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Federal Compliance Audit

Town of Bucksport, Maine

June 30, 2013



Proven Expertise and Integrity

TOWN OF BUCKSPORT, MAINE

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JUNE 30, 2013

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INDEPENDENT AUDITORS' REPORT

Town Council
Town of Bucksport
Bucksport, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express not such opinion. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Bucksport, Maine as of June 30, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 and budgetary comparison information on page 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bucksport, Maine's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2013, on our consideration of the Town of Bucksport, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in considering the Town of Bucksport, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
August 27, 2013

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

(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, 2013. 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 Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position 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 position, and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities increased by \$71,202 from \$21.99 million to \$22.06 million. For the business-type activities the Town's total net position decreased by \$98,178 from \$4.90 million to \$4.80 million.

Unrestricted net position - the part of net position 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 to a balance of \$11,243,026 at the end of the fiscal year. For the business-type activities, the unrestricted net position increased to a balance of \$945,106.

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

	Governmental Activities		Business-Type Activities	
	2013	2012 (Restated)	2013	2012
Assets:				
Current Assets	\$ 12,017,055	\$ 12,082,816	\$ 952,731	\$ 897,831
Capital Assets	10,244,149	10,067,456	5,811,567	6,063,586
Other Assets	4,508,244	5,010,812	-	-
Total Assets	<u>26,769,448</u>	<u>27,161,084</u>	<u>6,764,298</u>	<u>6,961,417</u>
Liabilities:				
Current and Other Liabilities	891,053	798,191	107,318	106,566
Long-term Debt Outstanding	3,806,120	4,362,741	1,855,753	1,955,446
Total Liabilities	<u>4,697,173</u>	<u>5,160,932</u>	<u>1,963,071</u>	<u>2,062,012</u>
Deferred Inflows of Resources:				
Prepaid taxes	7,074	6,153	-	-
Total Deferred Inflows of Resources	<u>7,074</u>	<u>6,153</u>	<u>-</u>	<u>-</u>
Net Position:				
Invested in Capital Assets,				
Net of Related Debt	10,244,149	10,067,456	3,856,121	4,009,434
Nonspendable - principal	63,223	63,223		
Restricted: General Fund	313,514	465,436	-	-
Special Revenue Funds	201,289	254,076	-	-
Unrestricted	11,243,026	11,143,808	945,106	889,971
Total Net Position	<u>\$ 22,065,201</u>	<u>\$ 21,993,999</u>	<u>\$ 4,801,227</u>	<u>\$ 4,899,405</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 6.87%, while total expenses increased by 9.63%. For the business-type activities revenues increased by 2.94%, while total expenses decreased by 7.45%.

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

	Governmental Activities		Business-Type Activities	
	2013	2012	2013	2012
Revenues				
<i>Programs Revenues:</i>				
Charges for services	\$ 688,818	\$ 790,374	\$ 545,191	\$ 532,062
Operating grants and contributions	298,795	296,042	-	-
Capital grants and contributions	564,041	53,265	-	-
<i>General Revenues:</i>				
Property taxes	9,121,294	8,664,296	-	-
Excise taxes	695,638	663,294	-	-
Grants and contributions not restricted to specific programs	1,182,383	1,204,793	-	-
Miscellaneous	338,120	444,620	13,984	11,158
Total Revenues	<u>12,889,089</u>	<u>12,116,684</u>	<u>559,175</u>	<u>543,220</u>
Expenses				
General government	1,250,016	1,320,860	-	-
Protection	1,574,302	1,502,302	-	-
Public works	1,182,905	592,846	-	-
Health and sanitation	872,732	383,922	-	-
Community and social agencies	154,137	170,273	-	-
Education	5,758,075	5,443,585	-	-
Environment & housing	-	-	-	-
Recreation	301,126	275,039	-	-
Cemeteries	5,532	4,745	-	-
Tax increment financing agreement	923,575	677,434	-	-
Interest on long-term debt	192,367	226,807	-	-
County tax	266,619	259,087	-	-
Capital outlay	212,486	748,509	-	-
Sewer fund	-	-	671,608	726,945
Unallocated depreciation (Note 4)	84,156	84,156	-	-
Unclassified	25,604	38,376	-	-
Total Expenses	<u>12,803,632</u>	<u>11,727,941</u>	<u>671,608</u>	<u>726,945</u>
Change in Net Position	<u>85,457</u>	<u>388,743</u>	<u>(112,433)</u>	<u>(183,725)</u>
Transfers	<u>(14,255)</u>	<u>(14,322)</u>	<u>14,255</u>	<u>14,322</u>
Net Position - July 1	21,993,999	21,614,177	4,899,405	5,068,808
Prior Period Adjustment	<u>-</u>	<u>5,401</u>	<u>-</u>	<u>-</u>
Net Position - July 1 RESTATED	<u>21,993,999</u>	<u>21,619,578</u>	<u>4,899,405</u>	<u>5,068,808</u>
Net Position - June 30	<u>\$ 22,065,201</u>	<u>\$ 21,993,999</u>	<u>\$ 4,801,227</u>	<u>\$ 4,899,405</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,

