

Audited Financial Statements
and Other Information

Town of Bucksport, Maine

June 30, 2012



Proven Expertise and Integrity

TOWN OF BUCKSPORT, MAINE

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JUNE 30, 2012

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INDEPENDENT AUDITORS' REPORT

August 9, 2012

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, 2012, 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. 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, 2012, 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.

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 46 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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, 2012**

(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, 2012. 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 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 \$374,421 from \$21.61 million to \$21.99 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 \$169,403 from \$5.07 million to \$4.90 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 \$505,347 to a balance of \$11,143,808 at the end of the fiscal year. For the business-type activities, the unrestricted net assets increased by \$2,061 to a balance of \$889,971.

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

	Governmental Activities		Business-Type Activities	
	2012	2011 (Restated)	2012	2011
Assets:				
Current Assets	\$ 12,082,816	\$ 12,196,993	\$ 897,831	\$ 894,635
Capital Assets	10,062,055	10,105,399	6,063,586	6,362,764
Other Assets	5,010,812	5,352,542	-	-
Total Assets	<u>\$ 27,155,683</u>	<u>\$ 27,654,934</u>	<u>\$ 6,961,417</u>	<u>\$ 7,257,399</u>
Liabilities:				
Current and Other Liabilities	\$ 804,344	\$ 1,007,762	\$ 106,566	\$ 134,439
Long-term Debt Outstanding	4,362,741	5,032,995	1,955,446	2,054,152
Total Liabilities	<u>\$ 5,167,085</u>	<u>\$ 6,040,757</u>	<u>\$ 2,062,012</u>	<u>\$ 2,188,591</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ 10,062,055	\$ 10,105,399	\$ 4,009,434	\$ 4,180,898
Restricted: General Fund	465,436	482,484	-	-
Special Revenue Funds	254,076	324,610	-	-
Permanent Funds	63,223	63,223	-	-
Unrestricted	11,143,808	10,638,461	889,971	887,910
Total Net Assets	<u>\$ 21,988,598</u>	<u>\$ 21,614,177</u>	<u>\$ 4,899,405</u>	<u>\$ 5,068,808</u>

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 2.82%, while total expenses increased by 4.49%. For the business-type activities revenues decreased by 15.29%, while total expenses increased by 1.56%.

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>2012</u>	<u>2011 (Restated)</u>	<u>2012</u>	<u>2011</u>
Revenues				
<i>Programs Revenues:</i>				
Charges for services	\$ 790,374	\$ 746,541	\$ 532,062	\$ 540,540
Operating grants and contributions	296,042	230,498	-	-
Capital grants and contributions	53,265	-	-	85,000
<i>General Revenues:</i>				
Property taxes	8,664,296	8,735,872	-	-
Excise taxes	663,294	650,105	-	-
Grants and contributions not restricted to specific programs	1,204,793	1,702,205	-	-
Miscellaneous	444,620	403,278	11,158	15,730
Total Revenues	<u>12,116,684</u>	<u>12,468,499</u>	<u>543,220</u>	<u>641,270</u>
Expenses				
General government	1,320,860	1,319,386	-	-
Protection	1,502,302	1,492,767	-	-
Public works	592,846	1,150,755	-	-
Health and sanitation	383,922	389,453	-	-
Community and social agencies	170,273	169,471	-	-
Education	5,443,585	4,641,242	-	-
Environment & housing	-	22,203	-	-
Recreation	275,039	294,182	-	-
Cemeteries	4,745	6,241	-	-
Tax increment financing agreement	677,434	663,303	-	-
Interest on long-term debt	226,807	240,735	-	-
County tax	259,087	247,236	-	-
Capital outlay	748,509	410,035	-	-
Sewer fund	-	-	726,945	715,755
Unallocated depreciation	84,156	66,086	-	-
Unclassified	38,376	111,272	-	-
Total Expenses	<u>11,727,941</u>	<u>11,224,367</u>	<u>726,945</u>	<u>715,755</u>
Change in Net Assets	<u>388,743</u>	<u>1,244,132</u>	<u>(183,725)</u>	<u>(74,485)</u>
Transfers	<u>(14,322)</u>	<u>(15,412)</u>	<u>14,322</u>	<u>15,412</u>
Net Assets - July 1	<u>21,614,177</u>	<u>20,385,457</u>	<u>5,068,808</u>	<u>5,127,881</u>
Net Assets - June 30	<u>\$ 21,988,598</u>	<u>\$ 21,614,177</u>	<u>\$ 4,899,405</u>	<u>\$ 5,068,808</u>

Financial Analysis of the Town's Fund Statements

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

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

	2012	2011
General Fund:		
Nonspendable	\$ 50,016	\$ 21,585
Restricted	465,436	482,484
Committed	447,231	-
Assigned	871,989	878,776
Unassigned	7,817,627	7,934,074
Total General Fund	\$ 9,652,299	\$ 9,316,919
 Nonmajor Funds:		
Special revenue funds:		
Restricted	\$ 254,076	\$ 324,610
Assigned	313,820	340,568
Unassigned	(56)	(48,795)
Capital project funds:		
Committed	1,524,658	1,400,586
Assigned	93,978	87,295
Unassigned	-	(250)
Permanent funds:		
Nonspendable	63,223	63,223
Assigned	62,822	67,169
Total Nonmajor Funds	\$ 2,312,521	\$ 2,234,406

The general fund total fund balance increased by \$335,380 over the prior fiscal year. The non-major fund balances increased by \$78,115 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 but two revenue categories. Most of the increase in the nonmajor funds was a result of revenues and transfers in in the capital project funds that exceeded expenditures.

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 \$169,403. Last year, the sewer department had a deficit of \$59,073.

Budgetary Highlights

The only significant differences between the original and final budget for the general fund were the inclusion of carry forward balances and various council-approved budget adjustments.

The general fund actual revenues were more than budget by \$331,181. This was a result of charges for services being significantly over budget and most other revenue items over budget.

The general fund actual expenditures were under the budget by \$1,709,493. All of the expenditure accounts were under-spent after carrying forward several assigned balances from the previous year.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2012, the net book value of capital assets recorded by the Town decreased by \$342,522 from the prior year. The decrease is the result of capital additions of \$715,255, a disposal of a capital asset of \$5,126 less current year depreciation of \$1,052,651.

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

	2012	2011
Land	\$ 2,125,896	\$ 2,123,765
Construction in progress	205,013	635,062
Artwork	11,450	11,450
Buildings	3,969,417	4,148,923
Building improvements	1,347,175	1,318,642
Furniture and fixtures	3,864	4,633
Equipment	351,319	339,051
Vehicles	941,522	885,486
Infrastructure	7,169,985	7,001,151
Total	\$ 16,125,641	\$ 16,468,163

Debt

At June 30, 2012, the Town had \$6.89 million in bonds outstanding versus \$7.53 million last year, a decrease of 8.54%. Refer to Note 7 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 eleven consecutive general fund surpluses. The unassigned general fund balance decreased to \$7.82 million for the year ended June 30, 2012 from \$7.93 million for the same period in 2011 or a 1.47% decrease.

Fiscal 2012 budget expectations continued to support operational and program needs within LD-1 tax limitations despite continued economic constraints and flat local economy. Property taxes remained the largest source of revenue for the Town in fiscal 2012 at \$8,657,533, comprising approximately 70.2% of revenues. The Town's mil rate remained unchanged at 12.5%, which is the eighth consecutive year that the mil rate declined or remained unchanged. The Town's budget for fiscal 2012 was \$496,436 higher than fiscal 2011 but sources other than taxation provided \$217,932 additional revenue \$242,423 less overlay was included in the tax commitment, keeping the mil rate the same as fiscal 2011.

During fiscal 2012 assessed values for residential properties increased by approximately \$1.0 million. Ten new homes were built or significantly improved, while two were razed, adding a net valuation increase of approximately \$600,000. Large residential additions and rehabilitations added approximately \$200,000 in valuation. Two mobile homes were added while four were eliminated, for a net decrease in valuation of approximately \$50,000.

Assessed values for commercial properties increased by approximately \$11.9 million, the majority at Verso Paper. While Verso's real estate and personal property value dropped by more than \$10 million due to the loss of the B2 paper machine, the new Verso/Bucksport Energy turbine construction in progress added approximately \$21.7 million in valuation. This valuation was covered by a Tax Increment Financing ("TIF") agreement designed to encourage investment in the green energy sector at Verso and spur economic development in Bucksport over a thirty-year span. Lower property tax revenues from Verso were almost completely mitigated by payments to the Town in the TIF and Business Equipment Tax Exemption ("BETE") programs.

These changes in residential and commercial valuations were submitted in the tax commitment on 7/1/12 and will be reflected in the Town's fiscal 2013 budget.

The Town's sewer department is separately funded with user fees. Fiscal 2012 operating costs increased approximately 4.2% when compared to fiscal 2011. Increases were incurred across nearly all expense categories based on capital asset purchases and maintenance and repair on existing facilities and equipment incurred in

the 2012 period. User fees decreased approximately 1.8% for the twelve months ended June 30, 2012, from the 2011 period, resulting from both increased fees and decreased usage rates. Despite the increase in operating costs, 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 in the event of a valuation loss 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 Paper's valuation accounts for approximately 53.1% 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 Verso Paper. For example, if the Town's proposed gross budget is \$17,000,000 and the annual taxes for Verso Paper 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 2012 and 2011 of \$3.76 million and \$3.50 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 June 28, 2012, the Town Council approved a general fund budget for the period 7-1-2012 to 6-30-2013 totaling \$11,024,873, which reflects an increase of approximately \$126,611 or 1.2%. The local portion of education costs totaled \$5,758,075, an increase of \$314,490 from the 2012 period. Contractual salary increases and the 5.8% increase in educational costs were partially offset by reductions in paving costs, employee health insurance costs, and appropriations for capital improvements. The fiscal 2013 tax commitment (net of the Tax Increment Financing plan amount and overlay amount) totaled \$8,719,825, which reflected an increase of \$320,325 or 3.8%. The tax rate was set at 12.94 mils based on the total adjusted local valuation of \$680,503,015, which includes both the homestead and BETE valuation amounts. The mil rate increased from the prior mil rate of 12.52 mils by .42 mils or 3.4% due to the local education appropriation increase of \$314,490 partially offset by reductions in paving costs, employee health insurance costs, and appropriations for capital improvements.

