

Federal Compliance Audit

Town of Bucksport, Maine

June 30, 2011



Proven Expertise and Integrity

TOWN OF BUCKSPORT, MAINE

CONTENTS

JUNE 30, 2011

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 12
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET ASSETS	13
STATEMENT B - STATEMENT OF ACTIVITIES	14 - 15
<u>FUND FINANCIAL STATEMENTS</u>	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	16
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS	17
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	18
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
STATEMENT G - BALANCE SHEET – PROPRIETARY FUNDS	20
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – PROPRIETARY FUNDS	21
STATEMENT I - STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	22
NOTES TO FINANCIAL STATEMENTS	23 - 42
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	43

SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS - BUDGET AND ACTUAL – GENERAL FUND	44
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	45
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS - BUDGET AND ACTUAL – GENERAL FUND REVENUES	46
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	47 - 48
SCHEDULE C - COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	49
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	50
SPECIAL REVENUE FUNDS DESCRIPTION	51
SCHEDULE E - COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS	52 - 57
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS	58 - 63
CAPITAL PROJECTS DESCRIPTION	64
SCHEDULE G - COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS	65 - 69
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECT FUNDS	70 - 74
PERMANENT FUNDS DESCRIPTION	75
SCHEDULE I - COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS	76
SCHEDULE J - COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR PERMANENT FUNDS	77

GENERAL CAPITAL ASSETS DESCRIPTION	78
SCHEDULE K - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	79
SCHEDULE L - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	80
<u>FEDERAL COMPLIANCE</u>	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	81 - 82
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	83
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	84 - 85
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	86 - 87
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – SUMMARY OF AUDITORS' RESULTS	88



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

August 5, 2011

Town Council
Town of Bucksport
Bucksport, Maine

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bucksport, Maine, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Bucksport, Maine's management. 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 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bucksport, Maine as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2011, on our consideration of the Town of Bucksport, Maine's internal control over financial reporting and on our 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 our 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 our audit.

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 12 and 44 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.

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

RHR Smith & Company

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

(UNAUDITED)

The following management's discussion and analysis of the Town of Bucksport, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government - Wide Financial Statements

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

The Statement of Net Assets – this statement presents *all* of the government's assets and liabilities with the difference being reported as net assets.

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

Both of the above mentioned financial statements have separate columns for the two different types of town activities. The types of activities presented for the Town of Bucksport are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, protection, public works, health and sanitation, education, recreation, community and social agencies, and other unclassified.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and / or charges to external users for goods and / or services. These activities for the Town of Bucksport include the sewer fund.

Fund Financial Statements

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

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

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

reconciliations are presented on the page immediately following each governmental fund financial statement.

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

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

Proprietary Funds: The Town of Bucksport maintains one proprietary fund, the sewer department. This fund is used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows – Proprietary Funds.

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net assets, and changes in net assets of the Town's governmental activities. The Town's total net assets for governmental activities increased by \$1,228,720 from \$15.03 million to \$16.26 million. This increase is due to revenues collected over the budgeted amount and expenditures significantly less than budget. For the business-type activities the Town's total net assets decreased by \$59,073 from \$5.13 million to \$5.07 million.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for the governmental activities by \$136,727 to a balance of \$10,638,461 at the end of the fiscal year. For the business-type activities, the unrestricted net assets increased by \$153,493 to a balance of \$887,910.

Table 1
Town of Bucksport, Maine
Net Assets
June 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Assets:				
Current and Other Assets	\$ 12,196,993	\$ 12,001,629	\$ 894,635	\$ 759,090
Capital Assets	10,105,399	9,505,936	6,362,764	6,604,474
Total Assets	<u>\$ 22,302,392</u>	<u>\$ 21,507,565</u>	<u>\$ 7,257,399</u>	<u>\$ 7,363,564</u>
Liabilities:				
Current Liabilities	\$ 1,007,762	\$ 917,944	\$ 134,439	\$ 100,705
Long-term Debt Outstanding	5,032,995	5,556,706	2,054,152	2,134,978
Total Liabilities	<u>\$ 6,040,757</u>	<u>\$ 6,474,650</u>	<u>\$ 2,188,591</u>	<u>\$ 2,235,683</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ 4,752,857	\$ 3,637,933	\$ 4,180,898	\$ 4,393,464
Restricted: General Fund	482,484	414,873	-	-
Special Revenue Funds	324,610	415,152	-	-
Permanent Funds	63,223	63,223	-	-
Other Net Assets	10,638,461	10,501,734	887,910	734,417
Total Net Assets	<u>\$ 16,261,635</u>	<u>\$ 15,032,915</u>	<u>\$ 5,068,808</u>	<u>\$ 5,127,881</u>

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 10.94%, while total expenses decreased by 8.72%. These decreases are due to decreased education expenditures and revenues. For the business-type activities revenues decreased by 4.53%, while total expenses decreased by 3.96%.

Table 2
Town of Bucksport, Maine
Change in Net Assets
For the Years Ended June 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues				
Taxes	\$ 9,385,977	\$ 9,375,909	\$ -	\$ -
Intergovernmental	1,932,703	3,422,335	-	-
Charges for services	746,542	693,343	540,540	510,900
Miscellaneous	403,278	509,174	15,730	19,723
Capital contributions	-	-	85,000	141,076
Total Revenues	<u>12,468,499</u>	<u>14,000,761</u>	<u>641,270</u>	<u>671,699</u>
Expenses				
General government	1,319,386	1,192,842	-	-
Protection	1,492,767	1,471,829	-	-
Public works	1,150,755	608,798	-	-
Health and sanitation	389,453	411,273	-	-
Community and social agencies	169,471	195,587	-	-
Education	4,641,242	6,822,296	-	-
Environment & housing	22,203	241,839	-	-
Recreation	294,182	287,084	-	-
Cemeteries	6,241	18,236	-	-
Tax increment financing agreement	663,303	699,791	-	-
Debt service	240,735	5,360	-	-
County tax	247,236	230,562	-	-
Capital outlay	410,035	38,352	-	-
Sewer fund	-	-	715,755	745,235
Unallocated depreciation	66,086	33,589	-	-
Unclassified	111,272	38,601	-	-
Total Expenses	<u>11,224,367</u>	<u>12,296,039</u>	<u>715,755</u>	<u>745,235</u>
Change in Net Assets	<u>1,244,132</u>	<u>1,704,722</u>	<u>(74,485)</u>	<u>(73,536)</u>
Transfers	<u>(15,412)</u>	<u>(15,412)</u>	<u>15,412</u>	<u>15,412</u>
Transfers to RSU #25	<u>-</u>	<u>(23,635,225)</u>	<u>-</u>	<u>-</u>
Net Assets - July 1	15,032,915	36,967,676	5,127,881	5,186,005
Prior Period Adjustment	<u>-</u>	<u>11,154</u>	<u>-</u>	<u>-</u>
Net Assets - July 1, restated	<u>15,032,915</u>	<u>36,978,830</u>	<u>5,127,881</u>	<u>5,186,005</u>
Net Assets - June 30	<u>\$ 16,261,635</u>	<u>\$ 15,032,915</u>	<u>\$ 5,068,808</u>	<u>\$ 5,127,881</u>

Financial Analysis of the Town's Fund Statements

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

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

	2011	2010
General Fund:		
Nonspendable	\$ 21,585	\$ 37,149
Restricted	482,484	414,873
Assigned	878,776	942,802
Unassigned	7,934,074	7,360,440
Total General Fund	\$ 9,316,919	\$ 8,755,264
Nonmajor Funds:		
Special revenue funds:		
Restricted	\$ 324,610	\$ 415,152
Assigned	340,568	360,501
Unassigned	(48,795)	(25,793)
Capital project funds:		
Committed	1,400,586	1,725,042
Assigned	87,295	76,177
Unassigned	(250)	-
Permanent funds:		
Restricted	63,223	63,223
Assigned	67,169	62,184
Total Nonmajor Funds	\$ 2,234,406	\$ 2,676,486

The general fund total fund balance increased by \$561,655 over the prior fiscal year. The non-major fund balances decreased by \$442,080 over the prior fiscal year. Most of the increase in the general fund came as a result of under-spent appropriations in all of the expenditure categories and over-budget revenue in all revenue categories. Most of the decrease in the nonmajor funds was a result of expenditures in the capital project funds that exceeded revenues and transfers in.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The sewer department had a deficit for the year of \$59,073. Last year, the sewer department had an excess of \$73,472.

Budgetary Highlights

The only significant differences between the original and final budget for the general fund were the inclusion on carry forward balances and some applied receipts.

The general fund actual revenues were more than budget by \$339,459. This was a result of charges for services being significantly over budget and all other revenue items over budget.

The general fund actual expenditures were under the budget by \$1,810,523. All of the expenditure accounts were under-spent after carrying forward several designated balances from the previous year.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2011, the net book value of capital assets recorded by the Town increased by \$357,753 over the prior year. The increase is the result of capital additions of \$1,357,929, a loss on a disposal of a capital asset of \$5,542 less current year depreciation of \$994,634.

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

	2011	2010
Land	\$ 2,123,765	\$ 2,025,939
Construction in progress	635,062	330,214
Artwork	11,450	-
Buildings	4,148,923	4,273,875
Building improvements	1,318,642	1,221,647
Furniture and fixtures	4,633	-
Equipment	339,051	391,676
Vehicles	885,486	925,329
Infrastructure	7,001,151	6,941,730
Total	\$ 16,468,163	\$ 16,110,410

Debt

At June 30, 2011, the Town had \$7.53 million in bonds outstanding versus \$8.08 million last year, a decrease of 6.74%. Refer to Note 5 of the Notes to Financial Statements for detailed information.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

Bucksport's financial performance and management of resources remains strong with ten consecutive general fund surpluses. The unassigned general fund balance decreased to \$7.93 million for the year ended June 30, 2011 from \$8.24 million for the same period in 2010 or a 3.70% decrease.

Financial outcomes for the year ended June 30, 2011 have yielded mixed results when compared with the same 2010 period due to continued sluggish economic conditions. Real estate property values over the period have maintained or improved slightly growing by approximately \$2.50 million. Yet, housing starts have declined by nearly 40%, with only eight new single-family residences generating approximately \$0.73 million in new assessed value versus 14 new residences valued at approximately \$1.20 million in the previous fiscal year. Likewise, commercial real estate values are off slightly, adding only \$1.11 million in new value versus approximately \$1.79 million from the previous year. Nonetheless, Central Maine Power has continued to invest in the upgrade of transmission lines in both fiscal periods. More significantly, approximately \$7.0 million of industrial property value was removed from the tax rolls due to obsolescence, partially offset by value added of \$11.29 million under the BETE program based on Verso Paper's continued investment in energy improvements at the Bucksport mill. Even so, the local economy continues to mirror overall regional conditions.

Fiscal 2011 budget expectations continued to support operational and program needs within LD-1 tax limitations despite continued economic constraints and flat local economy. Property taxes have remained the largest source of revenue for the Town in fiscal 2011, comprising approximately 75.6% of revenues. Excise taxes, intergovernmental and other revenues have continued to compress. However, operating expenses declined approximately 12.8% below fiscal 2010 levels, primarily due to the one-time expense associated with the formation of Regional School Unit No. 25. Despite the continued economic challenges, the Town's mill rate remained unchanged at 12.5%, which is the seventh consecutive year that the mill rate had declined or remained unchanged.