	<u>2013</u>	<u>2012</u>
General Fund:		
Nonspendable	\$ 28,500	\$ 50,016
Restricted	313,514	465,436
Committed	624,331	447,231
Assigned	556,185	871,989
Unassigned	7,766,679	7,817,627
Total General Fund	<u>\$ 9,289,209</u>	<u>\$ 9,652,299</u>
Nonmajor Funds:		
Special revenue funds:		
Restricted	\$ 201,289	\$ 254,076
Assigned	346,468	313,820
Unassigned	-	(56)
Capital project funds:		
Committed	1,806,187	1,524,658
Assigned	93,879	93,978
Permanent funds:		
Nonspendable - principal	63,223	63,223
Assigned	60,126	62,822
Total Nonmajor Funds	<u>\$ 2,571,172</u>	<u>\$ 2,312,521</u>

The general fund total fund balance decreased by \$363,090 from the prior fiscal year. The non-major fund balances increased by \$258,651 from the prior fiscal year.

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 decrease in net position for the year of \$98,178. Last year, the sewer department had a decrease in net position of \$169,403.

Budgetary Highlights

The significant differences between the original and final budget for the general fund were the inclusion of use of restricted, assigned and unassigned fund balances and various council-approved budget adjustments.

The general fund actual revenues were more than budget by \$264,362. 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 budget by \$1,682,331. 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, 2013, the net book value of capital assets recorded by the Town decreased by \$69,925 from the prior year. The decrease is the result of capital additions of \$1,077,911 less disposals of capital assets of \$132,619 and current year depreciation of \$1,020,618.

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

	2013	2012
Land	\$ 2,193,020	\$ 2,125,896
Construction in progress	753,545	210,414
Artwork	11,450	11,450
Buildings	3,802,259	3,969,417
Building improvements	1,289,632	1,347,175
Furniture and fixtures	3,097	3,864
Equipment	321,119	351,319
Vehicles	795,479	941,522
Infrastructure	6,886,115	7,169,985
Total	<u>\$ 16,055,716</u>	<u>\$ 16,131,042</u>

Debt

At June 30, 2013, the Town had \$6.28 million in bonds outstanding versus \$6.89 million last year, a decrease of 8.91%. Other obligations include accrued sick and vacation time. Refer to Note 7 of Notes to Financial Statements for more 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 twelve consecutive general fund surpluses. The unassigned general fund balance increased to \$8.21 million for the year ended June 30, 2013 from \$7.82 million for the same period in 2012 or a 5.01% increase.

Fiscal 2013 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 2013 at \$9,110,598, comprising approximately 71.7% of revenues. The Town's mil rate increased to \$12.94, an increase of \$.42 over the previous year rate of \$12.52. This was due to the increase in educational costs of \$314,490. The Town's budget for fiscal 2013 was \$126,611 higher than fiscal 2012.

During 2012-13, total taxable valuations increased by \$14,840,320. About half of the difference was added via recent construction by Central Maine Power. The new 345 KV transmission lines and large approach towers between River Road and the Penobscot cost well over \$7,000,000. Another large increase in taxable value can be found at the Verso Mill. After completing the Bucksport Energy turbine project during this year, the Verso-BE complex reached a value that exceeds last year's value by about \$7,000,000. That increase is the difference between the gains in the new turbine project and other improvements and the decreases due to depreciation and further loss of B2 paper machine asset values. The resulting increase in valuation is mitigated for tax purposes by the Tax Increment Financing (TIF) payment from the Town back to Verso. The 6.72-acre, 30-year TIF District was created by the Town to encourage the "green energy" investment at Verso and spur other economic activity in Bucksport.