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 the few paper producers in the State of Maine that have not sought federal bankruptcy protection. Though times are challenging, Verso Paper representatives indicated they remain confident they can weather the storm by increasing efficiency, diversifying the product line, and by producing more "green" electricity in conjunction with Bucksport Energy. The new gas turbine, expected to be operational in the fall of 2012, will produce electricity to be sold to the power grid and

used in the mill if needed. Verso is also trying to develop new uses for its light-weight, coated paper product. 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. Box X, Bucksport, Maine 04416, by phone at (207) 469-7368 or email address of financedirector@bucksportmaine.gov.

TOWN OF BUCKSPORT, MAINE

STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,252,307	\$ -	\$ 4,252,307
Investments	7,593,699	494,149	8,087,848
Accounts receivable (net of allowance for uncollectibles):			
Taxes	1,177	-	1,177
Liens	208,212	-	208,212
Other	239,167	141,920	381,087
Inventory	45,362	-	45,362
Prepaid items	270	-	270
Tax acquired property	4,384	-	4,384
Internal balances	(261,762)	261,762	-
Total current assets	12,082,816	897,831	12,980,647
Noncurrent assets:			
Loans receivable	173,731	-	173,731
Receivable for long-term debt obligations from RSU No. 25	4,837,081	-	4,837,081
Capital assets:			
Land, infrastructure, and other assets not being depreciated	1,635,845	706,514	2,342,359
Buildings and vehicles net of accumulated depreciation	8,426,210	5,357,072	13,783,282
Total noncurrent assets	15,072,867	6,063,586	21,136,453
TOTAL ASSETS	\$ 27,155,683	\$ 6,961,417	\$ 34,117,100
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 101,255	\$ -	\$ 101,255
Accrued payroll	16,976	-	16,976
Due to other governments	7,213	7,860	15,073
Prepaid taxes	6,153	-	6,153
Current portion of long-term obligations	474,340	98,706	573,046
Total current liabilities	605,937	106,566	712,503
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	4,362,741	1,955,446	6,318,187
Accrued compensated absences	198,407	-	198,407
Total noncurrent liabilities	4,561,148	1,955,446	6,516,594
TOTAL LIABILITIES	5,167,085	2,062,012	7,229,097
NET ASSETS			
Invested in capital assets, net of related debt	10,062,055	4,009,434	14,071,489
Restricted	782,735	-	782,735
Unrestricted	11,143,808	889,971	12,033,779
TOTAL NET ASSETS	21,988,598	4,899,405	26,888,003
TOTAL LIABILITIES AND NET ASSETS	\$ 27,155,683	\$ 6,961,417	\$ 34,117,100

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

TOWN OF BUCKSPORT, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

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:							
General government	\$ 1,320,860	\$ 89,504	\$ -	\$ -	\$ (1,231,356)	\$ -	\$ (1,231,356)
Protection	1,502,302	428,800	90,586	24,320	(958,596)	-	(958,596)
Public works	592,846	-	67,524	28,945	(496,377)	-	(496,377)
Health and sanitation	383,922	224,095	129,176	-	(30,651)	-	(30,651)
Community and social agencies	170,273	-	-	-	(170,273)	-	(170,273)
Education	5,443,585	-	-	-	(5,443,585)	-	(5,443,585)
Recreation	275,039	47,975	8,756	-	(218,308)	-	(218,308)
Cemeteries	4,745	-	-	-	(4,745)	-	(4,745)
Tax increment financing agreement	677,434	-	-	-	(677,434)	-	(677,434)
Interest on long-term debt	226,807	-	-	-	(226,807)	-	(226,807)
County tax	259,087	-	-	-	(259,087)	-	(259,087)
Capital outlay	748,509	-	-	-	(748,509)	-	(748,509)
Unallocated depreciation (Note 4)	84,156	-	-	-	(84,156)	-	(84,156)
Unclassified	38,376	-	-	-	(38,376)	-	(38,376)
Total governmental activities	<u>11,727,941</u>	<u>790,374</u>	<u>296,042</u>	<u>53,265</u>	<u>(10,588,260)</u>	<u>-</u>	<u>(10,588,260)</u>
Business-type activities:							
Sewer fund	726,945	532,062	-	-	-	(194,883)	(194,883)
Total business-type activities	<u>726,945</u>	<u>532,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(194,883)</u>	<u>(194,883)</u>
Total government	<u>\$ 12,454,886</u>	<u>\$ 1,322,436</u>	<u>\$ 296,042</u>	<u>\$ 53,265</u>	<u>(10,588,260)</u>	<u>(194,883)</u>	<u>(10,783,143)</u>

STATEMENT B (CONTINUED)

TOWN OF BUCKSPORT, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Changes in net assets:			
Net (expense) revenue	<u>(10,588,260)</u>	<u>(194,883)</u>	<u>(10,783,143)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	8,664,296	-	8,664,296
Excise taxes	663,294	-	663,294
Grants and contributions not restricted to specific programs	1,204,793	-	1,204,793
Miscellaneous	444,620	11,158	455,778
Transfers	<u>(14,322)</u>	<u>14,322</u>	<u>-</u>
Total general revenues and transfers	<u>10,962,681</u>	<u>25,480</u>	<u>10,988,161</u>
Change in net assets	374,421	(169,403)	205,018
NET ASSETS - JULY 1	<u>21,614,177</u>	<u>5,068,808</u>	<u>26,682,985</u>
NET ASSETS - JUNE 30	<u><u>\$ 21,988,598</u></u>	<u><u>\$ 4,899,405</u></u>	<u><u>\$ 26,888,003</u></u>

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

TOWN OF BUCKSPORT, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	All Nonmajor Funds	Total
ASSETS			
Cash and cash equivalents	\$ 4,184,003	\$ 68,304	\$ 4,252,307
Investments	7,515,421	78,278	7,593,699
Accounts receivable (net of allowance for uncollectibles):			
Taxes	1,177	-	1,177
Liens	208,212	-	208,212
Other	149,403	89,764	239,167
Due from other funds	56	2,077,031	2,077,087
Inventory	45,362	-	45,362
Prepaid and other assets	270	-	270
Loans receivable	173,731	-	173,731
Tax acquired property	4,384	-	4,384
TOTAL ASSETS	\$ 12,282,019	\$ 2,313,377	\$ 14,595,396
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 100,455	\$ 800	\$ 101,255
Accrued payroll and related items	16,976	-	16,976
Due to other governments	7,213	-	7,213
Prepaid taxes	6,153	-	6,153
Due to other funds	2,338,793	56	2,338,849
Deferred tax revenues	160,130	-	160,130
TOTAL LIABILITIES	2,629,720	856	2,630,576
Fund Balances:			
Nonspendable	50,016	63,223	113,239
Restricted	465,436	254,076	719,512
Committed	447,231	1,524,658	1,971,889
Assigned	871,989	470,620	1,342,609
Unassigned	7,817,627	(56)	7,817,571
TOTAL FUND BALANCES	9,652,299	2,312,521	11,964,820
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,282,019	\$ 2,313,377	\$ 14,595,396

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, 2012

	Total Governmental Funds
Total Fund Balances	\$ 11,964,820
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	10,062,055
Long-term assets are not available in the current period and therefore are not reported as assets in the funds:	
Receivable for long-term debt obligations from RSU No. 25	4,837,081
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	160,130
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(4,837,081)
Accrued compensated absences	(198,407)
	\$ 21,988,598
Net assets of governmental activities	\$ 21,988,598

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

STATEMENT E

TOWN OF BUCKSPORT, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	All Nonmajor Funds	Totals Governmental Funds
REVENUES			
Taxes	\$ 8,657,533	\$ -	\$ 8,657,533
Excise taxes	663,294	-	663,294
Intergovernmental	1,883,897	185,664	2,069,561
Charges for services	781,413	-	781,413
Miscellaneous revenues	354,795	98,786	453,581
TOTAL REVENUES	<u>12,340,932</u>	<u>284,450</u>	<u>12,625,382</u>
EXPENDITURES			
Current:			
General government	1,241,002	65,217	1,306,219
Protection	1,328,644	28,579	1,357,223
Public works	951,358	33,563	984,921
Health and sanitation	369,494	160	369,654
Community and social agencies	65,373	104,900	170,273
Education	5,443,585	-	5,443,585
Environment & housing	-	-	-
Recreation	191,713	6,873	198,586
Cemeteries	4,120	625	4,745
Tax Increment Financing Agreement	677,434	-	677,434
County tax	259,087	-	259,087
Unclassified	38,376	-	38,376
Debt Service:			-
Principal	515,461	-	515,461
Interest	226,807	-	226,807
Capital outlay	-	645,194	645,194
TOTAL EXPENDITURES	<u>11,312,454</u>	<u>885,111</u>	<u>12,197,565</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,028,478</u>	<u>(600,661)</u>	<u>427,817</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	4,500	684,596	689,096
Operating transfers (out)	<u>(697,598)</u>	<u>(5,820)</u>	<u>(703,418)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(693,098)</u>	<u>678,776</u>	<u>(14,322)</u>
NET CHANGE IN FUND BALANCES	335,380	78,115	413,495
FUND BALANCES - JULY 1	<u>9,316,919</u>	<u>2,234,406</u>	<u>11,551,325</u>
FUND BALANCES - JUNE 30	<u>\$ 9,652,299</u>	<u>\$ 2,312,521</u>	<u>\$ 11,964,820</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, 2012