The Town's sewer department is separately funded primarily with user fees. Fiscal 2011 operating costs increased by approximately 3.1% when compared to fiscal 2010. Increases were incurred across nearly all expense categories based on capital asset purchases and maintenance & repair on existing facilities and equipment incurred in the 2011 period. User fees also increased approximately 6.1% for the twelve months ended June 30, 2011, over the 2010 period, resulting from both increased fees and usage rates. Despite the increase, the Town's user rates remain comparatively low when considering sewer rates statewide, based on a recent Maine Rural Water Association sewer rate survey.

To limit the Town's exposure to unforeseen cost and more specifically to provide an adequate level of funding should a significant valuation loss occur from its largest taxpayer (Verso Paper), Bucksport adopted an Undesignated Fund Balance Policy in May of 2007. The Town's management designed the policy around maintaining a level of funding in Undesignated Fund Balance (surplus) that provides financial stability for the community into the near future, as Verso's valuation accounts for approximately 43% of the Town's overall valuation. In addition, the policy will assist the Town in maintaining its current favorable bond rating and provide direction to the Town Manager during annual budget preparation. The policy requires that a surplus minimum be maintained equal to three months of the Town's total expenses (gross budget) plus an amount equal to three months of the annual taxes for the mill. For example, if the Town's proposed gross budget is \$17,000,000 and the annual taxes for the mill are \$4,140,000, then the minimum to retain in surplus would be \$5,285,000 calculated as follows: $(\$17,000,000 \times 25\% = \$4,250,000) + (\$4,140,000 \times 25\% = \$1,035,000)$. The Town maintained balances in excess of the required minimum level for the fiscal years ended 2011 and 2010 of \$3.50 million and \$2.89 million, respectively. The policy also includes a provision for the suggested utilization of excess funds on future capital improvements and/or accelerated payment of debt service.

On May 26, 2011, the Town Council approved a gross budget for the period 7-1-2011 to 6-30-2012 totaling \$10,898,262, which reflects an increase of approximately \$496,000 or 4.8%. Contractual salary increases, rising health insurance and fuel costs along with an increase in valuation contributed to much of the increase, also including a 42% rise in general education costs. The local portion of education costs totaled \$5,443,585, representing an approximate increase of \$157,000 from the 2011 period. The net tax commitment totaled \$8,399,500, which reflected an increase of approximately \$297,000 or 3.7%. The tax rate was set at 12.52 mills based on the total adjusted local valuation of \$685,881,724, which includes both the homestead and BETE valuation adjustments. The mill rate remained unchanged in comparison to the previous two fiscal years.

The local economic outlook for the near future is stable as Verso Paper regroups after their recent paper machine shutdown and reduction in workforce. The prolonged recessionary period has proved economically challenging for the company, yet they remain one of few paper producers in the state Maine that have not sought federal bankruptcy protection. Moreover, the company is on schedule to complete its plans to produce greater amounts of green energy at its Bucksport plant with the expected spring arrival of a new gas turbine, having it operational by the fall of 2012. The local housing market continues to suffer the effects of the extended economic recovery period with slow sales and the potential for reduced home values. Other than taxes, municipal revenue streams are holding at previous fiscal year levels.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, the Finance Director for the Town of Bucksport can be reached at P.O. Drawer X, Bucksport, Maine 04416, by phone at (207) 469-7368 or her email address of financedirector@bucksportmaine.gov.

STATEMENT A

TOWN OF BUCKSPORT, MAINE

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 3,798,996	\$ -	\$ 3,798,996
Investments	7,951,617	490,697	8,442,314
Accounts receivable (net of allowance for uncollectibles):			
Taxes	12,441	-	12,441
Liens	195,129	-	195,129
Other	217,225	150,133	367,358
Inventory	15,876	-	15,876
Prepaid items	2,250	750	3,000
Tax acquired property	3,459	-	3,459
Due from other funds	-	253,055	253,055
Total current assets	<u>12,196,993</u>	<u>894,635</u>	<u>13,091,628</u>
Noncurrent assets:			
Capital assets:			
Land, infrastructure, and other assets not being depreciated	2,087,522	682,755	2,770,277
Buildings and vehicles net of accumulated depreciation	8,017,877	5,680,009	13,697,886
Total noncurrent assets	<u>10,105,399</u>	<u>6,362,764</u>	<u>16,468,163</u>
TOTAL ASSETS	<u>\$ 22,302,392</u>	<u>\$ 7,257,399</u>	<u>\$ 29,559,791</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 132,754	\$ -	\$ 132,754
Accrued payroll	89,383	-	89,383
Other accrued payables	17,109	6,725	23,834
Due to other funds	253,055	-	253,055
Current portion of long-term obligations	515,461	127,714	643,175
Total current liabilities	<u>1,007,762</u>	<u>134,439</u>	<u>1,142,201</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations:			
Bonds payable	4,837,081	2,054,152	6,891,233
Accrued compensated absences	195,914	-	195,914
Total noncurrent liabilities	<u>5,032,995</u>	<u>2,054,152</u>	<u>7,087,147</u>
TOTAL LIABILITIES	<u>6,040,757</u>	<u>2,188,591</u>	<u>8,229,348</u>
NET ASSETS			
Invested in capital assets, net of related debt	4,752,857	4,180,898	8,933,755
Restricted	870,317	-	870,317
Unrestricted	10,638,461	887,910	11,526,371
TOTAL NET ASSETS	<u>16,261,635</u>	<u>5,068,808</u>	<u>21,330,443</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 22,302,392</u>	<u>\$ 7,257,399</u>	<u>\$ 29,559,791</u>

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

TOWN OF BUCKSPORT, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities							
Current:							
General government	\$ 1,319,386	\$ 94,401	\$ -	\$ -	\$ (1,224,985)	\$ -	\$ (1,224,985)
Protection	1,492,767	386,811	80,591	-	(1,025,365)	-	(1,025,365)
Public works	1,150,755	-	67,524	-	(1,083,231)	-	(1,083,231)
Health and sanitation	389,453	223,767	73,752	-	(91,934)	-	(91,934)
Community and social agencies	169,471	-	-	-	(169,471)	-	(169,471)
Education	4,641,242	-	-	-	(4,641,242)	-	(4,641,242)
Environment & housing	22,203	-	-	-	(22,203)	-	(22,203)
Recreation	294,182	41,563	8,631	-	(243,988)	-	(243,988)
Cemeteries	6,241	-	-	-	(6,241)	-	(6,241)
Tax increment financing agreement	663,303	-	-	-	(663,303)	-	(663,303)
Debt service:							
Interest on long-term debt	240,735	-	-	-	(240,735)	-	(240,735)
County tax	247,236	-	-	-	(247,236)	-	(247,236)
Capital outlay	410,035	-	-	-	(410,035)	-	(410,035)
Unallocated depreciation	66,086	-	-	-	(66,086)	-	(66,086)
Unclassified	111,272	-	-	-	(111,272)	-	(111,272)
Total governmental activities	11,224,367	746,542	230,498	-	(10,247,327)	-	(10,247,327)
Business-type activities:							
Sewer fund	715,755	540,540	-	85,000	-	(90,215)	(90,215)
Total business-type activities	715,755	540,540	-	85,000	-	(90,215)	(90,215)
Total government	11,940,122	1,287,082	230,498	85,000	(10,247,327)	(90,215)	(10,337,542)

STATEMENT B (CONTINUED)

TOWN OF BUCKSPORT, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Changes in net assets:			
Net (expense) revenue	<u>(10,247,327)</u>	<u>(90,215)</u>	<u>(10,337,542)</u>
General revenue:			
Taxes			
Property taxes, levied for general purposes	8,735,872	-	8,735,872
Excise taxes, levied for general purposes	650,105	-	650,105
Grants and contributions not restricted to specific programs	1,702,205	-	1,702,205
Miscellaneous	<u>403,278</u>	<u>15,730</u>	<u>419,008</u>
Total general revenue and transfers	<u>11,491,460</u>	<u>15,730</u>	<u>11,507,190</u>
Change in net assets	<u>1,244,132</u>	<u>(74,485)</u>	<u>1,169,647</u>
Transfers	<u>(15,412)</u>	<u>15,412</u>	<u>-</u>
NET ASSETS - JULY 1, RESTATED	<u>15,032,915</u>	<u>5,127,881</u>	<u>20,160,796</u>
NET ASSETS - JUNE 30	<u>\$ 16,261,635</u>	<u>\$ 5,068,808</u>	<u>\$ 21,330,443</u>

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

TOWN OF BUCKSPORT, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	All Nonmajor Funds	Total
ASSETS			
Cash	\$ 3,717,962	\$ 81,034	\$ 3,798,996
Investments	7,871,529	80,088	7,951,617
Receivables (net of allowance for uncollectibles):			
Taxes	12,441	-	12,441
Liens	195,129	-	195,129
Other	139,501	77,724	217,225
Inventory	15,876	-	15,876
Prepaid and other assets	2,250	-	2,250
Tax acquired property	3,459	-	3,459
Due from other funds	49,439	2,048,550	2,097,989
TOTAL ASSETS	\$ 12,007,586	\$ 2,287,396	\$ 14,294,982
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$ 129,203	\$ 3,551	\$ 132,754
Accrued payroll	89,383	-	89,383
Other accrued payables	17,109	-	17,109
Due to other funds	2,301,605	49,439	2,351,044
Deferred tax revenues	153,367	-	153,367
TOTAL LIABILITIES	2,690,667	52,990	2,743,657
Fund Equity			
Nonspendable	21,585	-	21,585
Restricted	482,484	387,833	870,317
Committed	-	1,400,586	1,400,586
Assigned	878,776	495,032	1,373,808
Unassigned	7,934,074	(49,045)	7,885,029
TOTAL FUND EQUITY	9,316,919	2,234,406	11,551,325
TOTAL LIABILITIES AND FUND EQUITY	\$ 12,007,586	\$ 2,287,396	\$ 14,294,982

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

TOWN OF BUCKSPORT, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

	Total Governmental Funds
Total Fund Equity	\$ 11,551,325
Amounts reported for governmental activities in the statement are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	10,105,399
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	153,367
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(5,352,542)
Accrued compensated absences	(195,914)
	\$ 16,261,635
Net assets of governmental activities	

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

TOWN OF BUCKSPORT, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	All Nonmajor Funds	Totals Governmental Funds
REVENUES			
Taxes	\$ 8,749,900	\$ -	\$ 8,749,900
Excise taxes	650,105	-	650,105
Intergovernmental	1,093,957	838,746	1,932,703
Charges for services	746,542	-	746,542
Miscellaneous revenues	315,449	87,829	403,278
TOTAL REVENUES	<u>11,555,952</u>	<u>926,575</u>	<u>12,482,527</u>
EXPENDITURES			
Current:			
General government	1,238,822	74,480	1,313,302
Protection	1,311,185	36,706	1,347,891
Public works	869,493	542,252	1,411,745
Health and sanitation	374,238	1,348	375,586
Community and social agencies	54,451	115,020	169,471
Education	4,567,944	73,298	4,641,242
Environment & housing	-	22,203	22,203
Recreation	182,711	34,851	217,562
Cemeteries	4,120	2,121	6,241
Tax Increment Financing Agreement	663,303	-	663,303
Debt service:			
Principal	515,461	-	515,461
Interest	240,735	-	240,735
County tax	247,236	-	247,236
Capital outlay	-	1,064,290	1,064,290
Unclassified	111,272	-	111,272
TOTAL EXPENDITURES	<u>10,380,971</u>	<u>1,966,569</u>	<u>12,347,540</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,174,981</u>	<u>(1,039,994)</u>	<u>134,987</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	6,345	628,964	635,309
Transfers (out)	(619,671)	(31,050)	(650,721)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(613,326)</u>	<u>597,914</u>	<u>(15,412)</u>
NET CHANGE IN FUND BALANCES	561,655	(442,080)	119,575
FUND BALANCES - JULY 1	<u>8,755,264</u>	<u>2,676,486</u>	<u>11,431,750</u>
FUND BALANCES - JUNE 30	<u>\$ 9,316,919</u>	<u>\$ 2,234,406</u>	<u>\$ 11,551,325</u>