And, as usual, there were many smaller changes in valuation caused by construction, renovation, deterioration and demolition. On the commercial side, an assisted living center was completed adding \$220,000 in value. A composting facility was constructed, adding \$72,000 in value. On the residential property side, ten new homes were built or significantly improved, while one was demolished, adding a net valuation increase of approximately \$900,000. Four mobile homes were added while four older ones were eliminated, for a net increase in valuation of approximately \$12,000. These changes in residential and commercial valuations were submitted in the tax commitment for 7/1/13 and will be reflected in the Town's fiscal 2014 budget.

The Town's sewer department is separately funded with user fees. Fiscal 2013 operating costs decreased approximately 7.2% when compared to fiscal 2012. Decreases were incurred in expenses for capital asset purchases and maintenance and repair on existing facilities and equipment in the 2013 period. User fees increased approximately 2.6% for the twelve months ended June 30, 2013, over the 2012 period, resulting primarily from increasing the charge per 100 cubic feet of usage from \$3.60 to \$3.67. Despite the increase, the Town's user rates remain comparatively low when considering sewer rates statewide, based on a recent Maine Rural Water Association sewer rate survey. User rates will increase in fiscal 2014 due to the mandated construction of a secondary wastewater treatment plant.

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 53.8% 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 2013 and 2012 of \$3.76 million and \$3.44 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 July 11, 2013, the Town Council approved a general fund budget for the period 7-1-2013 to 6-30-2014 totaling \$11,545,047, which reflects an increase of \$520,174 or 4.7%. The local portion of education costs totaled \$5,961,105, an increase of \$203,030 from the 2013 period. The 3.5% increase in educational costs, 1.5% wage and salary increase, \$30,000 update to the Town's Comprehensive Plan, and \$17,400 increased contribution to Bucksport Bay Healthy Communities Coalition were the major components of the overall budget increase. The fiscal 2013 tax commitment (net of the Tax Increment Financing plan amount and overlay amount) totaled \$9,164,861, which reflected an increase of \$445,036 or 5.1%. The tax rate was set at 13.56 mils based on the total adjusted local valuation of \$681,522,606, which includes both the homestead and BETE valuation amounts. The mil rate increased from the prior mil rate of 12.94 mils by .62 mils or 4.8% due to the local education appropriation increase of \$203,030, 1.5% wage and salary increase, \$30,000 update to the Town's Comprehensive Plan, and \$17,400 increased contribution to Bucksport Bay Healthy Communities Coalition.

The local economic outlook for the near future is stable as Verso Paper regroups after their 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 will produce electricity to be sold to the power grid and used in the mill if needed. Verso-Bucksport Energy is working to improve the efficiency of the new turbine as it has underperformed to date. 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 and a slight reduction in State of Maine revenue sharing, 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 POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,512,305	\$ -	\$ 2,512,305
Investments	9,247,301	497,410	9,744,711
Accounts receivable (net of allowance for uncollectibles):			
Taxes	920	-	920
Liens	206,545	-	206,545
Other	311,852	164,953	476,805
Inventory	16,747	-	16,747
Prepaid items	6,424	-	6,424
Tax acquired property	5,329	-	5,329
Internal balances	(290,368)	290,368	-
Total current assets	12,017,055	952,731	12,969,786
Noncurrent assets:			
Note receivable	186,662	-	186,662
Receivable for long-term debt obligations from RSU No. 25	4,321,582	-	4,321,582
Capital assets:			
Land, infrastructure, and other assets not being depreciated	2,167,812	790,203	2,958,015
Buildings and vehicles net of accumulated depreciation	8,076,337	5,021,364	13,097,701
Total noncurrent assets	14,752,393	5,811,567	20,563,960
TOTAL ASSETS	\$ 26,769,448	\$ 6,764,298	\$ 33,533,746
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 117,554	\$ -	\$ 117,554
Accrued payroll	41,825	-	41,825
Due to other governments	6,057	7,625	13,682
Current portion of long-term obligations	515,462	99,693	615,155
Total current liabilities	680,898	107,318	788,216
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	3,806,120	1,855,753	5,661,873
Accrued compensated absences	210,155	-	210,155
Total noncurrent liabilities	4,016,275	1,855,753	5,872,028
TOTAL LIABILITIES	4,697,173	1,963,071	6,660,244
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	7,074	-	7,074
TOTAL DEFERRED INFLOWS OF RESOURCES	7,074	-	7,074
NET POSITION			
Invested in capital assets, net of related debt	10,244,149	3,856,121	14,100,270
Nonspendable - principal	63,223	-	63,223
Restricted	514,803	-	514,803
Unrestricted	11,243,026	945,106	12,188,132
TOTAL NET POSITION	22,065,201	4,801,227	26,866,428
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 26,769,448	\$ 6,764,298	\$ 33,533,746