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 413,495</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset purchases	635,191
Capital asset disposals	(5,126)
Depreciation expense	<u>(673,409)</u>
	<u>(43,344)</u>
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported.</p>	
Taxes and liens receivable	<u>6,763</u>
Decrease in the receivable for long-term debt obligations from RSU No. 25	<u>(515,461)</u>
<p>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</p>	
	<u>515,461</u>
<p>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:</p>	
Accrued compensated absences	<u>(2,493)</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 374,421</u></u>

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

TOWN OF BUCKSPORT, MAINE

BALANCE SHEET – PROPRIETARY FUNDS
JUNE 30, 2012

	<u>Enterprise Sewer Fund</u>
ASSETS	
Current assets:	
Investments	\$ 494,149
Accounts receivable (net of allowance for uncollectibles)	141,920
Due from other funds	<u>261,762</u>
Total current assets	<u>897,831</u>
Capital assets:	
Construction in progress	29,615
Land	676,899
Buildings	4,546,321
Building improvements	875,269
Infrastructure	5,639,693
Equipment	51,703
Vehicles	<u>90,899</u>
Total capital assets	11,910,399
Less: accumulated depreciation	<u>(5,846,813)</u>
Net capital assets	<u>6,063,586</u>
TOTAL ASSETS	<u>\$ 6,961,417</u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	\$ -
Accrued interest	7,860
Current portion of long-term liabilities	<u>98,706</u>
Total current liabilities	<u>106,566</u>
Long-term liabilities:	
Bonds payable, net of current portion	<u>1,955,446</u>
Total long-term liabilities	<u>1,955,446</u>
Total liabilities	<u>2,062,012</u>
NET ASSETS	
Invested in capital assets, net of related debt	4,009,434
Unrestricted	<u>899,971</u>
TOTAL NET ASSETS	<u>4,899,405</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,961,417</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, 2012

	<u>Enterprise</u> <u>Sewer</u> <u>Fund</u>
OPERATING REVENUES	
Charges for services	\$ 532,062
Other	7,706
TOTAL OPERATING REVENUES	<u>539,768</u>
OPERATING EXPENSES	
Payroll	73,343
Supplies	55,781
Maintenance and repairs	43,140
Utilities	40,483
Depreciation	379,242
Contracted services	79,800
Other	25,714
TOTAL OPERATING EXPENSES	<u>697,503</u>
OPERATING INCOME (LOSS)	<u>(157,735)</u>
NON-OPERATING INCOME (EXPENSE)	
Interest income	3,452
Interest expense	(29,442)
Operating transfers in	15,412
Operating transfers (out)	(1,090)
TOTAL NON-OPERATING INCOME (EXPENSE)	<u>(11,668)</u>
CHANGE IN NET ASSETS	(169,403)
NET ASSETS - JULY 1	<u>5,068,808</u>
NET ASSETS - JUNE 30	<u>\$ 4,899,405</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, 2012

	<u>Enterprise</u> <u>Sewer</u> <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 547,981
Internal activity - receipts (payments) from/to other funds	(8,707)
Payments to suppliers	(244,168)
Payments to employees	(73,343)
Net cash provided by operating activities	<u>221,763</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
(Purchase) sale of investments	(3,452)
Interest income	3,452
Net cash used by investing activities	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer to other funds	(1,090)
Net cash used by investing activities	<u>(1,090)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	(80,064)
Transfer from general fund for bonds payable	15,412
Principal payments on bonds payable	(127,714)
Interest payments on bonds payable	(28,307)
Net cash used by capital and related financing activities	<u>(220,673)</u>
NET CHANGE IN CASH	-
CASH AND CASH EQUIVALENTS - JULY 1	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating (loss)	\$ (157,735)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	379,242
Changes in operating assets and liabilities:	
Decrease in accounts receivable	8,213
(Increase) in due from other funds	(8,707)
Decrease in prepaid expense	750
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 221,763</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	<u>\$ 28,307</u>

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012

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, fund balances, 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, 2012

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, 2012

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, 2012

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. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. 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.

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, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts for the ambulance receivables and micro-loans was estimated to be \$43,709 and \$26,174, respectively, as of June 30, 2012.

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, 2012

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.

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 Balance

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

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

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2011 on the assessed value listed as of April 1, 2011, for all real and personal property located in the Town. Taxes were due in two installments on August 31, 2011 and March 31, 2012. Interest on unpaid taxes commenced on September 1, 2011 and April 1, 2012, at 7% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$189,163 for the year ended June 30, 2012.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 2 - CASH AND INVESTMENTS

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

TOWN OF BUCKSPORT, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2012, the Town's cash balance of \$4,252,307 was comprised of deposits amounting to \$4,390,147. Of these bank deposits, \$618,085 was insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining balance of \$3,772,062 was collateralized with securities held by the financial institution in the Town's name and consequently not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 368,085
Repurchase agreement	146,456
Money market account	3,875,606
	\$ 4,390,147

Investments:

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

At June 30, 2012, the Town's investments of \$8,087,848 were comprised of \$24,818 of stocks that are registered in the Town's name, held by the Town and therefore not exposed to custodial credit risk. The remaining certificates of deposit of \$8,063,030 were collateralized with securities held by the financial institution in the Town's name and consequently not exposed to custodial credit risk.

TOWN OF BUCKSPORT, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

At June 30, 2012, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>
Certificates of deposit	\$ 8,063,030	\$ -	\$ 892,405	\$ 7,170,625
Stocks	24,818	24,818	-	-
	<u>\$ 8,087,848</u>	<u>\$ 24,818</u>	<u>\$ 892,405</u>	<u>\$ 7,170,625</u>

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

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a policy related to interest rate risk.

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2012 consisted of the following individual fund receivables and payables.

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General Fund	\$ 56	\$ 2,338,793
Special Revenue Funds	357,167	56
Capital Project Funds	1,618,636	-
Permanent Funds	101,228	-
Enterprise Funds	261,762	-
	<u>\$ 2,338,849</u>	<u>\$ 2,338,849</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2012:

	Balance, 7/1/11	Additions	Disposals	Balance, 6/30/12
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 1,446,866	\$ 2,131	\$ -	\$ 1,448,997
Construction in progress	629,206	94,956	(548,764)	175,398
Artwork	11,450	-	-	11,450
	<u>2,087,522</u>	<u>97,087</u>	<u>(548,764)</u>	<u>1,635,845</u>
Depreciated assets:				
Buildings	3,816,047	-	-	3,816,047
Building improvements	978,247	47,742	-	1,025,989
Furniture and fixtures	5,368	-	-	5,368
Equipment	1,209,124	87,681	(11,550)	1,285,255
Vehicles	2,189,195	218,065	(21,720)	2,385,540
Infrastructure	10,382,423	733,380	-	11,115,803
	<u>18,580,404</u>	<u>1,086,868</u>	<u>(33,270)</u>	<u>19,634,002</u>
Less: accumulated depreciation	<u>(10,562,527)</u>	<u>(673,409)</u>	<u>28,144</u>	<u>(11,207,792)</u>
	<u>8,017,877</u>	<u>413,459</u>	<u>(5,126)</u>	<u>8,426,210</u>
Net governmental capital assets	<u>\$ 10,105,399</u>	<u>\$ 510,546</u>	<u>\$ (553,890)</u>	<u>\$ 10,062,055</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 676,899	\$ -	\$ -	\$ 676,899
Construction in progress	5,856	80,064	(56,305)	29,615
	<u>682,755</u>	<u>80,064</u>	<u>(56,305)</u>	<u>706,514</u>
Depreciated assets:				
Buildings	4,546,321	-	-	4,546,321
Building improvements	818,964	56,305	-	875,269
Equipment	51,703	-	-	51,703
Vehicles	90,899	-	-	90,899
Infrastructure	5,639,693	-	-	5,639,693
	<u>11,147,580</u>	<u>56,305</u>	<u>-</u>	<u>11,203,885</u>
Less: accumulated depreciation	<u>(5,467,571)</u>	<u>(379,242)</u>	<u>-</u>	<u>(5,846,813)</u>
	<u>5,680,009</u>	<u>(322,937)</u>	<u>-</u>	<u>5,357,072</u>
Net business-type capital assets	<u>\$ 6,362,764</u>	<u>\$ (242,873)</u>	<u>\$ (56,305)</u>	<u>\$ 6,063,586</u>

TOWN OF BUCKSPORT, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:	
General government	\$ 12,148
Protection	145,079
Public works	341,305
Health and sanitation	14,268
Recreation	76,453
Town-wide	<u>84,156</u>
	<u>673,409</u>
Sewer Fund	<u>379,242</u>
Total depreciation expense	<u><u>\$ 1,052,651</u></u>

NOTE 5 - NOTE RECEIVABLE

On December 5, 2011, the Town entered into a note receivable from Chambers Realty LLC for an assisted living facility. The original amount of the note was for \$173,731 with 0% interest. As long as the property is maintained and operated as an assisted living facility for 15 years in accordance with the terms set forth in the agreement, there shall be no payments due from the borrower in repayment of the loan and the loan shall be forgiven at the end of the 15 year period.