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

TOWN OF BUCKSPORT, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 119,575</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset purchases	1,230,091
Capital asset disposals	(5,542)
Depreciation expense	<u>(625,086)</u>
	<u>599,463</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>(14,028)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	
	<u>515,461</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets	
	<u>-</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>8,249</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 1,228,720</u></u>

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

TOWN OF BUCKSPORT, MAINE

BALANCE SHEET – PROPRIETARY FUNDS
JUNE 30, 2011

	<u>Enterprise</u> <u>Sewer</u> <u>Fund</u>
ASSETS	
Current assets:	
Investments	\$ 490,697
Accounts receivable	150,133
Due from other funds	253,055
Prepaid expense	<u>750</u>
Total current assets	<u>894,635</u>
Capital assets:	
Construction in progress	5,856
Land	676,899
Buildings	4,546,321
Building improvements	818,964
Infrastructure	5,639,693
Equipment	51,703
Vehicles	<u>90,899</u>
Total capital assets	11,830,335
Less: accumulated depreciation	<u>(5,467,571)</u>
Net capital assets	<u>6,362,764</u>
TOTAL ASSETS	<u>\$ 7,257,399</u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	\$ -
Accrued interest	6,725
Current portion of long-term liabilities	<u>127,714</u>
Total current liabilities	<u>134,439</u>
Long-term liabilities:	
Bonds payable, net of current portion	<u>2,054,152</u>
Total long-term liabilities	<u>2,054,152</u>
Total liabilities	<u>2,188,591</u>
NET ASSETS	
Invested in capital assets, net of related debt	4,180,898
Unrestricted	<u>887,910</u>
TOTAL NET ASSETS	<u>5,068,808</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,257,399</u>

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

TOWN OF BUCKSPORT, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Enterprise</u> <u>Sewer</u> <u>Fund</u>
OPERATING REVENUES	
Charges for services	\$ 540,540
Other	6,779
TOTAL OPERATING REVENUES	<u>547,319</u>
OPERATING EXPENSES	
Payroll	73,727
Supplies	51,706
Maintenance and repairs	27,008
Utilities	48,526
Depreciation	369,548
Contracted services	77,004
Other	22,133
TOTAL OPERATING EXPENSES	<u>669,652</u>
OPERATING (LOSS)	<u>(122,333)</u>
NON-OPERATING INCOME (EXPENSE)	
Interest income	8,951
Interest expense	(46,103)
Capital contributions	85,000
Transfers in	15,412
Transfers out	-
NET NON-OPERATING INCOME	<u>63,260</u>
CHANGE IN NET ASSETS	(59,073)
NET ASSETS - JULY 1	<u>5,127,881</u>
NET ASSETS - JUNE 30	<u>\$ 5,068,808</u>

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

TOWN OF BUCKSPORT, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Enterprise Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 538,865
Internal activity - receipts (payments) from/to other funds	(119,661)
Payments to suppliers	(226,127)
Payments to employees	(73,727)
Net cash provided by operating activities	<u>119,350</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
(Purchase) sale of investments	(7,681)
Interest income	8,951
Net cash used by investing activities	<u>1,270</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	(127,838)
Proceeds from capital grants	85,000
Transfer from general fund for bonds payable	15,412
Proceeds from bonds payable	2,151,880
Principal payments on bonds payable	(2,181,024)
Interest payments on bonds payable	(64,050)
Net cash used by capital and related financing activities	<u>(120,620)</u>
NET CHANGE IN CASH	-
CASH - JULY 1	<u>-</u>
CASH - JUNE 30	<u>\$ -</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating (loss)	\$ (122,333)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	369,548
Changes in operating assets and liabilities:	
(Increase) in accounts receivable	(8,454)
(Increase) in due from other funds	(119,661)
Decrease in prepaid expense	250
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 119,350</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	<u>\$ 64,050</u>

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Bucksport was incorporated under the laws of the State of Maine. The Town operates under the council-manager form of government and provides the following services: general government, protection, public works, health and sanitation, education, recreation, community and social agencies, and other unclassified.

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

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

Government – Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's sewer fund is categorized as a business-type activity. All other activities of the Town are categorized as governmental.

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, protection, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government – wide financial statements.

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town:

1. Governmental Funds:

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

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- d. Permanent Funds are used to account for assets held by the Town pursuant to a trust agreement. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

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

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

Budget

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

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. The Town does not adopt budgets for Special Revenue Funds.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The Town's investment policy requires collateralization of accounts and deposits exceeding an amount equal to 25% of capital, surplus, and undivided profits as defined by the laws of the State of Maine.

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

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

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost. Under the consumption method, the costs of inventory items are recognized as expenditures when used. In the general fund, inventory consists of diesel fuel, gasoline, winter salt and sand and gravel. The special revenue fund inventory consists of school lunch supplies and food on hand at the end of the year, valued at cost, on a first-in, first-out basis.

Interfund Receivables and Payables

Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances". Interfund balances and transactions have been eliminated in the government-wide financial statements.

Transactions Between Funds

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts for the ambulance receivables and microloans is estimated to be \$38,468 and \$26,174, respectively, as of June 30, 2011.

Capital Assets

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

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

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

Estimated useful lives are as follows:

Buildings and improvements	10 - 70 years
Infrastructure	20 - 50 years
Machinery and equipment	5 - 30 years
Vehicles	5 - 30 years

Long-term Obligations

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

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Compensated Absences

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Reserves

The Town records reserves to indicate that a portion of the fund balance is legally segregated for a specific future use, which is indicated by the title of each reserves listed in the balance sheet and statement of net assets. It is the Town's policy to first use restricted assets for restricted programs and only unrestricted assets after the restricted assets have been exhausted.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Equity

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

The Town is in the process of evaluating its current fund balance policies to ensure that these new classifications are supported. Included in the policies are guidelines for accumulating and maintaining an operating position in certain budgeted governmental funds such that annual expenditures shall not exceed annual resources, including fund balances. Other funds shall be fully self-supporting to the extent that the fund balance or retained earnings of each fund shall be zero or greater.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied July 1, 2010 on the assessed value listed as of April 1, 2010, for all real and personal property located in the Town. Taxes were due on in two installments on August 31, 2010 and March 31, 2011. Interest on unpaid taxes commenced on September 1, 2010 and April 1, 2011, at 7% per annum.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$431,587 for the year ended June 30, 2011.

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.

Program Revenues

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

Operating/Non-operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund.

Encumbrance Accounting

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

Use of Estimates

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

TOWN OF BUCKSPORT, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 2 - CASH AND INVESTMENTS

The Town's investment policies, which follow state statutes, authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all Town funds.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Town does not have a policy covering custodial credit risk.

At June 30, 2011, the Town's cash balance of \$3,798,966 was comprised of deposits amounting to \$3,771,540. Of these deposits, \$267,641 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$3,503,899 was collateralized with securities held by the financial institution but not in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 380,815
Repurchase agreements	59,576
Money market accounts	<u>3,331,149</u>
	<u>\$ 3,771,540</u>

At December 31, 2011, the Town's investments of \$8,442,314 were comprised of \$27,020 of stocks that are held in the Town's name and \$250,000 of certificates of deposit that were insured by federal depository insurance, both which consequently were not exposed to custodial credit risk. The remaining certificates of deposit of \$8,192,314 were collateralized with securities held by the financial institution but not in the Town's name.

<u>Account Type</u>	<u>Balance</u>
Certificates of deposit	\$ 8,415,294
Stocks	<u>27,020</u>
	<u>\$ 8,442,314</u>

The Town has determined that it has complied with state and federal laws governing the investment of public funds.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2011 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 49,439	\$ 2,301,605
Special Revenue Funds	457,297	49,189
Capital Project Funds	1,487,881	250
Permanent Funds	103,372	-
Enterprise Funds	253,055	-
	<u>\$ 2,351,044</u>	<u>\$ 2,351,044</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2011:

	Balance, 7/1/10	Additions	Disposals	Balance, 6/30/11
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 1,339,040	\$ 107,826	\$ -	\$ 1,446,866
Construction in progress	325,323	587,098	(283,215)	629,206
Artwork	10,000	1,450	-	11,450
	<u>1,674,363</u>	<u>696,374</u>	<u>(283,215)</u>	<u>2,087,522</u>
Depreciated assets:				
Buildings	3,772,147	43,900	-	3,816,047
Building improvements	928,282	49,965	-	978,247
Furniture and fixtures	-	5,368	-	5,368
Equipment	1,194,986	36,995	(13,150)	1,218,831
Vehicles	2,122,549	110,410	(53,471)	2,179,488
Infrastructure	9,812,129	570,294	-	10,382,423
	17,830,093	816,932	(66,621)	18,580,404
Less: accumulated depreciation	<u>(9,998,520)</u>	<u>(625,086)</u>	<u>61,079</u>	<u>(10,562,527)</u>
	<u>7,831,573</u>	<u>191,846</u>	<u>(5,542)</u>	<u>8,017,877</u>
Net governmental capital assets	<u>\$ 9,505,936</u>	<u>\$ 888,220</u>	<u>\$ (288,757)</u>	<u>\$ 10,105,399</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/10	Additions	Disposals	Balance, 6/30/11
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 676,899	\$ -	\$ -	\$ 676,899
Construction in progress	4,891	115,519	(114,554)	5,856
	<u>681,790</u>	<u>115,519</u>	<u>(114,554)</u>	<u>682,755</u>
Depreciated assets:				
Buildings	4,546,321	-	-	4,546,321
Building improvements	705,739	113,225	-	818,964
Equipment	51,703	-	-	51,703
Vehicles	90,899	-	-	90,899
Infrastructure	5,626,045	13,648	-	5,639,693
	<u>11,020,707</u>	<u>126,873</u>	<u>-</u>	<u>11,147,580</u>
Less: accumulated depreciation	<u>(5,098,023)</u>	<u>(369,548)</u>	<u>-</u>	<u>(5,467,571)</u>
	<u>5,922,684</u>	<u>(242,675)</u>	<u>-</u>	<u>5,680,009</u>
Net business-type capital assets	<u>\$ 6,604,474</u>	<u>\$ (127,156)</u>	<u>\$ (114,554)</u>	<u>\$ 6,362,764</u>
General government				\$ 14,333
Protection				144,876
Public works				309,304
Health and sanitation				13,867
Recreation				76,620
Town-wide				66,086
				<u>625,086</u>
Sewer Fund				369,548
Total depreciation expense				<u>\$ 994,634</u>

NOTE 5 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2011:

	Balance, 7/1/10	Additions	Deletions	Balance, 6/30/11	Current Portion
Bonds payable	\$ 8,079,013	\$ 2,151,880	\$ (2,696,485)	\$ 7,534,408	\$ 643,175
Accrued compensated absences	204,163	-	(8,249)	195,914	-
Totals	<u>\$ 8,283,176</u>	<u>\$ 2,151,880</u>	<u>\$ (2,704,734)</u>	<u>\$ 7,730,322</u>	<u>\$ 643,175</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds payable:

Governmental activities debt:

\$1,561,872, 1999E General Obligation Bonds due in annual principal payments of \$104,125, through November of 2014. Interest is charged at a rate varying from 4.283% to 5.908% per annum.	\$ 416,500
---	------------

\$8,226,730, 2002 General Obligation Bonds due in annual principal payments of \$411,336, through November of 2022. Interest is charged at a rate varying from 3.050% to 5.250% per annum.	<u>4,936,042</u>
--	------------------