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

STATEMENT B

TOWN OF BUCKSPORT, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 1,250,016	\$ 87,315	\$ 6,217	\$ 564,041	\$ (592,443)	\$ -	\$ (592,443)
Protection	1,574,302	440,003	99,057	-	(1,035,242)	-	(1,035,242)
Public works	1,182,905	-	67,524	-	(1,115,381)	-	(1,115,381)
Health and sanitation	872,732	119,076	77,988	-	(675,668)	-	(675,668)
Community and social agencies	154,137	-	40,085	-	(114,052)	-	(114,052)
Education	5,758,075	-	-	-	(5,758,075)	-	(5,758,075)
Environment and housing	-	-	-	-	-	-	-
Recreation	301,126	42,424	7,924	-	(250,778)	-	(250,778)
Cemeteries	5,532	-	-	-	(5,532)	-	(5,532)
Tax increment financing agreement	923,575	-	-	-	(923,575)	-	(923,575)
Interest on long-term debt	192,367	-	-	-	(192,367)	-	(192,367)
County tax	266,619	-	-	-	(266,619)	-	(266,619)
Capital outlay	212,486	-	-	-	(212,486)	-	(212,486)
Unallocated depreciation (Note 4) *	84,156	-	-	-	(84,156)	-	(84,156)
Unclassified	25,604	-	-	-	(25,604)	-	(25,604)
Total governmental activities	<u>12,803,632</u>	<u>688,818</u>	<u>298,795</u>	<u>564,041</u>	<u>(11,251,978)</u>	<u>-</u>	<u>(11,251,978)</u>
Business-type activities:							
Sewer fund	671,608	545,191	-	-	-	(126,417)	(126,417)
Total business-type activities	<u>671,608</u>	<u>545,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(126,417)</u>	<u>(126,417)</u>
Total government	<u>\$ 13,475,240</u>	<u>\$ 1,234,009</u>	<u>\$ 298,795</u>	<u>\$ 564,041</u>	<u>(11,251,978)</u>	<u>(126,417)</u>	<u>(11,378,395)</u>

* This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)

TOWN OF BUCKSPORT, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

	Governmental Activities	Business- type Activities	Totals
Changes in net position:			
Net (expense) revenue	<u>(11,251,978)</u>	<u>(126,417)</u>	<u>(11,378,395)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	9,121,294	-	9,121,294
Excise taxes	695,638	-	695,638
Grants and contributions not restricted to specific programs	1,182,383	-	1,182,383
Miscellaneous	338,120	13,984	352,104
Transfers	<u>(14,255)</u>	<u>14,255</u>	<u>-</u>
Total general revenues and transfers	<u>11,323,180</u>	<u>28,239</u>	<u>11,351,419</u>
Change in net position	71,202	(98,178)	(26,976)
NET POSITION - JULY 1 RESTATED	<u>21,993,999</u>	<u>4,899,405</u>	<u>26,893,404</u>
NET POSITION - JUNE 30	<u><u>\$ 22,065,201</u></u>	<u><u>\$ 4,801,227</u></u>	<u><u>\$ 26,866,428</u></u>

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

STATEMENT C

TOWN OF BUCKSPORT, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	All Nonmajor Funds	Totals Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,408,450	\$ 103,855	\$ 2,512,305
Investments	9,167,790	79,511	9,247,301
Accounts receivable (net of allowance for uncollectibles):			
Taxes	920	-	920
Liens	206,545	-	206,545
Other	266,171	45,681	311,852
Due from other funds	976	2,343,101	2,344,077
Inventory	16,747	-	16,747
Tax acquired property	5,329	-	5,329
Prepaid and other assets	6,424	-	6,424
Note receivable	186,662	-	186,662
TOTAL ASSETS	<u>\$ 12,266,014</u>	<u>\$ 2,572,148</u>	<u>\$ 14,838,162</u>
LIABILITIES			
Accounts payable	\$ 117,554	\$ -	\$ 117,554
Accrued payroll and related items	41,825	-	41,825
Due to other governments	6,057	-	6,057
Due to other funds	2,633,469	976	2,634,445
TOTAL LIABILITIES	<u>2,798,905</u>	<u>976</u>	<u>2,799,881</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	7,074	-	7,074
Deferred tax revenues	170,826	-	170,826
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>177,900</u>	<u>-</u>	<u>177,900</u>
FUND BALANCES			
Nonspendable	28,500	63,223	91,723
Restricted	313,514	201,289	514,803
Committed	624,331	1,806,187	2,430,518
Assigned	556,185	500,473	1,056,658
Unassigned	7,766,679	-	7,766,679
TOTAL FUND BALANCES	<u>9,289,209</u>	<u>2,571,172</u>	<u>11,860,381</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 12,266,014</u>	<u>\$ 2,572,148</u>	<u>\$ 14,838,162</u>

