balance Sheet
Governmental Funds
December 31, 2014

Statement 3

ASSETS	General Fund	Total Governmental Funds
Cash	\$ 1,310,249	\$ 1,310,249
Receivables		
Taxes	183,808	183,808
Liens	61,730	61,730
Accounts	34,724	34,724
Tax acquired property	539	539
Total Assets	<u>1,591,050</u>	<u>1,591,050</u>
LIABILITIES		
Accounts payable	35,413	35,413
Total Liabilities	<u>35,413</u>	<u>35,413</u>
UNEARNED REVENUE		
Unearned property taxes	206,900	192,600
Total Liabilities and Unearned Revenue	<u>242,313</u>	<u>192,600</u>
FUND BALANCES		
Fund Balances		
Committed for Capital purchases	144,862	144,862
Unassigned	1,203,875	1,203,875
Total Fund Equity	<u>1,348,737</u>	<u>1,348,737</u>
Total Liabilities and Fund Equity	<u>\$ 1,591,050</u>	<u>\$</u>

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,629,457
Other long-term assets are not available to pay for current-periods expenditures and therefore are deferred in the funds.	206,900
Net assets of governmental activities	<u>\$ 4,185,094</u>

TOWN OF BENTON, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	General Fund	Total Governmental Funds
Revenues:		
Taxes	\$ 2,935,538	\$ 2,935,538
Intergovernmental	167,983	167,983
Charges for services	53,999	53,999
Interest	1,745	1,745
Miscellaneous	25,127	25,127
	<hr/>	<hr/>
Total Revenues	3,184,392	3,184,392
Expenditures:		
Current:		
General government	217,676	217,676
Public safety	249,694	249,694
Public works	296,174	296,174
Social services	17,415	17,415
Leisure services	23,816	23,816
Health and sanitation	144,423	144,423
Special assessments	1,952,679	1,952,679
Unclassified	57,285	57,285
	<hr/>	<hr/>
Total Expenditures	2,959,162	2,959,162
Excess of Revenues Over		
(Under) Expenditures	<hr/>	<hr/>
	225,230	225,230
Fund Balances - beginning	<hr/>	<hr/>
	1,123,507	1,123,507
Fund Balances - ending	<hr/>	<hr/>
	\$ 1,348,737	\$ 1,348,737
	<hr/> <hr/>	<hr/> <hr/>

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

TOWN OF BENTON, MAINE
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances
 Of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended December 31, 2014

Net change in fund balances - total governmental funds	\$	225,230
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. While governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Depreciation expense		(196,599)
Capital asset purchases capitalized		100,490
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Deferred property tax revenue		14,300
Change in Net Position of Governmental Activities	\$	143,421

TOWN OF BENTON, MAINE
Statement of Net Position
Fiduciary Fund - Cemeteries
December 31, 2014

		Private Purpose <u>Trust Fund</u>
ASSETS		
Cash	\$	27,385
Cash - certificates of deposit		23,851
Investments		75,271
Total Assets		<u>126,507</u>
NET POSITION		
Held in Trust		126,507
Total Net Position	\$	<u><u>126,507</u></u>

Statement 7

TOWN OF BENTON, MAINE

Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2014

	Private Purpose <u>Trust Fund</u>
Additions:	
Investment income	\$ 8,111
Donations	400
Total Additions	<u>8,511</u>
Deductions:	
Scholarships	500
Cemetaries	
Total Deductions	<u>500</u>
Change in Net Position	8,011
Net Position - beginning	118,496
Net Position - ending	<u>\$ 126,507</u>

TOWN OF BENTON, MAINE
Notes to Combined Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies

The Town of Benton was incorporated under the laws of the State of Maine. The Town operates under the Board of Selectmen form of government.

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

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit is made by applying the criteria set forth in GAAP which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there were no potential component units required to be included in this report.

B. Government-wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset

1. Summary of Significant Accounting Policies, continued

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

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

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

Licenses, permits, fees, excise taxes and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Interest income and charges for services are recorded as revenues when earned, since they are measurable and available.

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

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are

1. Summary of Significant Accounting Policies, continued

met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

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

The Town reports the following major governmental fund:

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.

Additionally, the Town reports the following fund types:

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Private-purpose trust funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

D. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

1. Summary of Significant Accounting Policies, continued

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

E. Long-term Obligations

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

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

F. Short-term Interfund Receivables/Payables

During the course of operation, numerous transactions occur between individual funds primarily for cash flow purposes. These interfund receivables and payables are classified as "due from other funds or due to other funds" on the balance sheets.

G. Fund Equity

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

H. Use of Estimates

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

2. Budgetary Accounting

A budget is formally adopted for the General Fund, only, through the passage of a Town warrant, and is prepared on a basis consistent with generally accepted accounting principles.

Commitments for goods and services at the end of the year are recorded as encumbrances for budgetary control. These encumbrances lapse at the end of the year and become part of the following year's budgetary amounts. These balances are recorded as Designated for Subsequent Year's Expenditures at December 31, 2014. In the General Fund, the level of control (level at which expenditures may not exceed budget and applied revenues) is the accounts within each department. Generally, unexpended appropriations are lapsed at the close of the year, as are unexpended revenues. Once adopted, the budget can only be amended by the townspeople at a special Town meeting.