Total governmental activities debt	<u>5,352,542</u>
------------------------------------	------------------

Business-activities debt:

\$400,000, 1991 General Obligation Bonds due in annual payments of \$32,100, through October of 2011. Interest is charged at a rate of 5.00% per annum.	29,986
---	--------

\$2,151,880, 2010 General Obligation Bonds due in annual installments, calculated using the level debt method, through October of 2030. Interest is charged at a rate of 1.00% per annum.	<u>2,151,880</u>
---	------------------

Total business-activities debt	<u>2,181,866</u>
--------------------------------	------------------

Total Long-Term Debt	<u><u>\$ 7,534,408</u></u>
----------------------	----------------------------

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 - LONG TERM DEBT (CONTINUED)

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

	Principal	Interest	Total Debt Service
2012	\$ 643,175	\$ 255,275	\$ 898,450
2013	614,167	218,352	832,519
2014	615,155	207,242	822,397
2015	616,151	181,185	797,336
2016	513,033	157,519	670,552
2017-2021	2,580,627	451,038	3,031,665
2022-2026	1,373,342	60,805	1,434,147
2027-2031	578,758	44,251	623,009
	\$ 7,534,408	\$ 1,575,667	\$ 9,110,075

All bonds payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 6 - RESTRICTED NET ASSETS

The following net assets have been restricted at June 30, 2011 for the following purposes:

Restricted for general fund designated balances	\$ 482,484
Restricted for special revenue funds	324,610
Restricted for permanent funds	63,223
	\$ 870,317

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7 – GENERAL FUND NONSPENDABLE EQUITY

At June 30, 2011, the general fund nonspendable fund balance was made up of the following account balances carried forward into the subsequent year's budget:

Inventory	\$ 15,876
Prepaid and other assets	2,250
Tax acquired property	<u>3,459</u>
	<u>\$ 21,585</u>

NOTE 8 - GENERAL FUND RESTRICTED FUND EQUITY

At June 30, 2011, the general fund restricted fund balance was made up of the following account balances carried forward into the subsequent year's budget:

Tax increment financing agreement	\$ 297,505
Highway block grant	12,726
State revenue sharing	<u>172,253</u>
	<u>\$ 482,484</u>

NOTE 9 - GENERAL FUND ASSIGNED FUND EQUITY

At June 30, 2011, the general fund assigned fund balance was made up of the following account balance carried forward into the subsequent year's budget:

Education	\$ 867,829
Solid waste	<u>10,947</u>
	<u>\$ 878,776</u>

NOTE 10 - EXPENDITURES OVER APPROPRIATIONS

There were no appropriations that were exceeded by actual expenditures.

TOWN OF BUCKSPORT, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 11 - DEFICIT FUND BALANCES

The following funds have deficit fund balances as of June 30, 2011:

Special Revenue Funds:	
Bucksport Fire Department	\$ 2,130
Project Canopy Assistance	1,320
Harbor Improvement	45,345
Capital Project Funds:	
School Street Fire House	<u>250</u>
	<u>\$ 49,045</u>

Funds have been received subsequent to year end to cover the deficits in both the Bucksport Fire Department fund and the Harbor Improvement fund.

NOTE 12 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County debt. As of June 30, 2011 the Town's share was as follows:

	Outstanding Debt	Town's Percentage	Total Share
County of Hancock	\$ 4,315,373	4.94%	\$ 213,179

NOTE 13 - RISK MANAGEMENT

The Town is a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for worker’s compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker’s compensation coverage. The Town’s agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies reinsurance contracts, individual stop loss coverage for member Town’s for claims in excess of \$400,000 with an excess limit of \$2,000,000.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13 - RISK MANAGEMENT (CONTINUED)

The Town has its liability insurance through the Maine Municipal Association. The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the policy, coverage is provided after the \$1,000 deductible is met, to \$4,377,412. Under the general liability portion of the policy, coverage is provided after the deductible is met, to \$1,000,000 per occurrence and \$3,000,000 in total. For the law enforcement liability, the coverage is \$1,000,000 per occurrence and in total with a \$2,500 deductible. For the public official liability, the coverage is \$1,000,000 per occurrence and \$3,000,000 in total with a \$2,500 deductible. Under the employment practices liability, the coverage is \$1,000,000 per occurrence and \$3,000,000 in total with a \$2,500 deductible.

NOTE 14 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town of Bucksport's landfill is at 100% capacity to date. Therefore, the estimated remaining landfill life is zero years. Federal and state laws require that certain post closure care be met. The Town estimates that on an annual basis, some immaterial costs will be incurred for post closure care. The annual amount will be paid for within the Town's annual operating budget.

NOTE 15 - DEFINED BENEFITS PENSION PLAN

MAINE STATE RETIREMENT SYSTEM

The Town participates in the Maine State Retirement System, a cost sharing multi-employer defined benefit pension plan which covers employees who work at least 40 hours per week. The system requires that both employees and the Town contribute, and provides retirement, disability and death benefits. Employees are eligible for normal retirement upon reaching the age of sixty and early retirement after completing twenty-five or more years of credited service. As of June 30, 2010, the Town had an unfunded actuarial accrued liability credit of \$532,988, computed using the actuarial method used for funding purposes. (The amount of the unfunded actuarial accrued liability credit as of June 30, 2011 is not currently available.) This credit is being used to reduce future contributions and is being amortized over a closed period of 18 years from July 1, 1999. The Town's actual contribution was \$0 after the unfunded actuarial accrued liability credit was deducted from the annual pension cost.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 16 - OTHER POSTEMPLOYMENT BENEFITS

The Town, in accordance with its current life insurance company agreement, provides life insurance benefits to eligible retirees and their spouses. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts towards the cost of receiving benefits under the Town's life insurance benefits program.

Funding policy – The Town currently funds claims and administrative costs for postemployment benefits through its life insurance company or through current year expenditures.

The current census of Town benefit participants as of June 30, 2011 was twelve participants. Total expenditures for the year ended June 30, 2011 were \$1,360.

NOTE 17 - TAX INCREMENT FINANCING AGREEMENT

On March 20, 1997, the Bucksport Town Council approved the Champion International Tax Increment Financing District (TIF) and adopted a development program for the District as authorized pursuant to Chapter 207 of Title 30-A of the Maine Revised Statutes as amended. The development program for the district was amended March 27, 2000. The anticipated investment to be made within the District is \$133,600,000. Seventy-five percent of the property taxes to be generated on the improvements within the District will be returned to the developer while the remaining 25% will be kept by the Town to fund a development plan as approved by the Office of Economic and Community Development on March 31, 1997. The District expires after a twenty-year period and all tax revenues will be returned to the general operating fund of the Town. The TIF agreement was amended on March 27, 2000. Ownership of the District was transferred to International Paper in 2003.

On October 28, 2010, the Bucksport Town Council voted to approve the second amendment request on the now "Verso Bucksport" TIF District, extending the District life by 10 years through March 31, 2027 along with certain other amendments to the Development Plan, consistent with MRSA 30-A § 5224. The Office of Economic and Community Development approved the amendment request on March 22, 2011.

In addition, Verso Paper has requested a new thirty-year TIF District, which includes new electrical energy capacity by reconfiguration of its energy plant, modifying the waste fuel biomass boiler and adding a 20-30 mega watt turbine. The new District would capture 100% of the taxable improvements and return 75% of the captured revenues to the Company to help finance a portion of the project. The Development

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 17 - TAX INCREMENT FINANCING AGREEMENT (CONTINUED)

Plan will finance public improvements outside, but directly related to, the District. The Bucksport Town Council voted to approve the request on October 28, 2011. A future completion date will be mutually set by the Town and Verso Paper.

On March 27, 2003, the Bucksport Town Council approved a Tax Increment Financing District for Ellis & Guerrette. The anticipated investment to be made within the District is \$514,400. Fifty percent of the property taxes to be generated on the improvements within the District will be returned to the developer for 14 years or until \$73,379 is returned to the developer. The remaining 50% will be retained by the Town and used to fund the development plan of the District.

On February 28, 2011, the Bucksport Town Council approved a Tax Increment Financing District for Leadbetter Realty Trust. The anticipated investment to be made within the District is \$391,800. Fifty percent of the property taxes to be generated on the improvements within the District will be returned to the developer for 15 years or until \$40,000 is returned to the developer. The remaining 50% will be retained by the Town and used to fund the development plan of the District.

NOTE 18 - ECONOMIC DEPENDENCY

The Town has one taxpayer whose property tax assessment represents a significant portion of the Town's tax base. The Bucksport mill of Verso Paper has an assessed value of \$299,306,902, which is 42.93% of the Town's total assessed value of \$697,135,300. For the year ended June 30, 2011, the Verso Paper's property tax assessment was \$3,751,629.

NOTE 19 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 20 - RESTATEMENTS

The beginning net asset balance for the governmental activities has been restated as of July 1, 2010. This balance was restated to correct capital asset and accumulated depreciation balances. The governmental activities were restated by \$11,154.

Required Supplementary Information

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

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

TOWN OF BUCKSPORT, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 8,755,264	\$ 8,755,264	\$ 8,755,264	\$ -
Resources (Inflows):				
Property taxes	8,728,134	8,728,134	8,749,900	21,766
Excise taxes	579,500	579,500	650,105	70,605
Intergovernmental	1,086,782	1,086,782	1,093,957	7,175
Charges for services	578,337	578,337	746,542	168,205
Interest on taxes	19,000	19,000	31,925	12,925
Interest income	100,000	100,000	150,472	50,472
Miscellaneous revenues	124,740	124,740	133,052	8,312
Transfers from other funds	4,500	6,345	6,345	-
Amounts Available for Appropriation	<u>19,976,257</u>	<u>19,978,102</u>	<u>20,317,561</u>	<u>339,459</u>
Charges to Appropriations (Outflows):				
Current:				
General government	1,303,213	1,305,058	1,238,822	66,236
Protection	1,390,121	1,390,121	1,311,185	78,936
Public works	887,757	887,757	869,493	18,264
Health and sanitation	412,406	426,356	374,238	52,118
Community and social agencies	57,102	55,892	54,451	1,441
Education	4,506,921	5,435,773	4,567,944	867,829
Recreation	216,858	218,068	182,711	35,357
Cemeteries	4,120	4,120	4,120	-
County tax	247,236	247,236	247,236	-
Tax Increment Financing Agreement	716,480	960,808	663,303	297,505
Debt service:				
Principal	515,461	515,461	515,461	-
Interest	240,735	240,735	240,735	-
Unclassified	431,587	475,209	111,272	363,937
Transfers to other funds	624,896	648,571	619,671	28,900
Total Charges to Appropriations	<u>11,554,893</u>	<u>12,811,165</u>	<u>11,000,642</u>	<u>1,810,523</u>
Budgetary Fund Balance, June 30	<u>\$ 8,421,364</u>	<u>\$ 7,166,937</u>	<u>\$ 9,316,919</u>	<u>\$ 2,149,982</u>
Utilization of Designated Fund Balance	\$ -	\$ 1,187,130	\$ -	\$ (1,187,130)
Utilization of Undesignated Fund Balance	333,900	401,197	-	(401,197)
	<u>\$ 333,900</u>	<u>\$ 1,588,327</u>	<u>\$ -</u>	<u>\$ (1,588,327)</u>

See accompanying independent auditors' report.