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 POSITION
JUNE 30, 2013

	Total Governmental Funds
Total Fund Balances	\$ 11,860,381
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	10,244,149
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	4,321,582
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	170,826
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(4,321,582)
Accrued compensated absences	(210,155)
	<u> </u>
Net position of governmental activities	<u><u>\$ 22,065,201</u></u>

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

TOWN OF BUCKSPORT, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	All Nonmajor Funds	Totals Governmental Funds
REVENUES			
Taxes:			
Property	\$ 9,110,598	\$ -	\$ 9,110,598
Excise	695,638	-	695,638
Intergovernmental	1,913,004	647,714	2,560,718
Charges for services	688,818	-	688,818
Miscellaneous revenues	296,975	41,145	338,120
TOTAL REVENUES	<u>12,705,033</u>	<u>688,859</u>	<u>13,393,892</u>
EXPENDITURES			
Current:			
General government	1,149,005	77,115	1,226,120
Protection	1,414,246	14,977	1,429,223
Public works	809,791	298,242	1,108,033
Health and sanitation	358,020	500,444	858,464
Community and social agencies	56,350	97,787	154,137
Education	5,758,075	-	5,758,075
Environment & housing	-	-	-
Recreation	203,538	21,135	224,673
Cemeteries	4,120	1,412	5,532
Tax Increment Financing Agreement	923,575	-	923,575
County tax	266,619	-	266,619
Unclassified	25,604	-	25,604
Debt Service:			-
Principal	515,499	-	515,499
Interest	192,367	-	192,367
Capital outlay	4,250	791,905	796,155
TOTAL EXPENDITURES	<u>11,681,059</u>	<u>1,803,017</u>	<u>13,484,076</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,023,974</u>	<u>(1,114,158)</u>	<u>(90,184)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	4,500	1,384,896	1,389,396
Operating transfers (out)	(1,391,564)	(12,087)	(1,403,651)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,387,064)</u>	<u>1,372,809</u>	<u>(14,255)</u>
NET CHANGE IN FUND BALANCES	(363,090)	258,651	(104,439)
FUND BALANCES - JULY 1	<u>9,652,299</u>	<u>2,312,521</u>	<u>11,964,820</u>
FUND BALANCES - JUNE 30	<u>\$ 9,289,209</u>	<u>\$ 2,571,172</u>	<u>\$ 11,860,381</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, 2013

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (104,439)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset purchases	848,957
Capital asset disposals	-
Depreciation expense	<u>(672,264)</u>
	<u>176,693</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>10,696</u>
Decrease in the receivable for long-term debt obligations from RSU No. 25	<u>(515,499)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>515,499</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>(11,748)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 71,202</u>

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

STATEMENT G

TOWN OF BUCKSPORT, MAINE

BALANCE SHEET – PROPRIETARY FUNDS
JUNE 30, 2013

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Fund</u>
ASSETS	
Current assets:	
Investments	\$ 497,410
Accounts receivable (net of allowance for uncollectibles)	164,953
Due from other funds	<u>290,368</u>
Total current assets	<u>952,731</u>
Noncurrent assets:	
Capital assets:	
Construction in progress	113,304
Land	676,899
Buildings	4,546,321
Building improvements	875,269
Infrastructure	5,645,073
Equipment	58,969
Vehicles	<u>53,205</u>
Total capital assets	11,969,040
Less: accumulated depreciation	<u>(6,157,473)</u>
Total noncurrent assets	<u>5,811,567</u>
TOTAL ASSETS	<u>\$ 6,764,298</u>
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	\$ -
Accrued interest	7,625
Current portion of long-term liabilities	<u>99,693</u>
Total current liabilities	<u>107,318</u>
Long-term liabilities:	
Bonds payable, net of current portion	<u>1,855,753</u>
Total long-term liabilities	<u>1,855,753</u>
Total liabilities	<u>1,963,071</u>
NET POSITION	
Invested in capital assets, net of related debt	3,856,121
Unrestricted	<u>945,106</u>
TOTAL NET POSITION	<u>4,801,227</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 6,764,298</u>