NOTE 6 - LONG-TERM RECEIVABLE

As of July 1, 2009, the Bucksport school department became a member of Regional School Unit (RSU) No. 25. The RSU Plan requires that the RSU be responsible for payment of all school-related long-term debt on behalf of the Town. As of June 30, 2012, a long-term receivable has been recorded for \$4,837,081, which represents school-related general obligation bonds. The State of Maine Department of Education is responsible for paying approximately 87% of the debt service on general obligation bonds directly to the Maine Municipal Bond Bank. The remaining debt service for bonds is paid by the RSU.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2012:

	Balance, 7/1/11	Additions	Deletions	Balance, 6/30/12	Current Portion
Bonds payable	\$ 7,534,408	\$ -	\$ (643,175)	\$ 6,891,233	\$ 573,046
Accrued compensated absences	195,914	2,493	-	198,407	-
Totals	<u>\$ 7,730,322</u>	<u>\$ 2,493</u>	<u>\$ (643,175)</u>	<u>\$ 7,089,640</u>	<u>\$ 573,046</u>

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.

\$ 312,337

\$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.

4,524,744

Total governmental activities debt

4,837,081

Business-activities debt:

\$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.

2,054,152

Total business-activities debt

2,054,152

Total Long-Term Debt

\$ 6,891,233

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7 - 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:

	Governmental Activities			Business-type Activities		Total Debt Service
	General Obligation			Sewer		
	Principal	Principal Credit	Interest	Principal	Interest	
2013	\$ 515,461	\$ (41,121)	\$ 233,488	\$ 98,706	\$ 25,986	\$ 832,520
2014	515,462	(26,802)	209,051	99,693	24,993	822,397
2015	515,462	(26,745)	183,938	100,690	23,991	797,336
2016	411,337	(26,344)	160,884	101,696	22,979	670,552
2017	411,337	(26,253)	139,597	102,713	21,957	649,351
2018-2022	2,056,685	(133,572)	377,300	529,181	94,088	2,923,682
2023-2027	411,337	(27,869)	10,798	556,175	66,953	1,017,394
2028-2032	-	-	-	465,298	33,097	498,395
	<u>\$ 4,837,081</u>	<u>\$ (308,706)</u>	<u>\$ 1,315,056</u>	<u>\$ 2,054,152</u>	<u>\$ 314,044</u>	<u>\$ 8,211,627</u>

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. Principal credit represents the Town's portion of savings realized by the Maine Municipal Bond Bank upon debt refunding, amortized over the remaining life of the bond.

NOTE 8 - NONSPENDABLE FUND BALANCES

At June 30, 2012, the Town has the following nonspendable fund balances:

General fund:	
Inventory	\$ 45,362
Prepaid and other assets	270
Tax acquired property	4,384
Permanent funds (Schedule I)	63,223
	<u>\$ 113,239</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 9 - RESTRICTED FUND BALANCES

At June 30, 2012, the Town has the following restricted fund balances:

General fund:	
Tax increment financing agreement	\$ 288,685
Highway block grant	16,100
State revenue sharing	160,651
Special revenue funds (Schedule E)	254,076
	<u>\$ 719,512</u>

NOTE 10 - COMMITTED FUND BALANCES

At June 30, 2012, the Town has the following committed fund balances:

General fund:	
Amount Committed for FY2013 Budget	\$ 273,500
Loans receivable	173,731
Capital project funds (Schedule G)	1,524,658
	<u>\$ 1,971,889</u>

NOTE 11 - ASSIGNED FUND BALANCES

At June 30, 2012, the Town has the following assigned fund balances:

General fund:	
Education	\$ 859,829
Solid waste	12,160
Special revenue funds (Schedule E)	313,820
Capital project funds (Schedule G)	93,978
Permanent funds (Schedule I)	62,822
	<u>\$ 1,342,609</u>

TOWN OF BUCKSPORT, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 12 - DEFICIT FUND BALANCES

The following funds have deficit fund balances as of June 30, 2012:

Special revenue funds:	
CDBG Housing Assistance	<u>\$ 56</u>

Funds have been received subsequent to year end to cover the deficits in the CDBG Housing Assistance fund.

NOTE 13 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County debt. As of June 30, 2012, the Town's share was as follows:

	Outstanding Debt	Town's Percentage	Total Share
County of Hancock	\$ 4,015,373	5.03%	\$ 201,973

NOTE 14 - 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 Towns for claims in excess of \$400,000 with an excess limit of \$2,000,000.

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 a \$1,000 per occurrence deductible is met; the current total property value is \$10,444,883. Under the general liability portion of the policy, the limit is \$400,000 per occurrence for causes of action pursuant to the Maine Tort Claims Act. Coverage is limited to those areas for which governmental immunity has been expressly waived and \$1,000,000 per occurrence for causes of action pursuant to federal law or state law for which immunity is not proved by the Maine Tort Claims Act. The same limit applies for Law Enforcement after a \$1,000 per occurrence deductible is met. For public official liability

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 14 - RISK MANAGEMENT (CONTINUED)

and employment practices liability, the coverage is \$1,000,000 per occurrence and \$3,000,000 aggregate with a \$5,000 deductible.

NOTE 15 - 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 16 - DEFINED BENEFIT PENSION PLAN

MAINE STATE RETIREMENT SYSTEM

A. Plan Description

Town employees contribute to the Participating Local Districts (PLDs) Consolidated Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Maine Public Employees Retirement System. The PLDs Consolidated Plan provides retirement and disability benefits and death benefits to plan members and beneficiaries. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the PLD's Consolidated Plan Board of Trustees. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PLDs Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333 or by calling (800) 451-9800.

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the PLD's Consolidated Board of Trustees. The Town's police and fire department employees are part of the PLD's special plan "4N" and are required to contribute 7.5% of their annual salary, while all other employees are part of the PLD's plan "AN" and are required to contribute 6.5% of their annual salary. The Town is required to contribute 3.0% of special plan "4N" members' covered payroll and 2.4% of the plan "AN" members' covered payroll annually to the system along with a predetermined initial unpoolled unfunded actuarial liability (IUUAL) rate set by the system. The IUUAL can either be a monthly payment or credit, which is added to or subtracted from the employer's percentage of employees' covered payroll to determine the employers actual cost.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

As of June 30, 2011, the Town had an unfunded actuarial accrued liability credit of \$531,284, computed using the actuarial method used for funding purposes. (The amount of the unfunded actuarial accrued liability credit as of June 30, 2012 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.

NOTE 17 – DEFERRED COMPENSATION PENSION PLAN

INTERNATIONAL CITY MANAGERS ASSOCIATION RETIREMENT CORPORATION

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits the employee to defer a portion of salary until future years. There is no employer match by the Town. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

NOTE 18 - 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, 2012 was fifteen participants. Total expenditures for the year ended June 30, 2012 were \$1,851.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 19 - 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 original valuation of the property (adjusted for revised assessment) is \$67,817,719; \$51,963,074 in TIF captured value was added, bringing the 2012-13 valuation of the property to \$119,780,793. 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 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 megawatt turbine. The Bucksport Town Council voted to approve the request on October 28, 2011. It was approved by the Office of Economic and Community Development on March 29, 2012. The new District captures 100% of the taxable improvements and returns 75% of the captured revenues to the Company to help finance a portion of the project. The Development Plan will finance public improvements outside, but directly related to, the District. The original valuation of the property was \$18,207,173; \$21,469,330 in TIF captured value was added, bringing the 2012-13 valuation of the property to \$39,676,503.

On March 27, 2003, the Bucksport Town Council approved a Tax Increment Financing District for Ellis & Guerrette. The original valuation of the property was \$28,300; \$1,065,300 in TIF captured value was added, bringing the 2012-13 valuation of the property to \$1,093,600. 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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 19 - TAX INCREMENT FINANCING AGREEMENT (CONTINUED)

On February 28, 2011, the Bucksport Town Council approved a Tax Increment Financing District for Leadbetter Realty Trust. The original valuation of the property was \$16,600; \$375,200 in TIF captured value was added, bringing the 2012-13 valuation of the property to \$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 20 - ECONOMIC DEPENDENCY

The Town has one taxpayer whose property tax assessment represents a significant portion of the Town's tax base. For fiscal year 2012, the Bucksport mill of Verso Paper had an assessed value of \$387,155,253, including TIF and BETE reimbursable properties, which is 52.5% of the Town's assessed value of \$737,958,568. Verso Paper's property tax assessment was \$4,359,251 after return of 75% of the TIF taxes, which was 49.9% of the Town's assessment of \$8,742,290 net of TIF returns.

NOTE 21 - JOINT VENTURE

The Town of Bucksport is a member of the Joint Venture of the Equity Charter Municipalities of Municipal Review Committee, Inc. (Joint Venture). The Joint Venture is an organization that resulted from a contractual arrangement between certain member municipalities, Penobscot Energy Recovery Company (PERC) and Bangor Hydro Electric Company. It was formed to pool resources of the Equity Charter Municipalities for the long-term goal of handling the disposal of their present and projected volumes of non-hazardous municipal solid waste. As of December 31, 2011 (most recent data available), the Town of Bucksport's share of the Joint Venture's net assets was \$500,843. Complete financial statements may be obtained from the Municipal Review Committee, 40 Harlow Street, Bangor, Maine 04401.

NOTE 22 - 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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 22 - CONTINGENCIES (CONTINUED)

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.

NOTE 23 - RESTATEMENT

The beginning net asset balance of the governmental activities for June 30, 2011 has been restated to include a note receivable in the amount of \$5,352,542 from Regional School Unit No. 25 equal to the bonds payable of that unit that are included on the Town's financial statements.