Other Supplementary Information

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

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

SCHEDULE A

TOWN OF BUCKSPORT, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2011

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Property taxes	\$ 8,728,134	\$ 8,728,134	\$ 8,749,900	\$ 21,766
Excise taxes				
Auto excise	575,000	575,000	644,422	69,422
Boat excise	4,500	4,500	5,683	1,183
Intergovernmental revenues				
State revenue sharing	300,000	300,000	311,061	11,061
Homestead exemption	72,814	72,814	72,814	-
Local road assistance	64,150	64,150	67,524	3,374
Tree growth reimbursement	14,000	14,000	19,822	5,822
Veterans' reimbursement	2,000	2,000	2,413	413
General assistance reimbursement	4,000	4,000	2,229	(1,771)
BETE reimbursement	455,080	455,080	455,120	40
Department subsidies	174,738	174,738	162,974	(11,764)
Charges for services				
Auto registration fees	16,000	16,000	17,072	1,072
Town clerk revenues	7,500	7,500	12,145	4,645
Planning board fees	1,000	1,000	6,895	5,895
Code enforcement fees	9,000	9,000	8,405	(595)
Plumbing inspector fees	2,500	2,500	3,377	877
Ambulance user fees	291,705	291,705	377,696	85,991
Fire revenue	-	-	259	259
Police revenue	2,000	2,000	5,913	3,913
Animal control fees	2,000	2,000	2,943	943
Recycling revenue	16,000	16,000	41,208	25,208
Solid waste fees	51,200	51,200	57,842	6,642
MERC revenue	45,000	45,000	54,422	9,422
Solid waste revenue	70,284	70,284	70,295	11
Recreation fees	32,148	32,148	41,563	9,415
Cable TV revenue	32,000	32,000	46,507	14,507
Interest				
Taxes	19,000	19,000	31,925	12,925
Deposit and investment accounts - Town	100,000	100,000	150,472	50,472
Other income				
Tax lien cost	9,945	9,945	13,724	3,779
TIF revenue	100,895	100,895	100,895	-
Fee in lieu of taxes	10,800	10,800	10,810	10
Highway revenue	1,000	1,000	2,767	1,767
Snowmobile revenue	1,100	1,100	1,536	436
Other income	1,000	1,000	3,320	2,320
Transfers in				
Spofford fund	4,500	4,500	4,500	-
Other funds	-	1,845	1,845	-
Total revenues	\$ 11,220,993	\$ 11,222,838	\$ 11,562,297	\$ 339,459

See accompanying independent auditors' report.

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Original	Budget	Total	Actual	Balance	
	Budget	Adjustments	Available		Lapsed	Carried
EXPENDITURES						
General government:						
Administration	\$ 399,311	\$ -	\$ 399,311	\$ 387,104	\$ 12,207	\$ -
Municipal planning	56,631	-	56,631	54,136	2,495	-
Assessor's office	61,634	-	61,634	53,070	8,564	-
Municipal building	20,518	-	20,518	14,243	6,275	-
Insurance & benefits	691,050	1,845	692,895	661,826	31,069	-
Contingency	4,000	-	4,000	3,606	394	-
Public access channel	3,438	-	3,438	1,544	1,894	-
Economic development	66,631	-	66,631	63,293	3,338	-
	<u>1,303,213</u>	<u>1,845</u>	<u>1,305,058</u>	<u>1,238,822</u>	<u>66,236</u>	<u>-</u>
Protection:						
Fire protection	331,746	-	331,746	311,533	20,213	-
Police department	409,424	-	409,424	384,629	24,795	-
Dispatcher service	166,575	-	166,575	157,080	9,495	-
Ambulance service	216,524	-	216,524	206,223	10,301	-
Public safety building	39,227	-	39,227	34,642	4,585	-
Public safety utilities	226,625	-	226,625	217,078	9,547	-
	<u>1,390,121</u>	<u>-</u>	<u>1,390,121</u>	<u>1,311,185</u>	<u>78,936</u>	<u>-</u>
Public works:						
General highways	866,721	-	866,721	850,210	16,511	-
Town garage	21,036	-	21,036	19,283	1,753	-
	<u>887,757</u>	<u>-</u>	<u>887,757</u>	<u>869,493</u>	<u>18,264</u>	<u>-</u>
Health and sanitation:						
Solid waste	397,856	13,950	411,806	369,650	31,209	10,947
Health	2,550	-	2,550	300	2,250	-
General assistance	12,000	-	12,000	4,288	7,712	-
	<u>412,406</u>	<u>13,950</u>	<u>426,356</u>	<u>374,238</u>	<u>41,171</u>	<u>10,947</u>
Community and social agencies:						
Community agencies	32,100	-	32,100	31,961	139	-
Social agencies	25,002	(1,210)	23,792	22,490	1,302	-
	<u>57,102</u>	<u>(1,210)</u>	<u>55,892</u>	<u>54,451</u>	<u>1,441</u>	<u>-</u>

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Original	Budget	Total	Actual	Balance	
	Budget	Adjustments	Available		Lapsed	Carried
Education:						
Regular program	4,506,921	928,852	5,435,773	4,567,944	-	867,829
Debt service	756,196	-	756,196	756,196	-	-
Transfer to other funds	-	-	-	-	-	-
	<u>5,263,117</u>	<u>928,852</u>	<u>6,191,969</u>	<u>5,324,140</u>	<u>-</u>	<u>867,829</u>
Recreation:						
Recreation program	208,241	1,210	209,451	175,992	33,459	-
Town dock expenses	8,617	-	8,617	6,719	1,898	-
	<u>216,858</u>	<u>1,210</u>	<u>218,068</u>	<u>182,711</u>	<u>35,357</u>	<u>-</u>
Cemeteries	4,120	-	4,120	4,120	-	-
County tax	247,236	-	247,236	247,236	-	-
TIF	<u>716,480</u>	<u>244,328</u>	<u>960,808</u>	<u>663,303</u>	<u>-</u>	<u>297,505</u>
Unclassified:						
Bangor Gas	-	41,809	41,809	41,809	-	-
Peary's Landing Walkway	-	1,029	1,029	1,029	-	-
Reissue State Dated Check	-	784	784	784	-	-
Overlay	431,587	-	431,587	67,650	363,937	-
	<u>431,587</u>	<u>43,622</u>	<u>475,209</u>	<u>111,272</u>	<u>363,937</u>	<u>-</u>
Transfers out:						
Special revenues	6,684	-	6,684	6,684	-	-
Capital reserves	602,800	23,675	626,475	597,575	28,900	-
Sewer fund - debt service	15,412	-	15,412	15,412	-	-
	<u>624,896</u>	<u>23,675</u>	<u>648,571</u>	<u>619,671</u>	<u>28,900</u>	<u>-</u>
Total Expenditures	<u>\$ 11,554,893</u>	<u>\$ 1,256,272</u>	<u>\$ 12,811,165</u>	<u>\$ 11,000,642</u>	<u>\$ 634,242</u>	<u>\$ 1,176,281</u>

See accompanying independent auditors' report.

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash	\$ 81,034	\$ -	\$ -	\$ 81,034
Investments	53,068	-	27,020	80,088
Accounts receivable	76,556	-	-	76,556
Due from other governments	1,168	-	-	1,168
Due from other funds	457,297	1,487,881	103,372	2,048,550
Total assets	\$ 669,123	\$ 1,487,881	\$ 130,392	\$ 2,287,396
LIABILITIES				
Accounts payable	\$ 3,551	\$ -	\$ -	\$ 3,551
Due to other funds	49,189	250	-	49,439
Total liabilities	52,740	250	-	52,990
FUND EQUITY				
Fund balance:				
Restricted	324,610	-	63,223	387,833
Committed	-	1,400,586	-	1,400,586
Assigned	340,568	87,295	67,169	495,032
Unassigned	(48,795)	(250)	-	(49,045)
Total fund equity	616,383	1,487,631	130,392	2,234,406
Total liabilities and fund equity	\$ 669,123	\$ 1,487,881	\$ 130,392	\$ 2,287,396

See accompanying independent auditors' report.

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 624,137	\$ 214,609	\$ -	\$ 838,746
Interest/Gains & Losses	7,511	25,535	2,133	35,179
Donations	27,510	-	350	27,860
Other	9,137	6,530	9,123	24,790
TOTAL REVENUES	668,295	246,674	11,606	926,575
EXPENDITURES				
Current:				
General Government	57,089	17,391	-	74,480
Protection	28,561	8,145	-	36,706
Public Works	6,558	535,694	-	542,252
Health and Sanitation	1,348	-	-	1,348
Human Services	115,020	-	-	115,020
Education	68,910	4,388	-	73,298
Environment & Housing	22,203	-	-	22,203
Culture & Recreation	1,625	33,226	-	34,851
Cemeteries	-	-	2,121	2,121
Capital Outlay	524,731	539,559	-	1,064,290
TOTAL EXPENDITURES	826,045	1,138,403	2,121	1,966,569
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(157,750)	(891,729)	9,485	(1,039,994)
OTHER FINANCING SOURCES (USES)				
Transfers In	31,389	597,575	-	628,964
Transfers (Out)	(7,116)	(19,434)	(4,500)	(31,050)
TOTAL OTHER FINANCING SOURCES (USES)	24,273	578,141	(4,500)	597,914
NET CHANGE IN FUND BALANCE	(133,477)	(313,588)	4,985	(442,080)
FUND BALANCE - JULY 1	749,860	1,801,219	125,407	2,676,486
FUND BALANCE - JUNE 30	\$ 616,383	\$ 1,487,631	\$ 130,392	\$ 2,234,406

See accompanying independent auditors' report.

Special Revenue Funds

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

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	2009 CDBG Infrastructure	2008 CDBG Enterprise	DEP Small Community	2009 CDBG Housing Assistance	2010 JAG Services	Healthy ME Partnership
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	45,445	2,049	753	-	-	2,217
TOTAL ASSETS	\$ 45,445	\$ 2,049	\$ 753	\$ -	\$ -	\$ 2,217
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,217
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	2,217
FUND EQUITY						
Fund balance:						
Restricted	45,445	2,049	753	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND EQUITY	45,445	2,049	753	-	-	-
TOTAL LIABILITIES AND FUND EQUITY	\$ 45,445	\$ 2,049	\$ 753	\$ -	\$ -	\$ 2,217

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	<u>Diversion Program</u>	<u>Bucksport Football</u>	<u>Bucksport Fire Department</u>	<u>Local General Assistance</u>	<u>Health Advisor</u>	<u>2011 CDBG Technical</u>	<u>Food Stamp Nutrition Ed. Grant</u>
ASSETS							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Due from other funds	9,125	4,670	-	344	10,782	-	1,374
TOTAL ASSETS	\$ 9,125	\$ 4,670	\$ -	\$ 344	\$ 10,782	\$ -	\$ 1,374
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	2,130	-	-	-	-
TOTAL LIABILITIES	-	-	2,130	-	-	-	-
FUND EQUITY							
Fund balance:							
Restricted	9,125	-	-	-	-	-	1,374
Assigned	-	4,670	-	344	10,782	-	-
Unassigned	-	-	(2,130)	-	-	-	-
TOTAL FUND EQUITY	9,125	4,670	(2,130)	344	10,782	-	1,374
TOTAL LIABILITIES AND FUND EQUITY	\$ 9,125	\$ 4,670	\$ -	\$ 344	\$ 10,782	\$ -	\$ 1,374

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2011

	<u>IP Donation</u>	<u>Johnson & Johnson Grant</u>	<u>Maine Forestry Grant</u>	<u>Y.A.P. Group</u>	<u>DARE</u>	<u>Bucksport Youth Council</u>	<u>Police Explorers</u>
ASSETS							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Due from other funds	-	-	1,527	169	6,084	947	291
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,527</u>	<u>\$ 169</u>	<u>\$ 6,084</u>	<u>\$ 947</u>	<u>\$ 291</u>
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY							
Fund balance:							
Restricted	-	-	-	-	-	-	-
Assigned	-	-	1,527	169	6,084	947	291
Unassigned	-	-	-	-	-	-	-
TOTAL FUND EQUITY	<u>-</u>	<u>-</u>	<u>1,527</u>	<u>169</u>	<u>6,084</u>	<u>947</u>	<u>291</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,527</u>	<u>\$ 169</u>	<u>\$ 6,084</u>	<u>\$ 947</u>	<u>\$ 291</u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2011