3. Deposits and Investments

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

At year end, the Town's carrying amount of deposits was \$1,361,485. The bank balances for all funds totaled \$1,367,059. Custodial credit risk is the risk that, in the event of a bank failure the District's deposits might not be recovered. As of December 31, 2014, none of the Town's deposits were uninsured and uncollateralized.

Investments of \$75,271 are held by the towns agent in the Towns name. Investments are held in Washington Mutual Investors Fund-A a mutual fund for the future use as a town library trust fund. The Town does not have a formal investment policy to minimize custodial credit risk.

4. Property Tax

Property taxes for the year were committed on July 18, 2014, on the assessed value listed as of April 1, 2014, for all taxable real and personal property located in the Town. Payment of taxes was due on September 30, 2014 with interest at 7% on all tax bills unpaid as of that date.

Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. The assessed value for the list of April 1, 2014 upon which the levy for the year ended December 31, 2014, was based, was \$179,678,020. This assessed value was 100% of the estimated market value.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

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

5. Operating Property

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

Governmental Activities:	Balance January 1 2014	Increases	Decreases	Balance December 31 2014
Assets not being depreciated				
Land	\$ 46,600	\$	\$	\$ 46,600
Assets being depreciated				
Buildings	278,170			278,170
Infrastructure	7,485,316	100,490		7,585,806
	<u>7,810,086</u>	<u>100,490</u>	<u>0</u>	<u>7,910,576</u>
Less accumulated depreciation				
Buildings	127,873	6,954		134,827
Infrastructure	4,956,647	189,645		5,146,292
	<u>5,084,520</u>	<u>196,599</u>	<u>0</u>	<u>5,281,119</u>
Capital Assets, net	\$ <u>2,725,566</u>	\$ <u>(96,109)</u>	\$ <u>0</u>	\$ <u>2,629,457</u>
Depreciation Expense:				
General government	\$ 1,645			
Public works	194,085			
Leisure services	869			
	\$ <u>196,599</u>			

6. Debt Limitations

In accordance with 30-A M RSA, Section 5702, as amended, no municipality shall incur debt for specified purposes in excess of 15 percent of the state valuation of such municipality. At December 31, 2014, the Town was in compliance with these regulations.

7. Undesignated General Fund Fund Equity

The undesignated General Fund fund equity reflected a change for the current year as follows:

Balance - January 1, 2014	\$ 989,230
Increase (Decrease):	
Actual over budgeted revenues	246,489
Actual under budgeted expenditures	183,083
Budgeted utilization of fund equity	<u>(214,927)</u>
Net Increase (Decrease)	214,645
Balance - December 31, 2012	<u>\$ 1,203,875</u>

8. Reserved Fund Equity

The Reserves for Capital Purposes for the year ended December 31, 2014 consists of the following:

Contingency	144,862
	<u>\$ 144,862</u>

9. Risk Management

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the past several years the Town has obtained coverage from the Maine Municipal Association risk pool. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims but for which none have been reported, are considered.

The Town's Management estimates that the amount of actual or potential claims against the Town as of December 31, 2014, are unknown. Therefore, the General Fund contains no provision for estimated claims.

10. Economic Dependency

The Town of Benton is economically dependent upon FLP Energy Maine. Approximately \$669,328 or 27.39% of the Town's annual tax commitment was assessed to FLP Energy Maine for the year ended December 31, 2014.

TOWN OF BENTON, MAINE
Budget Comparison Schedule
General Fund
For the year ended December 31, 2014

	<u>Budgeted Amounts</u>			Variance with final budget positive (negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 2,779,076	\$ 2,779,076	\$ 2,935,538	\$ 156,462
Intergovernmental	105,862	112,086	167,983	55,897
Miscellaneous			25,127	25,127
Interest			1,745	1,745
Charges for services	45,656	45,656	53,999	8,343
Total revenues	<u>2,930,594</u>	<u>2,936,818</u>	<u>3,184,392</u>	<u>247,574</u>
Expenditures:				
Current:				
General government	205,432	220,354	217,676	2,678
Public safety	244,279	255,850	249,694	6,156
Public works	320,455	320,455	296,174	24,281
Social services	11,000	17,415	17,415	0
Leisure services	17,000	23,816	23,816	0
Health and Sanitation	155,656	155,656	144,423	11,233
Special assessments	2,085,739	2,085,739	1,952,679	133,060
Unclassified	62,545	72,960	57,285	15,675
Total expenditures	<u>3,102,106</u>	<u>3,152,245</u>	<u>2,959,162</u>	<u>193,083</u>
Excess (deficiency) of revenues over (under expenditures)	<u>(171,512)</u>	<u>(215,427)</u>	<u>225,230</u>	<u>440,657</u>
Fund Balance - beginning	1,123,507	1,123,507	1,123,507	0
Fund Balance - ending	<u>\$ 951,995</u>	<u>\$ 908,080</u>	<u>\$ 1,348,737</u>	<u>\$ 440,657</u>

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

KEEL J. HOOD

Certified Public Accountant

2 Burns Street - Fairfield, Maine 04937 - (207)453-2006

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

January 26, 2015

Board of Selectmen
Town of Benton, Maine

I have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Town of Benton, Maine as of and for the year ended December 31, 2014, which collectively comprise Town of Benton, Maine's basic financial statements and have issued my report thereon dated January 26, 2015. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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