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, 2012

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 9,316,919	\$ 9,316,919	\$ 9,316,919	\$ -
Resources (Inflows):				
Property taxes	8,660,693	8,660,693	8,657,533	(3,160)
Excise taxes	579,500	579,500	663,294	83,794
Intergovernmental	1,145,380	1,887,648	1,883,897	(3,751)
Charges for services	587,068	587,068	781,413	194,345
Interest on taxes	19,000	19,000	26,194	7,194
Interest income	100,000	100,000	137,018	37,018
Miscellaneous	175,842	175,842	191,583	15,741
Transfers from funds	4,500	4,500	4,500	-
Amounts Available for Appropriation	<u>20,588,902</u>	<u>21,331,170</u>	<u>21,662,351</u>	<u>331,181</u>
Charges to Appropriations (Outflows):				
General government	1,372,312	1,372,312	1,241,002	131,310
Protection	1,419,497	1,419,497	1,328,644	90,853
Public works	1,034,680	1,034,680	951,358	83,322
Health and sanitation	410,008	420,955	369,494	51,461
Community and social agencies	51,742	67,847	65,373	2,474
Education	5,435,585	6,303,414	5,443,585	859,829
Recreation	219,058	219,058	191,713	27,345
Cemeteries	4,120	4,120	4,120	-
County tax	259,087	259,087	259,087	-
Tax Increment Financing Agreement	668,613	966,119	677,434	288,685
Unclassified	189,163	204,590	38,376	166,214
Debt service:				
Principal	-	515,461	515,461	-
Interest	-	226,807	226,807	-
Transfers to other funds	692,173	705,598	697,598	8,000
Total Charges to Appropriations	<u>11,756,038</u>	<u>13,719,545</u>	<u>12,010,052</u>	<u>1,709,493</u>
Budgetary Fund Balance, June 30	<u>\$ 8,832,864</u>	<u>\$ 7,611,625</u>	<u>\$ 9,652,299</u>	<u>\$ 2,040,674</u>
Utilization of assigned fund balance	\$ -	\$ 1,176,282	\$ -	\$ (1,176,282)
Utilization of unassigned fund balance	484,055	529,012	-	(529,012)
	<u>\$ 484,055</u>	<u>\$ 1,705,294</u>	<u>\$ -</u>	<u>\$ (1,705,294)</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
- 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

TOWN OF BUCKSPORT, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2012

	Budget			Actual	Variance Positive (Negative)
	Original	Adjustments	Final		
REVENUES					
Property taxes	\$ 8,660,693	\$ -	\$ 8,660,693	\$ 8,657,533	\$ (3,160)
Excise taxes:					
Auto excise	575,000	-	575,000	657,499	82,499
Boat excise	4,500	-	4,500	5,795	1,295
Intergovernmental revenues:					
State revenue sharing	300,000	-	300,000	288,397	(11,603)
Homestead exemption	72,895	-	72,895	72,895	-
Local road assistance	64,150	-	64,150	67,524	3,374
Tree growth reimbursement	14,000	-	14,000	31,548	17,548
Veterans' reimbursement	2,000	-	2,000	3,150	1,150
General assistance reimbursement	5,000	-	5,000	2,841	(2,159)
BETE reimbursement	505,653	-	505,653	505,712	59
Department subsidies	181,682	-	181,682	169,562	(12,120)
RSU debt payments	-	-	742,268	742,268	-
Charges for services:					
Auto registration fees	16,000	-	16,000	16,620	620
Town clerk revenues	7,500	-	7,500	11,832	4,332
Planning board fees	1,000	-	1,000	1,732	732
Code enforcement fees	9,000	-	9,000	5,911	(3,089)
Plumbing inspector fees	2,500	-	2,500	5,318	2,818
Ambulance user fees	291,705	-	291,705	412,139	120,434
Fire revenue	-	-	-	3,452	3,452
Police revenue	2,000	-	2,000	6,532	4,532
Animal control fees	2,000	-	2,000	6,677	4,677
Recycling revenue	18,035	-	18,035	40,289	22,254
Solid waste fees	51,200	-	51,200	57,120	5,920
MERC revenue	45,000	-	45,000	52,973	7,973
Solid waste revenue	72,929	-	72,929	72,929	-
Recreation fees	33,199	-	33,199	39,798	6,599
Cable TV revenue	35,000	-	35,000	48,091	13,091
Interest:					
Taxes	19,000	-	19,000	26,194	7,194
Deposit and investment accounts	100,000	-	100,000	137,018	37,018
Other income:					
Tax lien cost	9,945	-	9,945	13,445	3,500
TIF revenue	151,997	-	151,997	151,997	-
Fee in lieu of taxes	10,800	-	10,800	10,810	10
Highway revenue	1,000	-	1,000	240	(760)
Snowmobile revenue	1,100	-	1,100	1,529	429
Other income	1,000	-	1,000	13,562	12,562
Transfers in:					
Spofford fund	4,500	-	4,500	4,500	-
Other funds	-	-	-	-	-
Total revenues	\$ 11,271,983	\$ -	\$ 12,014,251	\$ 12,345,432	\$ 331,181

See accompanying independent auditors' report.

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Administration	\$ 398,608	\$ -	\$ 398,608	\$ 386,819	\$ 11,789
Municipal planning	57,027	-	57,027	55,858	1,169
Assessor's office	61,534	-	61,534	53,997	7,537
Municipal building	20,390	-	20,390	17,343	3,047
Insurance & benefits	760,684	-	760,684	655,448	105,236
Contingency	4,000	-	4,000	3,591	409
Public access channel	3,438	-	3,438	1,373	2,065
Economic development	66,631	-	66,631	66,573	58
	<u>1,372,312</u>	<u>-</u>	<u>1,372,312</u>	<u>1,241,002</u>	<u>131,310</u>
Protection:					
Fire protection	335,702	-	335,702	313,404	22,298
Police department	424,574	-	424,574	399,223	25,351
Dispatcher service	166,572	-	166,572	157,784	8,788
Ambulance service	226,934	-	226,934	207,077	19,857
Public safety building	39,090	-	39,090	33,740	5,350
Public safety utilities	226,625	-	226,625	217,416	9,209
	<u>1,419,497</u>	<u>-</u>	<u>1,419,497</u>	<u>1,328,644</u>	<u>90,853</u>
Public works:					
General highways	1,011,583	-	1,011,583	935,892	75,691
Town garage	23,097	-	23,097	15,466	7,631
	<u>1,034,680</u>	<u>-</u>	<u>1,034,680</u>	<u>951,358</u>	<u>83,322</u>
Health and sanitation:					
Solid waste	397,708	10,947	408,655	363,513	45,142
Health	300	-	300	300	-
General assistance	12,000	-	12,000	5,681	6,319
	<u>410,008</u>	<u>10,947</u>	<u>420,955</u>	<u>369,494</u>	<u>51,461</u>
Community and social agencies:					
Community agencies	30,000	-	30,000	27,526	2,474
Social agencies	21,742	16,105	37,847	37,847	-
	<u>51,742</u>	<u>16,105</u>	<u>67,847</u>	<u>65,373</u>	<u>2,474</u>

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education:					
Regular program	5,435,585	867,829	6,303,414	5,443,585	859,829
Recreation:					
Recreation program	210,441	-	210,441	184,791	25,650
Town dock expenses	8,617	-	8,617	6,922	1,695
	219,058	-	219,058	191,713	27,345
Cemeteries	4,120	-	4,120	4,120	-
County tax	259,087	-	259,087	259,087	-
TIF	668,613	297,506	966,119	677,434	288,685
Unclassified:					
Bangor Gas	-	12,294	12,294	12,294	-
Wilson Hall	-	1,534	1,534	1,534	-
Tax acquired prop. survey	-	1,599	1,599	1,599	-
Overlay	189,163	-	189,163	22,949	166,214
	189,163	15,427	204,590	38,376	166,214
Debt service:					
Principal	-	515,461	515,461	515,461	-
Interest	-	226,807	226,807	226,807	-
	-	742,268	742,268	742,268	-
Transfers out:					
Special revenues	6,061	-	6,061	6,061	-
Capital reserves	670,700	13,425	684,125	676,125	8,000
Sewer fund - debt service	15,412	-	15,412	15,412	-
	692,173	13,425	705,598	697,598	8,000
Total Expenditures	\$ 11,756,038	\$ 1,963,507	\$ 13,719,545	\$ 12,010,052	\$ 1,709,493

See accompanying independent auditors' report.

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 68,304	\$ -	\$ -	\$ 68,304
Investments	53,461	-	24,817	78,278
Accounts receivable (net of allowance for uncollectibles)	89,764	-	-	89,764
Due from other funds	357,167	1,618,636	101,228	2,077,031
Total assets	\$ 568,696	\$ 1,618,636	\$ 126,045	\$ 2,313,377
LIABILITIES				
Accounts payable	\$ 800	\$ -	\$ -	\$ 800
Due to other funds	56	-	-	56
Total liabilities	856	-	-	856
FUND BALANCES				
Nonspendable	-	-	63,223	63,223
Restricted	254,076	-	-	254,076
Committed	-	1,524,658	-	1,524,658
Assigned	313,820	93,978	62,822	470,620
Unassigned	(56)	-	-	(56)
Total fund balances	567,840	1,618,636	126,045	2,312,521
Total liabilities and fund balances	\$ 568,696	\$ 1,618,636	\$ 126,045	\$ 2,313,377

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, 2012

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 185,664	\$ -	\$ -	\$ 185,664
Interest, net of unrealized gains/(losses)	7,619	27,793	778	36,190
Donations	28,788	-	-	28,788
Other	13,362	20,446	-	33,808
TOTAL REVENUES	235,433	48,239	778	284,450
EXPENDITURES				
Current:				
General Government	65,217	-	-	65,217
Protection	12,048	16,531	-	28,579
Public Works	6,370	27,193	-	33,563
Health and Sanitation	160	-	-	160
Human Services	104,900	-	-	104,900
Culture & Recreation	3,222	3,651	-	6,873
Cemeteries	-	-	625	625
Capital Outlay	99,210	545,984	-	645,194
TOTAL EXPENDITURES	291,127	593,359	625	885,111
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(55,694)	(545,120)	153	(600,661)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	8,471	676,125	-	684,596
Operating Transfers (Out)	(1,320)	-	(4,500)	(5,820)
TOTAL OTHER FINANCING SOURCES (USES)	7,151	676,125	(4,500)	678,776
NET CHANGE IN FUND BALANCES	(48,543)	131,005	(4,347)	78,115
FUND BALANCES - JULY 1	616,383	1,487,631	130,392	2,234,406
FUND BALANCES - JUNE 30	\$ 567,840	\$ 1,618,636	\$ 126,045	\$ 2,312,521