	Community for Children	Vacation & Sick Reserve	Unemployment Reserve	Christmas Lights	Community Fitness
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	1,524	195,914	63,789	9,122	312
TOTAL ASSETS	\$ 1,524	\$ 195,914	\$ 63,789	\$ 9,122	\$ 312
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
FUND EQUITY					
Fund balance:					
Restricted	-	-	-	-	-
Assigned	1,524	195,914	63,789	9,122	312
Unassigned	-	-	-	-	-
TOTAL FUND EQUITY	1,524	195,914	63,789	9,122	312
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,524	\$ 195,914	\$ 63,789	\$ 9,122	\$ 312

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	RLF & Microloan	Youth Softball	2009 Justice Assistance	2010 OSA SAPT BG	Sawyer Marital Trust	Youth Healthy Life
ASSETS						
Cash	\$ 81,034	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	53,068	-	-	-	-	-
Accounts receivable	76,556	-	-	-	-	-
Due from other governments	-	-	-	1,168	-	-
Due from other funds	-	318	-	-	82,350	-
TOTAL ASSETS	\$ 210,658	\$ 318	\$ -	\$ 1,168	\$ 82,350	\$ -
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts payable	\$ 560	\$ -	\$ -	\$ 774	\$ -	\$ -
Due to other funds	-	-	-	394	-	-
TOTAL LIABILITIES	560	-	-	1,168	-	-
FUND EQUITY						
Fund balance:						
Restricted	165,833	-	-	-	82,350	-
Assigned	44,265	318	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND EQUITY	210,098	318	-	-	82,350	-
TOTAL LIABILITIES AND FUND EQUITY	\$ 210,658	\$ 318	\$ -	\$ 1,168	\$ 82,350	\$ -

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Project Canopy	Bucksport Police Dept	Harbor Improvement	Bucksport Public Works	Community Event	ME Health Access	Totals
ASSETS							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,034
Investments	-	-	-	-	-	-	53,068
Accounts receivable	-	-	-	-	-	-	76,556
Due from other governments	-	-	-	-	-	-	1,168
Due from other funds	-	398	-	-	510	17,283	457,297
TOTAL ASSETS	\$ -	\$ 398	\$ -	\$ -	\$ 510	\$ 17,283	\$ 669,123
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,551
Due to other funds	1,320	-	45,345	-	-	-	49,189
TOTAL LIABILITIES	1,320	-	45,345	-	-	-	52,740
FUND EQUITY							
Fund balance:							
Restricted	-	398	-	-	-	17,283	324,610
Assigned	-	-	-	-	510	-	340,568
Unassigned	(1,320)	-	(45,345)	-	-	-	(48,795)
TOTAL FUND EQUITY	(1,320)	398	(45,345)	-	510	17,283	616,383
TOTAL LIABILITIES AND FUND EQUITY	\$ -	\$ 398	\$ -	\$ -	\$ 510	\$ 17,283	\$ 669,123

See accompanying independent auditors' report.

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	2009 CDBG Infrastructure	2008 CDBG Enterprise	DEP Small Community	2009 CDBG Housing Assistance	2010 JAG Services	Healthy ME Partnership
REVENUES						
Intergovernmental	\$ 364,880	\$ -	\$ 6,180	\$ 33,922	\$ 6,239	\$ 112,057
Interest/Gains & Losses	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Other	-	-	614	-	-	-
TOTAL REVENUES	<u>364,880</u>	<u>-</u>	<u>6,794</u>	<u>33,922</u>	<u>6,239</u>	<u>112,057</u>
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Protection	-	-	-	-	4,725	-
Public Works	-	-	6,041	-	-	-
Health and Sanitation	-	-	-	-	-	-
Human Services	-	-	-	-	-	45,930
Education	-	-	-	-	-	63,910
Environment & Housing	-	-	-	13,406	-	-
Culture & Recreation	-	-	-	-	-	-
Capital Outlay	458,431	7	-	-	1,514	-
TOTAL EXPENDITURES	<u>458,431</u>	<u>7</u>	<u>6,041</u>	<u>13,406</u>	<u>6,239</u>	<u>109,840</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(93,551)</u>	<u>(7)</u>	<u>753</u>	<u>20,516</u>	<u>-</u>	<u>2,217</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	3,277	-	-
Operating Transfers (Out)	-	-	-	-	-	-
Grant Funds Returned	-	-	-	-	-	(2,217)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,277</u>	<u>-</u>	<u>(2,217)</u>
NET CHANGE IN FUND BALANCE	<u>(93,551)</u>	<u>(7)</u>	<u>753</u>	<u>23,793</u>	<u>-</u>	<u>-</u>
FUND BALANCE - JULY 1	<u>138,996</u>	<u>2,056</u>	<u>-</u>	<u>(23,793)</u>	<u>-</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 45,445</u>	<u>\$ 2,049</u>	<u>\$ 753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	Diversion Program	Bucksport Football	Bucksport Fire Department	Local General Assistance	Health Advisor	2011 CDBG Technical	Food Stamp Nutrition Ed. Grant
REVENUES							
Intergovernmental	\$ 20,637	\$ -	\$ 3,850	\$ -	\$ 6,765	\$ 40,000	\$ -
Interest/Gains & Losses	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-
Other	6,793	-	-	-	-	-	-
TOTAL REVENUES	27,430	-	3,850	-	6,765	40,000	-
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	40,000	-
Protection	-	-	3,980	-	-	-	-
Public Works	-	-	-	-	-	-	-
Health and Sanitation	-	-	-	-	-	-	-
Human Services	41,771	-	-	-	3,349	-	-
Education	-	-	-	-	-	-	-
Environment & Housing	-	-	-	281	-	-	-
Culture & Recreation	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	41,771	-	3,980	281	3,349	40,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(14,341)	-	(130)	(281)	3,416	-	-
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	6,684	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	(1,994)	-	-
Grant Funds Returned	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	6,684	-	-	-	(1,994)	-	-
NET CHANGE IN FUND BALANCE	(7,657)	-	(130)	(281)	1,422	-	-
FUND BALANCE - JULY 1	16,782	4,670	(2,000)	625	9,360	-	1,374
FUND BALANCE - JUNE 30	\$ 9,125	\$ 4,670	\$ (2,130)	\$ 344	\$ 10,782	\$ -	\$ 1,374

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	IP Donation	Johnson & Johnson Grant	Maine Forestry Grant	Y. A. P. Group	DARE	Bucksport Youth Council	Police Explorers
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest/Gains & Losses	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-	-
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	-	-
Protection	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-
Health and Sanitation	-	-	-	-	-	-	-
Human Services	1,388	668	-	-	-	-	-
Education	-	-	-	-	-	-	-
Environment & Housing	-	-	-	-	-	-	-
Culture & Recreation	-	-	-	55	-	-	-
Capital Outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,388	668	-	55	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,388)	(668)	-	(55)	-	-	-
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-	-
Grant Funds Returned	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(1,388)	(668)	-	(55)	-	-	-
FUND BALANCE - JULY 1	1,388	668	1,527	224	6,084	947	291
FUND BALANCE - JUNE 30	\$ -	\$ -	\$ 1,527	\$ 169	\$ 6,084	\$ 947	\$ 291

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Community for Children	Vacation & Sick Reserve	Unemployment Reserve	Christmas Lights	Community Fitness
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Interest/Gains & Losses	-	3,474	1,101	-	-
Donations	-	-	-	1,750	-
Other	-	-	-	-	1,100
TOTAL REVENUES	-	3,474	1,101	1,750	1,100
EXPENDITURES					
Current:					
General Government	-	13,717	-	1,242	-
Protection	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Sanitation	-	-	-	-	1,348
Human Services	-	-	-	-	-
Education	-	-	-	-	-
Environment & Housing	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	-	13,717	-	1,242	1,348
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(10,243)	1,101	508	(248)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	1,994	-	-	-
Operating Transfers (Out)	-	-	(1,845)	-	-
Grant Funds Returned	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	1,994	(1,845)	-	-
NET CHANGE IN FUND BALANCE	-	(8,249)	(744)	508	(248)
FUND BALANCE - JULY 1	1,524	204,163	64,533	8,614	560
FUND BALANCE - JUNE 30	\$ 1,524	\$ 195,914	\$ 63,789	\$ 9,122	\$ 312

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	RLF & Microloan	Youth Softball	2009 Justice Assistance	2009 OSA SAPT BG	Sawyer Marital Trust	Youth Healthy Life
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 18,846	\$ 13,917	\$ -	\$ -
Interest/Gains & Losses	2,936	-	-	-	-	-
Donations	-	-	-	-	-	-
Other	-	-	-	630	-	-
TOTAL REVENUES	2,936	-	18,846	14,547	-	-
EXPENDITURES						
Current:						
General Government	2,130	-	-	-	-	-
Protection	-	-	18,846	-	-	-
Public Works	-	-	-	-	-	-
Health and Sanitation	-	-	-	-	-	-
Human Services	-	-	-	13,773	-	424
Education	-	-	-	-	5,000	-
Environment & Housing	8,516	-	-	-	-	-
Culture & Recreation	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	10,646	-	18,846	13,773	5,000	424
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,710)	-	-	774	(5,000)	(424)
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	(3,277)	-	-	-	-	-
Grant Funds Returned	-	-	-	(774)	-	(2,090)
TOTAL OTHER FINANCING SOURCES (USES)	(3,277)	-	-	(774)	-	(2,090)
NET CHANGE IN FUND BALANCE	(10,987)	-	-	-	(5,000)	(2,514)
FUND BALANCE - JULY 1	221,085	318	-	-	87,350	2,514
FUND BALANCE - JUNE 30	\$ 210,098	\$ 318	\$ -	\$ -	\$ 82,350	\$ -

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	Project Canopy	Bucksport Police Dept	Harbor Improvement	Bucksport Public Works	Community Event	ME Health Access	Totals
REVENUES							
Intergovernmental	\$ -	\$ 1,408	\$ -	\$ 517	\$ -	\$ -	\$ 629,218
Interest/Gains & Losses	-	-	-	-	-	-	7,511
Donations	-	-	-	-	760	25,000	27,510
Other	-	-	-	-	-	-	9,137
TOTAL REVENUES	-	1,408	-	517	760	25,000	673,376
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	-	57,089
Protection	-	1,010	-	-	-	-	28,561
Public Works	-	-	-	517	-	-	6,558
Health and Sanitation	-	-	-	-	-	-	1,348
Human Services	-	-	-	-	-	7,717	115,020
Education	-	-	-	-	-	-	68,910
Environment & Housing	-	-	-	-	-	-	22,203
Culture & Recreation	1,320	-	-	-	250	-	1,625
Capital Outlay	-	-	64,779	-	-	-	524,731
TOTAL EXPENDITURES	1,320	1,010	64,779	517	250	7,717	826,045
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,320)	398	(64,779)	-	510	17,283	(152,669)
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	-	-	19,434	-	-	-	31,389
Operating Transfers (Out)	-	-	-	-	-	-	(7,116)
Grant Funds Returned	-	-	-	-	-	-	(5,081)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	19,434	-	-	-	19,192
NET CHANGE IN FUND BALANCE	(1,320)	398	(45,345)	-	510	17,283	(133,477)
FUND BALANCE - JULY 1	-	-	-	-	-	-	749,860
FUND BALANCE - JUNE 30	\$ (1,320)	\$ 398	\$ (45,345)	\$ -	\$ 510	\$ 17,283	616,383

See accompanying independent auditors' report.

Capital Project Funds

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

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2011

	<u>Highway Equipment</u>	<u>Fire Equipment</u>	<u>Waterfront Improvements</u>	<u>Ambulance</u>	<u>Municipal Building</u>	<u>Solid Waste</u>	<u>Recreation Equipment</u>
ASSETS							
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	<u>164,316</u>	<u>181,616</u>	<u>49,169</u>	<u>77,813</u>	<u>36,715</u>	<u>98,412</u>	<u>63,325</u>
TOTAL ASSETS	<u><u>\$ 164,316</u></u>	<u><u>\$ 181,616</u></u>	<u><u>\$ 49,169</u></u>	<u><u>\$ 77,813</u></u>	<u><u>\$ 36,715</u></u>	<u><u>\$ 98,412</u></u>	<u><u>\$ 63,325</u></u>
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY							
Fund balance:							
Committed	164,316	181,616	49,169	77,813	36,715	98,412	63,325
Assigned	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND EQUITY	<u><u>164,316</u></u>	<u><u>181,616</u></u>	<u><u>49,169</u></u>	<u><u>77,813</u></u>	<u><u>36,715</u></u>	<u><u>98,412</u></u>	<u><u>63,325</u></u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 164,316</u></u>	<u><u>\$ 181,616</u></u>	<u><u>\$ 49,169</u></u>	<u><u>\$ 77,813</u></u>	<u><u>\$ 36,715</u></u>	<u><u>\$ 98,412</u></u>	<u><u>\$ 63,325</u></u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2011

	Recreation Facility	Recreation Revenue Reserve	Police Equipment	Public Safety	Town Garage	Cable TV	Dog Kennel
ASSETS							
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	58,616	87,295	61,326	55,993	90,998	20,387	5,389
TOTAL ASSETS	<u>\$ 58,616</u>	<u>\$ 87,295</u>	<u>\$ 61,326</u>	<u>\$ 55,993</u>	<u>\$ 90,998</u>	<u>\$ 20,387</u>	<u>\$ 5,389</u>
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY							
Fund balance:							
Committed	58,616	-	61,326	55,993	90,998	20,387	5,389
Assigned	-	87,295	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND EQUITY	<u>58,616</u>	<u>87,295</u>	<u>61,326</u>	<u>55,993</u>	<u>90,998</u>	<u>20,387</u>	<u>5,389</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 58,616</u>	<u>\$ 87,295</u>	<u>\$ 61,326</u>	<u>\$ 55,993</u>	<u>\$ 90,998</u>	<u>\$ 20,387</u>	<u>\$ 5,389</u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2011

	Willow & Wasson House	Defense Fund	School St Fire House	Drug Forfeiture	Town Office Equipment	Dispatch Equipment	Transfer Station
ASSETS							
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	<u>1,290</u>	<u>1,604</u>	<u>-</u>	<u>939</u>	<u>45,478</u>	<u>76,651</u>	<u>43,895</u>
TOTAL ASSETS	<u><u>\$ 1,290</u></u>	<u><u>\$ 1,604</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 939</u></u>	<u><u>\$ 45,478</u></u>	<u><u>\$ 76,651</u></u>	<u><u>\$ 43,895</u></u>
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>250</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
FUND EQUITY							
Fund balance:							
Committed	1,290	1,604	-	939	45,478	76,651	43,895
Assigned	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(250)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND EQUITY	<u><u>1,290</u></u>	<u><u>1,604</u></u>	<u><u>(250)</u></u>	<u><u>939</u></u>	<u><u>45,478</u></u>	<u><u>76,651</u></u>	<u><u>43,895</u></u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 1,290</u></u>	<u><u>\$ 1,604</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 939</u></u>	<u><u>\$ 45,478</u></u>	<u><u>\$ 76,651</u></u>	<u><u>\$ 43,895</u></u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2011

	<u>Silver Lake Property</u>	<u>Parking Lots</u>	<u>Swimming Pool</u>	<u>Chamber Building</u>	<u>Housing Rehab.</u>	<u>Jewett School</u>
ASSETS						
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	<u>21,987</u>	<u>7,188</u>	<u>43,956</u>	<u>2,506</u>	<u>1,139</u>	<u>18,691</u>
TOTAL ASSETS	<u><u>\$ 21,987</u></u>	<u><u>\$ 7,188</u></u>	<u><u>\$ 43,956</u></u>	<u><u>\$ 2,506</u></u>	<u><u>\$ 1,139</u></u>	<u><u>\$ 18,691</u></u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
FUND EQUITY						
Fund balance:						
Committed	21,987	7,188	43,956	2,506	1,139	18,691
Assigned	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND EQUITY	<u><u>21,987</u></u>	<u><u>7,188</u></u>	<u><u>43,956</u></u>	<u><u>2,506</u></u>	<u><u>1,139</u></u>	<u><u>18,691</u></u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 21,987</u></u>	<u><u>\$ 7,188</u></u>	<u><u>\$ 43,956</u></u>	<u><u>\$ 2,506</u></u>	<u><u>\$ 1,139</u></u>	<u><u>\$ 18,691</u></u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2011

	<u>Gardiner School</u>	<u>Highway Improvement</u>	<u>Industrial Park Land Purchase</u>	<u>Miles Ln Bathroom and Concession</u>	<u>High School Building Project</u>	<u>Totals</u>
ASSETS						
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	148	147,985	10,784	12,202	68	1,487,881
TOTAL ASSETS	<u>\$ 148</u>	<u>\$ 147,985</u>	<u>\$ 10,784</u>	<u>\$ 12,202</u>	<u>\$ 68</u>	<u>\$ 1,487,881</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	250
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250</u>
FUND EQUITY						
Fund balance:						
Committed	148	147,985	10,784	12,202	68	1,400,586
Assigned	-	-	-	-	-	87,295
Unassigned	-	-	-	-	-	(250)
TOTAL FUND EQUITY	<u>148</u>	<u>147,985</u>	<u>10,784</u>	<u>12,202</u>	<u>68</u>	<u>1,487,631</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 148</u>	<u>\$ 147,985</u>	<u>\$ 10,784</u>	<u>\$ 12,202</u>	<u>\$ 68</u>	<u>\$ 1,487,881</u>

See accompanying independent auditors' report.

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Highway Equipment</u>	<u>Fire Equipment</u>	<u>Waterfront Improvements</u>	<u>Ambulance</u>	<u>Municipal Building</u>	<u>Solid Waste</u>	<u>Recreation Equipment</u>
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	2,047	3,814	1,171	924	633	1,578	1,063
Other	<u>3,526</u>	<u>2,501</u>	<u>503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>5,573</u>	<u>6,315</u>	<u>1,674</u>	<u>924</u>	<u>633</u>	<u>1,578</u>	<u>1,063</u>
EXPENDITURES							
Current:							
General Government	-	-	-	-	2,209	-	-
Protection	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-
Health and Sanitation	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Environment & Housing	-	-	-	-	-	-	-
Culture & Recreation	-	-	8,648	-	-	-	4,888
Capital Outlay	<u>36,995</u>	<u>81,179</u>	<u>4,226</u>	<u>-</u>	<u>6,351</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>36,995</u>	<u>81,179</u>	<u>12,874</u>	<u>-</u>	<u>8,560</u>	<u>-</u>	<u>4,888</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(31,422)</u>	<u>(74,864)</u>	<u>(11,200)</u>	<u>924</u>	<u>(7,927)</u>	<u>1,578</u>	<u>(3,825)</u>
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	80,000	30,000	10,922	25,000	7,500	5,000	5,000
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>(19,434)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>80,000</u>	<u>30,000</u>	<u>(8,512)</u>	<u>25,000</u>	<u>7,500</u>	<u>5,000</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCE	48,578	(44,864)	(19,712)	25,924	(427)	6,578	1,175
FUND BALANCE - JULY 1	<u>115,738</u>	<u>226,480</u>	<u>68,881</u>	<u>51,889</u>	<u>37,142</u>	<u>91,834</u>	<u>62,150</u>
FUND BALANCE - JUNE 30	<u>\$ 164,316</u>	<u>\$ 181,616</u>	<u>\$ 49,169</u>	<u>\$ 77,813</u>	<u>\$ 36,715</u>	<u>\$ 98,412</u>	<u>\$ 63,325</u>

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	Recreation Facility	Recreation Revenue Reserve	Police Equipment	Public Safety	Town Garage	Cable TV	Dog Kennel
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1,280	1,371	1,357	1,066	1,395	312	252
Other	-	-	-	-	-	-	-
TOTAL REVENUES	<u>1,280</u>	<u>1,371</u>	<u>1,357</u>	<u>1,066</u>	<u>1,395</u>	<u>312</u>	<u>252</u>
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	-	-
Protection	-	-	2,023	3,140	-	-	2,982
Public Works	-	-	-	-	-	-	-
Health and Sanitation	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Environment & Housing	-	-	-	-	-	-	-
Culture & Recreation	8,127	-	-	-	-	-	-
Capital Outlay	35,713	-	29,231	19,939	1,209	-	7,453
TOTAL EXPENDITURES	<u>43,840</u>	<u>-</u>	<u>31,254</u>	<u>23,079</u>	<u>1,209</u>	<u>-</u>	<u>10,435</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(42,560)</u>	<u>1,371</u>	<u>(29,897)</u>	<u>(22,013)</u>	<u>186</u>	<u>312</u>	<u>(10,183)</u>
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	25,000	5,753	10,000	15,000	10,000	2,000	-
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,000</u>	<u>5,753</u>	<u>10,000</u>	<u>15,000</u>	<u>10,000</u>	<u>2,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(17,560)</u>	<u>7,124</u>	<u>(19,897)</u>	<u>(7,013)</u>	<u>10,186</u>	<u>2,312</u>	<u>(10,183)</u>
FUND BALANCE - JULY 1	<u>76,176</u>	<u>80,171</u>	<u>81,223</u>	<u>63,006</u>	<u>80,812</u>	<u>18,075</u>	<u>15,572</u>
FUND BALANCE - JUNE 30	<u>\$ 58,616</u>	<u>\$ 87,295</u>	<u>\$ 61,326</u>	<u>\$ 55,993</u>	<u>\$ 90,998</u>	<u>\$ 20,387</u>	<u>\$ 5,389</u>

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	Willow & Wasson House	Defense Fund	School St Fire House	Drug Forfeiture	Town Office Equipment	Dispatch Equipment	Transfer Station
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	21	27	94	16	708	1,250	885
Other	-	-	-	-	-	-	-
TOTAL REVENUES	21	27	94	16	708	1,250	885
EXPENDITURES							
Current:							
General Government	-	-	-	-	3,300	-	-
Protection	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-
Health and Sanitation	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Environment & Housing	-	-	-	-	-	-	-
Culture & Recreation	-	-	-	-	-	-	-
Capital Outlay	-	-	7,191	-	-	-	14,430
TOTAL EXPENDITURES	-	-	7,191	-	3,300	-	14,430
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	21	27	(7,097)	16	(2,592)	1,250	(13,545)
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	-	-	-	-	7,000	2,500	5,000
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	7,000	2,500	5,000
NET CHANGE IN FUND BALANCE	21	27	(7,097)	16	4,408	3,750	(8,545)
FUND BALANCE - JULY 1	1,269	1,577	6,847	923	41,070	72,901	52,440
FUND BALANCE - JUNE 30	<u>\$ 1,290</u>	<u>\$ 1,604</u>	<u>\$ (250)</u>	<u>\$ 939</u>	<u>\$ 45,478</u>	<u>\$ 76,651</u>	<u>\$ 43,895</u>