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, 2012

	2009 CDBG Infrastructure	2008 CDBG Enterprise	DEP Small Community	2009 CDBG Housing Assistance	2010 JAG Services	Healthy ME Partnership
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other funds	2,000	2,049	-	-	-	-
TOTAL ASSETS	<u>\$ 2,000</u>	<u>\$ 2,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	56	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>56</u>	<u>-</u>	<u>-</u>
FUND BALANCES:						
Restricted	2,000	2,049	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	(56)	-	-
TOTAL FUND BALANCES	<u>2,000</u>	<u>2,049</u>	<u>-</u>	<u>(56)</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,000</u>	<u>\$ 2,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	<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 and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other funds	<u>6,220</u>	<u>4,670</u>	<u>-</u>	<u>344</u>	<u>2,705</u>	<u>-</u>	<u>1,374</u>
TOTAL ASSETS	<u>\$ 6,220</u>	<u>\$ 4,670</u>	<u>\$ -</u>	<u>\$ 344</u>	<u>\$ 2,705</u>	<u>\$ -</u>	<u>\$ 1,374</u>
LIABILITIES AND FUND BALANCES							
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 BALANCES:							
Restricted	6,220	-	-	-	-	-	1,374
Assigned	-	4,670	-	344	2,705	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>6,220</u>	<u>4,670</u>	<u>-</u>	<u>344</u>	<u>2,705</u>	<u>-</u>	<u>1,374</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,220</u>	<u>\$ 4,670</u>	<u>\$ -</u>	<u>\$ 344</u>	<u>\$ 2,705</u>	<u>\$ -</u>	<u>\$ 1,374</u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2012

	IP Donation	Johnson & Johnson Grant	Maine Forestry Grant	Y.A.P. Group	DARE	Bucksport Youth Council	Police Explorers
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other funds	-	-	207	-	5,963	947	291
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207</u>	<u>\$ -</u>	<u>\$ 5,963</u>	<u>\$ 947</u>	<u>\$ 291</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:							
Restricted	-	-	-	-	-	-	-
Assigned	-	-	207	-	5,963	947	291
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>207</u>	<u>-</u>	<u>5,963</u>	<u>947</u>	<u>291</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207</u>	<u>\$ -</u>	<u>\$ 5,963</u>	<u>\$ 947</u>	<u>\$ 291</u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Community for Children	Vacation & Sick Reserve	Unemployment Reserve	Christmas Lights	Community Fitness
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
Due from other funds	1,524	178,577	66,051	8,384	937
TOTAL ASSETS	\$ 1,524	\$ 178,577	\$ 66,051	\$ 8,384	\$ 937
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES:					
Restricted	-	-	-	-	-
Assigned	1,524	178,577	66,051	8,384	937
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	1,524	178,577	66,051	8,384	937
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,524	\$ 178,577	\$ 66,051	\$ 8,384	\$ 937

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	RLF & Microloan	Youth Softball	2009 Justice Assistance	2010 OSA SAPT BG	Sawyer Marital Trust	Youth Healthy Life
ASSETS						
Cash and cash equivalents	\$ 68,304	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	53,461	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	89,764	-	-	-	-	-
Due from other funds	-	318	-	-	51,682	-
TOTAL ASSETS	\$ 211,529	\$ 318	\$ -	\$ -	\$ 51,682	\$ -
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ 800	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	800	-	-	-	-	-
FUND BALANCES:						
Restricted	168,953	-	-	-	51,682	-
Assigned	41,776	318	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	210,729	318	-	-	51,682	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 211,529	\$ 318	\$ -	\$ -	\$ 51,682	\$ -

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2012

	Project Canopy	Bucksport Police Dept	Harbor Improvement	Community Event	ME Health Access	Totals
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,304
Investments	-	-	-	-	-	53,461
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	89,764
Due from other funds	-	267	-	1,126	21,531	357,167
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 267</u>	<u>\$ -</u>	<u>\$ 1,126</u>	<u>\$ 21,531</u>	<u>\$ 568,696</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800
Due to other funds	-	-	-	-	-	56
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>856</u>
FUND BALANCES:						
Restricted	-	267	-	-	21,531	254,076
Assigned	-	-	-	1,126	-	313,820
Unassigned	-	-	-	-	-	(56)
TOTAL FUND BALANCES	<u>-</u>	<u>267</u>	<u>-</u>	<u>1,126</u>	<u>21,531</u>	<u>567,840</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 267</u>	<u>\$ -</u>	<u>\$ 1,126</u>	<u>\$ 21,531</u>	<u>\$ 568,696</u>

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, 2012

	2009 CDBG Infrastructure	2008 CDBG Enterprise	DEP Small Community	CDBG Public	2010 JAG Services	Healthy ME Partnership
REVENUES						
Intergovernmental	\$ 20,120	\$ -	\$ 5,608	\$ -	\$ 5,525	\$ -
Interest, net of unrealized gains/(losses)	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL REVENUES	20,120	-	5,608	-	5,525	-
EXPENDITURES						
Current:						
General Government	-	-	-	56	-	-
Protection	-	-	-	-	5,525	-
Public Works	-	-	6,370	-	-	-
Health and Sanitation	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Culture & Recreation	-	-	-	-	-	-
Capital Outlay	63,565	-	-	-	-	-
TOTAL EXPENDITURES	63,565	-	6,370	56	5,525	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(43,445)	-	(762)	(56)	-	-
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	9	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	9	-	-	-
NET CHANGE IN FUND BALANCES	(43,445)	-	(753)	(56)	-	-
FUND BALANCES - JULY 1	45,445	2,049	753	-	-	-
FUND BALANCES - JUNE 30	\$ 2,000	\$ 2,049	\$ -	\$ (56)	\$ -	\$ -

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Diversion Program	Bucksport Football	Bucksport Fire Department	Local General Assistance	Health Advisor	CDBG Technical	Food Stamp Nutrition Ed. Grant
REVENUES							
Intergovernmental	\$ 22,500	\$ -	\$ 3,564	\$ -	\$ 4,000	\$ 40,000	\$ -
Interest, net of unrealized gains/(losses)	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-
Other	8,177	-	-	-	-	-	-
TOTAL REVENUES	30,677	-	3,564	-	4,000	40,000	-
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	40,000	-
Protection	-	-	1,434	-	-	-	-
Public Works	-	-	-	-	-	-	-
Health and Sanitation	-	-	-	-	-	-	-
Human Services	39,634	-	-	-	12,077	-	-
Culture & Recreation	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	39,634	-	1,434	-	12,077	40,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,957)	-	2,130	-	(8,077)	-	-
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	6,052	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	6,052	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(2,905)	-	2,130	-	(8,077)	-	-
FUND BALANCES - JULY 1	9,125	4,670	(2,130)	344	10,782	-	1,374
FUND BALANCES - JUNE 30	<u>\$ 6,220</u>	<u>\$ 4,670</u>	<u>\$ -</u>	<u>\$ 344</u>	<u>\$ 2,705</u>	<u>\$ -</u>	<u>\$ 1,374</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, 2012

	Miles Lane Trail	Homeland Security Fire	Maine Forestry Grant	Y. A. P. Group	DARE	Bucksport Youth Council	Police Explorers
REVENUES							
Intergovernmental	\$ 8,825	\$ 24,320	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, net of unrealized gains/(losses)	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-
Other	-	-	-	-	300	-	-
TOTAL REVENUES	8,825	24,320	-	-	300	-	-
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	-	-
Protection	-	-	-	-	421	-	-
Public Works	-	-	-	-	-	-	-
Health and Sanitation	-	-	-	-	-	-	-
Human Services	-	-	-	169	-	-	-
Culture & Recreation	-	-	-	-	-	-	-
Capital Outlay	8,825	24,320	-	-	-	-	-
TOTAL EXPENDITURES	8,825	24,320	-	169	421	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	(169)	(121)	-	-
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers (Out)	-	-	(1,320)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(1,320)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	(1,320)	(169)	(121)	-	-
FUND BALANCES - JULY 1	-	-	1,527	169	6,084	947	291
FUND BALANCES - JUNE 30	\$ -	\$ -	\$ 207	\$ -	\$ 5,963	\$ 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, 2012

	Community for Children	Vacation & Sick Reserve	Unemployment Reserve	Christmas Lights	Community Fitness
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, net of unrealized gains/(losses)	-	3,589	1,172	-	-
Donations	-	-	-	1,270	-
Other	-	-	-	-	785
TOTAL REVENUES	-	3,589	1,172	1,270	785
EXPENDITURES					
Current:					
General Government	-	20,926	-	2,008	-
Protection	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Sanitation	-	-	-	-	160
Human Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	-	20,926	-	2,008	160
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(17,337)	1,172	(738)	625
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	1,090	-	-
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	1,090	-	-
NET CHANGE IN FUND BALANCES	-	(17,337)	2,262	(738)	625
FUND BALANCES - JULY 1	1,524	195,914	63,789	9,122	312
FUND BALANCES - JUNE 30	\$ 1,524	\$ 178,577	\$ 66,051	\$ 8,384	\$ 937