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Silver Lake Property</u>	<u>Parking Lots</u>	<u>Swimming Pool</u>	<u>Chamber Building</u>	<u>Housing Rehab.</u>	<u>Jewett School</u>
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	258	414	733	60	19	265
Other	-	-	-	-	-	-
TOTAL REVENUES	<u>258</u>	<u>414</u>	<u>733</u>	<u>60</u>	<u>19</u>	<u>265</u>
EXPENDITURES						
Current:						
General Government	-	10,734	-	1,148	-	-
Protection	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Health and Sanitation	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Education	-	-	-	-	-	-
Environment & Housing	-	-	-	-	-	-
Culture & Recreation	-	-	4,595	-	-	2,834
Capital Outlay	5,729	25,289	-	-	-	-
TOTAL EXPENDITURES	<u>5,729</u>	<u>36,023</u>	<u>4,595</u>	<u>1,148</u>	<u>-</u>	<u>2,834</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,471)</u>	<u>(35,609)</u>	<u>(3,862)</u>	<u>(1,088)</u>	<u>19</u>	<u>(2,569)</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	13,000	16,900	5,000	-	-	6,000
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>13,000</u>	<u>16,900</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
NET CHANGE IN FUND BALANCE	7,529	(18,709)	1,138	(1,088)	19	3,431
FUND BALANCE - JULY 1	<u>14,458</u>	<u>25,897</u>	<u>42,818</u>	<u>3,594</u>	<u>1,120</u>	<u>15,260</u>
FUND BALANCE - JUNE 30	<u>\$ 21,987</u>	<u>\$ 7,188</u>	<u>\$ 43,956</u>	<u>\$ 2,506</u>	<u>\$ 1,139</u>	<u>\$ 18,691</u>

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	Gardiner School	Highway Improvement	Industrial Park Land Purchase	Miles Ln Bathroom and Concession	High School Building Project	Totals
REVENUES						
Intergovernmental	\$ -	\$ 214,609	\$ -	\$ -	\$ -	\$ 214,609
Interest	3	2,175	207	69	68	25,535
Other	-	-	-	-	-	6,530
TOTAL REVENUES	3	216,784	207	69	68	246,674
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	17,391
Protection	-	-	-	-	-	8,145
Public Works	-	535,694	-	-	-	535,694
Health and Sanitation	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Education	-	-	-	-	4,388	4,388
Environment & Housing	-	-	-	-	-	-
Culture & Recreation	-	-	-	4,134	-	33,226
Capital Outlay	-	264,149	475	-	-	539,559
TOTAL EXPENDITURES	-	799,843	475	4,134	4,388	1,138,403
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3	(583,059)	(268)	(4,065)	(4,320)	(891,729)
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	298,000	-	13,000	-	597,575
Operating Transfers (Out)	-	-	-	-	-	(19,434)
TOTAL OTHER FINANCING SOURCES (USES)	-	298,000	-	13,000	-	578,141
NET CHANGE IN FUND BALANCE	3	(285,059)	(268)	8,935	(4,320)	(313,588)
FUND BALANCE - JULY 1	145	433,044	11,052	3,267	4,388	1,801,219
FUND BALANCE - JUNE 30	\$ 148	\$ 147,985	\$ 10,784	\$ 12,202	\$ 68	\$ 1,487,631

See accompanying independent auditors' report.

Permanent Funds

Permanent funds are used to account for assets held by the Town of Bucksport, Maine in trust or as an agent for individuals, private organizations, other governmental units and/or other funds.

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS
JUNE 30, 2011

	Cemetery Trusts	Spofford Indigent Fund	Ministerial Fund	Colonoscopy Fund	Totals
ASSETS					
Investments	\$ 27,020	\$ -	\$ -	\$ -	\$ 27,020
Due from other funds	30,683	65,145	6,681	863	103,372
Total assets	<u>\$ 57,703</u>	<u>\$ 65,145</u>	<u>\$ 6,681</u>	<u>\$ 863</u>	<u>\$ 130,392</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY					
Fund balance:					
Restricted	21,097	39,826	2,300	-	63,223
Assigned	36,606	25,319	4,381	863	67,169
Total fund equity	<u>57,703</u>	<u>65,145</u>	<u>6,681</u>	<u>863</u>	<u>130,392</u>
Total liabilities and fund equity	<u>\$ 57,703</u>	<u>\$ 65,145</u>	<u>\$ 6,681</u>	<u>\$ 863</u>	<u>\$ 130,392</u>

See accompanying independent auditors' report.

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Cemetery Trusts	Spofford Indigent Fund	Ministerial Fund	Colonoscopy Fund	Totals
REVENUES					
Dividends & Interest	\$ 848	\$ 1,164	\$ 112	\$ 9	\$ 2,133
Donations	-	-	-	350	350
Other	9,123	-	-	-	9,123
TOTAL REVENUES	<u>9,971</u>	<u>1,164</u>	<u>112</u>	<u>359</u>	<u>11,606</u>
EXPENSES					
Other	2,121	-	-	-	2,121
TOTAL EXPENSES	<u>2,121</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,121</u>
EXCESS (DEFICIENCY) OF					
REVENUES OVER EXPENDITURES	<u>7,850</u>	<u>1,164</u>	<u>112</u>	<u>359</u>	<u>9,485</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers (Out)	-	(4,500)	-	-	(4,500)
TOTAL OTHER FINANCING (USES)	<u>-</u>	<u>(4,500)</u>	<u>-</u>	<u>-</u>	<u>(4,500)</u>
NET CHANGE IN FUND BALANCES	7,850	(3,336)	112	359	4,985
FUND BALANCES - JULY 1	<u>49,853</u>	<u>68,481</u>	<u>6,569</u>	<u>504</u>	<u>125,407</u>
FUND BALANCES - JUNE 30	<u>\$ 57,703</u>	<u>\$ 65,145</u>	<u>\$ 6,681</u>	<u>\$ 863</u>	<u>\$ 130,392</u>

See accompanying independent auditors' report.

General Capital Assets

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

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2011

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General government	\$ 55,250	\$ 398,231	\$ 89,652	\$ -	\$ 543,133
Protection	58,579	1,964,744	1,665,766	-	3,689,089
Public works	537,396	1,195,432	1,380,366	7,518,381	10,631,575
Health and sanitation	14,000	289,690	164,576	-	468,266
Recreation	310,318	724,305	103,329	1,435,236	2,573,188
Town-wide	1,111,979	221,890	-	1,428,806	2,762,675
Sewer fund	682,755	5,365,285	142,602	5,639,693	11,830,335
Total General Capital Assets	2,770,277	10,159,577	3,546,291	16,022,116	32,498,261
Less: Accumulated Depreciation	-	(4,692,012)	(2,317,121)	(9,020,965)	(16,030,098)
Net General Capital Assets	\$ 2,770,277	\$ 5,467,565	\$ 1,229,170	\$ 7,001,151	\$ 16,468,163

See accompanying independent auditors' report.

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2011

	General Capital Assets <u>7/1/10</u>	Additions	Deletions	General Capital Assets <u>6/30/11</u>
General government	\$ 535,332	\$ 11,949	\$ (4,148)	\$ 543,133
Protection	3,596,052	152,314	(59,277)	3,689,089
Public works	9,883,943	851,536	(103,904)	10,631,575
Health and sanitation	453,836	14,430	-	468,266
Recreation	2,528,924	44,264	-	2,573,188
Town-wide	2,506,369	438,813	(182,507)	2,762,675
Sewer fund	<u>11,702,497</u>	<u>242,392</u>	<u>(114,554)</u>	<u>11,830,335</u>
 Total General Capital Assets	 31,206,953	 1,755,698	 (464,390)	 32,498,261
 Less: Accumulated Depreciation	 <u>(15,096,543)</u>	 <u>(994,634)</u>	 <u>61,079</u>	 <u>(16,030,098)</u>
 Net General Capital Assets	 <u><u>\$ 16,110,410</u></u>	 <u><u>\$ 761,064</u></u>	 <u><u>\$ (403,311)</u></u>	 <u><u>\$ 16,468,163</u></u>

See accompanying independent auditors' report.

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through the State of Maine -			
Rural Economic and Community Development			
Water and Waste Disposal Systems for Rural			
Rural Communities	10.418	Loan	\$ 29,986
Department of Health and Human Services			
Food Stamp Program	10.561	CDC-11-372	10,603
Department of Conservation			
Project Canopy Community Forestry			
Assistance Grant	10.675	N/A	<u>1,320</u>
Total U.S. Department of Agriculture			<u>41,909</u>
U.S. Department of Housing and Urban Development			
Passed Through the State of Maine - Department			
of Economic and Community Development			
Small Cities Community Block Grant - Housing			
Assistance Grant	14.228	N/A	9,701
Small Cities Community Block Grant - Technical			
Assistance Grant	14.228	N/A	40,000
Small Cities Community Block Grant - Public			
Infrastructure Grant	14.228	N/A	<u>364,880</u>
Total U.S. Department of Housing and Urban Development			<u>414,581</u>
U.S. Department of Justice			
Passed Through the State of Maine - Department			
of Health and Human Services			
Enforcing Underage Drinking Laws			
Program	16.727	SA3-11-139	690
Direct Program - Office of Justice Programs' Bureau			
of Justice Assistance			
Recovery Act: Edward Byrne Memorial Justice			
Assistance Grant	16.804	2009-SB-B9-1687	<u>18,846</u>
Total U.S. Department of Justice			<u>19,536</u>

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed Through the State of Maine - Department of Health and Human Services			
Block Grants for Prevention and Treatment of Substance Abuse			
	93.959	SA3-11-139	<u>9,725</u>
Total U.S. Department of Health and Human Services			<u>9,725</u>
U.S. Department of Energy			
Passed Through the State of Maine - Department of Public Utilities Commission			
Energy Efficiency and Conservation Block Grant Program			
	81.128	N/A	<u>85,000</u>
Total U.S. Department of Energy			<u>85,000</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 570,751</u>

TOWN OF BUCKSPORT, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of the Town of Bucksport, Maine. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

3. Major Programs - Federal

The following programs were considered major programs as defined by OMB Circular A-133 and also Type B programs as defined by Circular A-133.

Program	CFDA #
Small Cities Community Block Grants	14.228



Proven Expertise and Integrity

INDEPENDENT AUDITORS' 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

August 5, 2011

Town Council
Town of Bucksport
Bucksport, Maine

We have audited the financial statements of the Town of Bucksport, Maine, as of and for the year ended June 30, 2011, and have issued our report thereon dated August 5, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Bucksport, Maine's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bucksport, Maine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town'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 misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Bucksport, Maine's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our 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 of the Town Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

RHR Smith & Company

Certified Public Accountants



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

August 5, 2011

Town Council
Town of Bucksport
Bucksport, Maine

Compliance

We have audited the compliance of the Town of Bucksport, Maine with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. The Town of Bucksport, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Bucksport, Maine's management. Our responsibility is to express an opinion on the Town of Bucksport, Maine's compliance based on our audit.

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

In our opinion, the Town of Bucksport, Maine complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the Town of Bucksport, Maine is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Bucksport, Maine's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Bucksport, Maine's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material weakness with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

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

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



Certified Public Accountants

TOWN OF BUCKSPORT, MAINE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 SUMMARY OF AUDITORS' RESULTS
 FOR THE YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued : Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted yes no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

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

Any audit findings disclosed that are required to be reported
 In accordance with section 510(a) of OMB Circular A-133? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.228	Small Cities Block Grants

Dollar threshold used to distinguish between type A and B: \$300,000

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None