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	RLF & Microloan	Youth Softball	2009 Justice Assistance	Maine Coastal Program	Sawyer Marital Trust	Youth Healthy Life
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 2,245	\$ -	\$ -	\$ -
Interest, net of unrealized gains/(losses)	2,858	-	-	-	-	-
Donations	-	-	-	-	-	-
Other	-	-	-	2,500	-	1,600
TOTAL REVENUES	<u>2,858</u>	<u>-</u>	<u>2,245</u>	<u>2,500</u>	<u>-</u>	<u>1,600</u>
EXPENDITURES						
Current:						
General Government	2,227	-	-	-	-	-
Protection	-	-	2,245	-	-	-
Public Works	-	-	-	-	-	-
Health and Sanitation	-	-	-	-	-	-
Human Services	-	-	-	-	30,668	1,600
Culture & Recreation	-	-	-	-	-	-
Capital Outlay	-	-	-	2,500	-	-
TOTAL EXPENDITURES	<u>2,227</u>	<u>-</u>	<u>2,245</u>	<u>2,500</u>	<u>30,668</u>	<u>1,600</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	<u>631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,668)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)						
	<u>631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,668)</u>	<u>-</u>
FUND BALANCES - JULY 1						
	<u>210,098</u>	<u>318</u>	<u>-</u>	<u>-</u>	<u>82,350</u>	<u>-</u>
FUND BALANCES - JUNE 30						
	<u>\$ 210,729</u>	<u>\$ 318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,682</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, 2012

	Project Canopy	Bucksport Police Dept	Harbor Improvement	Community Event	ME Health Access	Totals
REVENUES						
Intergovernmental	\$ 1,320	\$ 2,292	\$ 45,345	\$ -	\$ -	\$ 185,664
Interest, net of unrealized gains/(losses)	-	-	-	-	-	7,619
Donations	-	-	-	2,518	25,000	28,788
Other	-	-	-	-	-	13,362
TOTAL REVENUES	<u>1,320</u>	<u>2,292</u>	<u>45,345</u>	<u>2,518</u>	<u>25,000</u>	<u>235,433</u>
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	65,217
Protection	-	2,423	-	-	-	12,048
Public Works	-	-	-	-	-	6,370
Health and Sanitation	-	-	-	-	-	160
Human Services	-	-	-	-	20,752	104,900
Culture & Recreation	1,320	-	-	1,902	-	3,222
Capital Outlay	-	-	-	-	-	99,210
TOTAL EXPENDITURES	<u>1,320</u>	<u>2,423</u>	<u>-</u>	<u>1,902</u>	<u>20,752</u>	<u>291,127</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	<u>-</u>	<u>(131)</u>	<u>45,345</u>	<u>616</u>	<u>4,248</u>	<u>(55,694)</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	1,320	-	-	-	-	8,471
Operating Transfers (Out)	-	-	-	-	-	(1,320)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,151</u>
NET CHANGE IN FUND BALANCES	<u>1,320</u>	<u>(131)</u>	<u>45,345</u>	<u>616</u>	<u>4,248</u>	<u>(48,543)</u>
FUND BALANCES - JULY 1	<u>(1,320)</u>	<u>398</u>	<u>(45,345)</u>	<u>510</u>	<u>17,283</u>	<u>616,383</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ 267</u>	<u>\$ -</u>	<u>\$ 1,126</u>	<u>\$ 21,531</u>	<u>567,840</u>

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, 2012

	<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							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	<u>52,678</u>	<u>294,378</u>	<u>46,170</u>	<u>103,865</u>	<u>43,391</u>	<u>105,221</u>	<u>69,489</u>
TOTAL ASSETS	<u>\$ 52,678</u>	<u>\$ 294,378</u>	<u>\$ 46,170</u>	<u>\$ 103,865</u>	<u>\$ 43,391</u>	<u>\$ 105,221</u>	<u>\$ 69,489</u>
LIABILITIES AND FUND BALANCES							
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 BALANCES:							
Committed	52,678	294,378	46,170	103,865	43,391	105,221	69,489
Assigned	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>52,678</u>	<u>294,378</u>	<u>46,170</u>	<u>103,865</u>	<u>43,391</u>	<u>105,221</u>	<u>69,489</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 52,678</u>	<u>\$ 294,378</u>	<u>\$ 46,170</u>	<u>\$ 103,865</u>	<u>\$ 43,391</u>	<u>\$ 105,221</u>	<u>\$ 69,489</u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2012

	<u>Recreation Facility</u>	<u>Recreation Revenue Reserve</u>	<u>Police Equipment</u>	<u>Public Safety</u>	<u>Town Garage</u>	<u>Cable TV</u>	<u>Dog Kennel</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	<u>71,317</u>	<u>93,978</u>	<u>47,725</u>	<u>56,247</u>	<u>85,933</u>	<u>19,497</u>	<u>12,610</u>
TOTAL ASSETS	<u>\$ 71,317</u>	<u>\$ 93,978</u>	<u>\$ 47,725</u>	<u>\$ 56,247</u>	<u>\$ 85,933</u>	<u>\$ 19,497</u>	<u>\$ 12,610</u>
LIABILITIES AND FUND BALANCES							
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 BALANCES:							
Committed	71,317	-	47,725	56,247	85,933	19,497	12,610
Assigned	-	93,978	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>71,317</u>	<u>93,978</u>	<u>47,725</u>	<u>56,247</u>	<u>85,933</u>	<u>19,497</u>	<u>12,610</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 71,317</u>	<u>\$ 93,978</u>	<u>\$ 47,725</u>	<u>\$ 56,247</u>	<u>\$ 85,933</u>	<u>\$ 19,497</u>	<u>\$ 12,610</u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2012

	<u>Willow & Wasson House</u>	<u>Defense Fund</u>	<u>School St Fire House</u>	<u>Drug Forfeiture</u>	<u>Town Office Equipment</u>	<u>Dispatch Equipment</u>	<u>Transfer Station</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	<u>1,314</u>	<u>1,635</u>	<u>9,650</u>	<u>956</u>	<u>42,465</u>	<u>71,693</u>	<u>47,121</u>
TOTAL ASSETS	<u><u>\$ 1,314</u></u>	<u><u>\$ 1,635</u></u>	<u><u>\$ 9,650</u></u>	<u><u>\$ 956</u></u>	<u><u>\$ 42,465</u></u>	<u><u>\$ 71,693</u></u>	<u><u>\$ 47,121</u></u>
LIABILITIES AND FUND BALANCES							
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>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
FUND BALANCES:							
Committed	1,314	1,635	9,650	956	42,465	71,693	47,121
Assigned	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u><u>1,314</u></u>	<u><u>1,635</u></u>	<u><u>9,650</u></u>	<u><u>956</u></u>	<u><u>42,465</u></u>	<u><u>71,693</u></u>	<u><u>47,121</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1,314</u></u>	<u><u>\$ 1,635</u></u>	<u><u>\$ 9,650</u></u>	<u><u>\$ 956</u></u>	<u><u>\$ 42,465</u></u>	<u><u>\$ 71,693</u></u>	<u><u>\$ 47,121</u></u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2012

	<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						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	<u>20,117</u>	<u>13,796</u>	<u>42,898</u>	<u>2,551</u>	<u>1,160</u>	<u>15,691</u>
TOTAL ASSETS	<u>\$ 20,117</u>	<u>\$ 13,796</u>	<u>\$ 42,898</u>	<u>\$ 2,551</u>	<u>\$ 1,160</u>	<u>\$ 15,691</u>
LIABILITIES AND FUND BALANCES						
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>
FUND BALANCES:						
Committed	20,117	13,796	42,898	2,551	1,160	15,691
Assigned	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>20,117</u>	<u>13,796</u>	<u>42,898</u>	<u>2,551</u>	<u>1,160</u>	<u>15,691</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 20,117</u>	<u>\$ 13,796</u>	<u>\$ 42,898</u>	<u>\$ 2,551</u>	<u>\$ 1,160</u>	<u>\$ 15,691</u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2012

	<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						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	<u>151</u>	<u>219,772</u>	<u>11,211</u>	<u>13,956</u>	<u>-</u>	<u>1,618,636</u>
TOTAL ASSETS	<u><u>\$ 151</u></u>	<u><u>\$ 219,772</u></u>	<u><u>\$ 11,211</u></u>	<u><u>\$ 13,956</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,618,636</u></u>
LIABILITIES AND FUND BALANCES						
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 BALANCES:						
Committed	151	219,772	11,211	13,956	-	1,524,658
Assigned	-	-	-	-	-	93,978
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u><u>151</u></u>	<u><u>219,772</u></u>	<u><u>11,211</u></u>	<u><u>13,956</u></u>	<u><u>-</u></u>	<u><u>1,618,636</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 151</u></u>	<u><u>\$ 219,772</u></u>	<u><u>\$ 11,211</u></u>	<u><u>\$ 13,956</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,618,636</u></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, 2012

	<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, net of unrealized gains/(losses)	3,018	3,335	1,206	1,429	676	1,809	1,164
Other	<u>2,678</u>	<u>-</u>	<u>515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>5,696</u>	<u>3,335</u>	<u>1,721</u>	<u>1,429</u>	<u>676</u>	<u>1,809</u>	<u>1,164</u>
EXPENDITURES							
Current:							
Protection	-	5,613	-	-	-	-	-
Public Works	7,091	-	-	-	-	-	-
Culture & Recreation	-	-	3,181	-	-	-	-
Capital Outlay	<u>193,243</u>	<u>14,960</u>	<u>13,303</u>	<u>5,377</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>200,334</u>	<u>20,573</u>	<u>16,484</u>	<u>5,377</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(194,638)</u>	<u>(17,238)</u>	<u>(14,763)</u>	<u>(3,948)</u>	<u>676</u>	<u>1,809</u>	<u>1,164</u>
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	83,000	130,000	11,764	30,000	6,000	5,000	5,000
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>83,000</u>	<u>130,000</u>	<u>11,764</u>	<u>30,000</u>	<u>6,000</u>	<u>5,000</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCES	(111,638)	112,762	(2,999)	26,052	6,676	6,809	6,164
FUND BALANCES - JULY 1	<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>
FUND BALANCES - JUNE 30	<u>\$ 52,678</u>	<u>\$ 294,378</u>	<u>\$ 46,170</u>	<u>\$ 103,865</u>	<u>\$ 43,391</u>	<u>\$ 105,221</u>	<u>\$ 69,489</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, 2012

	Recreation Facility	Recreation Revenue Reserve	Police Equipment	Public Safety	Town Garage	Cable TV	Dog Kennel
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, net of unrealized gains/(losses)	1,075	1,498	1,127	1,027	1,671	375	113
Other	5,000	-	250	-	-	12,003	-
TOTAL REVENUES	6,075	1,498	1,377	1,027	1,671	12,378	113
EXPENDITURES							
Current:							
Protection	-	-	2,157	8,579	-	-	-
Public Works	-	-	-	-	12,690	-	-
Culture & Recreation	-	-	-	-	-	-	-
Capital Outlay	16,374	-	24,821	7,194	4,046	15,268	15,368
TOTAL EXPENDITURES	16,374	-	26,978	15,773	16,736	15,268	15,368
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,299)	1,498	(25,601)	(14,746)	(15,065)	(2,890)	(15,255)
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	23,000	5,185	12,000	15,000	10,000	2,000	22,476
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	23,000	5,185	12,000	15,000	10,000	2,000	22,476
NET CHANGE IN FUND BALANCES	12,701	6,683	(13,601)	254	(5,065)	(890)	7,221
FUND BALANCES - JULY 1	58,616	87,295	61,326	55,993	90,998	20,387	5,389
FUND BALANCES - JUNE 30	\$ 71,317	\$ 93,978	\$ 47,725	\$ 56,247	\$ 85,933	\$ 19,497	\$ 12,610

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Willow & Wasson House	Defense Fund	School St Fire House	Drug Forfeiture	Town Office Equipment	Dispatch Equipment	Transfer Station
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, net of unrealized gains/(losses)	24	31	-	17	833	1,409	834
Other	-	-	-	-	-	-	-
TOTAL REVENUES	<u>24</u>	<u>31</u>	<u>-</u>	<u>17</u>	<u>833</u>	<u>1,409</u>	<u>834</u>
EXPENDITURES							
Current:							
Protection	-	-	-	-	-	182	-
Public Works	-	-	-	-	-	-	-
Culture & Recreation	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	12,546	8,685	7,608
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,546</u>	<u>8,867</u>	<u>7,608</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>24</u>	<u>31</u>	<u>-</u>	<u>17</u>	<u>(11,713)</u>	<u>(7,458)</u>	<u>(6,774)</u>
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	-	-	9,900	-	8,700	2,500	10,000
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>9,900</u>	<u>-</u>	<u>8,700</u>	<u>2,500</u>	<u>10,000</u>
NET CHANGE IN FUND BALANCES	24	31	9,900	17	(3,013)	(4,958)	3,226
FUND BALANCES - JULY 1	<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>
FUND BALANCES - JUNE 30	<u>\$ 1,314</u>	<u>\$ 1,635</u>	<u>\$ 9,650</u>	<u>\$ 956</u>	<u>\$ 42,465</u>	<u>\$ 71,693</u>	<u>\$ 47,121</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, 2012

	<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, net of unrealized gains/(losses)	403	131	806	45	21	344
Other	-	-	-	-	-	-
TOTAL REVENUES	<u>403</u>	<u>131</u>	<u>806</u>	<u>45</u>	<u>21</u>	<u>344</u>
EXPENDITURES						
Current:						
Protection	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Culture & Recreation	-	-	-	-	-	-
Capital Outlay	15,273	52,523	4,864	-	-	9,344
TOTAL EXPENDITURES	<u>15,273</u>	<u>52,523</u>	<u>4,864</u>	<u>-</u>	<u>-</u>	<u>9,344</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(14,870)</u>	<u>(52,392)</u>	<u>(4,058)</u>	<u>45</u>	<u>21</u>	<u>(9,000)</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	13,000	59,000	3,000	-	-	6,000
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>13,000</u>	<u>59,000</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
NET CHANGE IN FUND BALANCES	(1,870)	6,608	(1,058)	45	21	(3,000)
FUND BALANCES - JULY 1	<u>21,987</u>	<u>7,188</u>	<u>43,956</u>	<u>2,506</u>	<u>1,139</u>	<u>18,691</u>
FUND BALANCES - JUNE 30	<u>\$ 20,117</u>	<u>\$ 13,796</u>	<u>\$ 42,898</u>	<u>\$ 2,551</u>	<u>\$ 1,160</u>	<u>\$ 15,691</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, 2012

	<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>
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, net of unrealized gains/(losses)	3	2,718	427	224	-	27,793
Other	-	-	-	-	-	20,446
TOTAL REVENUES	<u>3</u>	<u>2,718</u>	<u>427</u>	<u>224</u>	<u>-</u>	<u>48,239</u>
EXPENDITURES						
Current:						
Protection	-	-	-	-	-	16,531
Public Works	-	7,412	-	-	-	27,193
Culture & Recreation	-	-	-	470	-	3,651
Capital Outlay	-	125,119	-	-	68	545,984
TOTAL EXPENDITURES	<u>-</u>	<u>132,531</u>	<u>-</u>	<u>470</u>	<u>68</u>	<u>593,359</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3</u>	<u>(129,813)</u>	<u>427</u>	<u>(246)</u>	<u>(68)</u>	<u>(545,120)</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	201,600	-	2,000	-	676,125
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>201,600</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>676,125</u>
NET CHANGE IN FUND BALANCES	<u>3</u>	<u>71,787</u>	<u>427</u>	<u>1,754</u>	<u>(68)</u>	<u>131,005</u>
FUND BALANCES - JULY 1	<u>148</u>	<u>147,985</u>	<u>10,784</u>	<u>12,202</u>	<u>68</u>	<u>1,487,631</u>
FUND BALANCES - JUNE 30	<u>\$ 151</u>	<u>\$ 219,772</u>	<u>\$ 11,211</u>	<u>\$ 13,956</u>	<u>\$ -</u>	<u>\$ 1,618,636</u>

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, 2012

	Cemetery Trusts	Spofford Indigent Fund	Ministerial Fund	Colonoscopy Fund	Totals
ASSETS					
Investments	\$ 24,817	\$ -	\$ -	\$ -	\$ 24,817
Due from other funds	31,703	61,840	6,805	880	101,228
Total assets	<u>\$ 56,520</u>	<u>\$ 61,840</u>	<u>\$ 6,805</u>	<u>\$ 880</u>	<u>\$ 126,045</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	21,097	39,826	2,300	-	63,223
Assigned	35,423	22,014	4,505	880	62,822
Total fund balances	<u>56,520</u>	<u>61,840</u>	<u>6,805</u>	<u>880</u>	<u>126,045</u>
Total liabilities and fund balances	<u>\$ 56,520</u>	<u>\$ 61,840</u>	<u>\$ 6,805</u>	<u>\$ 880</u>	<u>\$ 126,045</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, 2012

	Cemetery Trusts	Spofford Indigent Fund	Ministerial Fund	Colonoscopy Fund	Totals
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ (558)	\$ 1,195	\$ 124	\$ 17	\$ 778
Donations	-	-	-	-	-
Other	-	-	-	-	-
TOTAL REVENUES	<u>(558)</u>	<u>1,195</u>	<u>124</u>	<u>17</u>	<u>778</u>
EXPENDITURES					
Cemetery	625	-	-	-	625
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>625</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,183)</u>	<u>1,195</u>	<u>124</u>	<u>17</u>	<u>153</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	(1,183)	(3,305)	124	17	(4,347)
FUND BALANCES - JULY 1	<u>57,703</u>	<u>65,145</u>	<u>6,681</u>	<u>863</u>	<u>130,392</u>
FUND BALANCES - JUNE 30	<u>\$ 56,520</u>	<u>\$ 61,840</u>	<u>\$ 6,805</u>	<u>\$ 880</u>	<u>\$ 126,045</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, 2012

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General government	\$ 55,250	\$ 398,231	\$ 93,370	\$ -	\$ 546,851
Protection	26,700	2,012,485	1,831,902	-	3,871,087
Public works	26,353	1,195,432	1,504,710	8,222,008	10,948,503
Health and sanitation	14,000	289,690	164,576	-	468,266
Recreation	309,676	724,306	81,607	1,444,703	2,560,292
Town-wide	1,203,866	221,890	-	1,449,092	2,874,848
Sewer fund	706,514	5,421,590	142,602	5,639,693	11,910,399
Total General Capital Assets	2,342,359	10,263,624	3,818,767	16,755,496	33,180,246
Less: Accumulated Depreciation	-	(4,947,033)	(2,522,061)	(9,585,511)	(17,054,605)
Net General Capital Assets	\$ 2,342,359	\$ 5,316,591	\$ 1,296,706	\$ 7,169,985	\$ 16,125,641

See accompanying independent auditors' report.

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2012

	General Capital Assets 7/1/11	Additions	Deletions	General Capital Assets 6/30/12
General government	\$ 430,960	\$ 127,441	\$ (11,550)	\$ 546,851
Protection	3,689,089	181,998	-	3,871,087
Public works	10,631,575	316,928	-	10,948,503
Health and sanitation	468,266	-	-	468,266
Recreation	2,573,188	8,824	(21,720)	2,560,292
Town-wide	2,874,848	-	-	2,874,848
Sewer fund	11,830,335	80,064	-	11,910,399
Total General Capital Assets	32,498,261	715,255	(33,270)	33,180,246
Less: Accumulated Depreciation	(16,030,098)	(1,052,651)	28,144	(17,054,605)
Net General Capital Assets	\$ 16,468,163	\$ (337,396)	\$ (5,126)	\$ 16,125,641

See accompanying independent auditors' report.