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

TOWN OF BUCKSPORT, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Fund</u>
OPERATING REVENUES	
Charges for services	\$ 545,191
Other	9,777
TOTAL OPERATING REVENUES	<u>554,968</u>
OPERATING EXPENSES	
Payroll	75,751
Supplies	42,247
Maintenance and repairs	16,586
Utilities	34,996
Depreciation	348,354
Contracted services	102,000
Other	25,923
TOTAL OPERATING EXPENSES	<u>645,857</u>
OPERATING INCOME (LOSS)	<u>(90,889)</u>
NON-OPERATING INCOME (EXPENSE)	
Interest income	4,207
Interest expense	(25,751)
Operating transfers in	15,412
Operating transfers (out)	(1,157)
TOTAL NON-OPERATING INCOME (EXPENSE)	<u>(7,289)</u>
CHANGE IN NET POSITION	(98,178)
NET POSITION - JULY 1	<u>4,899,405</u>
NET POSITION - JUNE 30	<u>\$ 4,801,227</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, 2013

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 531,935
Internal activity - receipts (payments) from/to other funds	(28,606)
Payments to suppliers	(221,987)
Payments to employees	(75,751)
Net cash provided by operating activities	<u>205,591</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
(Purchase) sale of investments	(3,261)
Interest income	4,207
Net cash provided (used) by investing activities	<u>946</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	(96,335)
Transfers in from other funds	15,412
Transfers to other funds	(1,157)
Principal payments on bonds payable	(98,706)
Interest payments on bonds payable	(25,751)
Net cash used by capital and related financing activities	<u>(206,537)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	-
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)	\$ (90,889)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	348,354
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(23,033)
(Increase) decrease in due from other funds	(28,606)
Increase (decrease) in accrued interest	(235)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 205,591</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	<u>\$ 25,751</u>

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 Position, 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 position are reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 position 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. Both fiduciary funds and component units that are fiduciary in nature have been excluded from these 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, 2013

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 that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. 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, 2013

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 Town Council 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 Town Council.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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. Inventories of supplies in the sewer fund are considered to be expenditures at the time of purchase and are not included in the sewer fund balance sheet.

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, 2013

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 \$45,386 and \$26,174, respectively, as of June 30, 2013.

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 bonds payable and compensated absences.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 funds 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 Position

Net position represents the difference between all other elements in a statement of financial position. Net position 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 position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings and/or the Town Council are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

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, 2012 on the assessed value listed as of April 1, 2012, for all real and personal property located in the Town. Taxes were due in two installments on August 31, 2012 and March 31, 2013. Interest on unpaid taxes commenced on September 1, 2012 and April 1, 2013, 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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$85,884 for the year ended June 30, 2013.

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 - DEPOSITS 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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

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, 2013, the Town's cash balance of \$2,512,305 was comprised of deposits amounting to \$2,750,676. Of these bank deposits, \$520,041 was insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining balance of \$2,230,635 was collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 403,855
Repurchase agreement	98,367
Money market account	2,248,454
	<u>\$ 2,750,676</u>

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, 2013, the Town's investments of \$9,744,711 were comprised of \$25,664 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 \$9,719,047 were collateralized with securities held by the financial institution in the Town's name.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2013, 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	\$ 9,719,047	\$ -	\$ 5,134,677	\$ 4,584,370
Stocks	25,664	25,664	-	-
	<u>\$ 9,744,711</u>	<u>\$ 25,664</u>	<u>\$ 5,134,677</u>	<u>\$ 4,584,370</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, 2013 consisted of the following individual fund receivables and payables.

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General Fund	\$ 976	\$ 2,633,469
Special Revenue Funds	345,350	976
Capital Project Funds	1,900,066	-
Permanent Funds	97,685	-
Enterprise Fund	290,368	-
	<u>\$ 2,634,445</u>	<u>\$ 2,634,445</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2013:

	Balance, 7/1/12	Additions	Disposals	Balance, 6/30/13
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 1,448,997	\$ 67,124	\$ -	\$ 1,516,121
Construction in progress	180,799	592,061	(132,619)	640,241
Artwork	11,450	-	-	11,450
	<u>1,641,246</u>	<u>659,185</u>	<u>(132,619)</u>	<u>2,167,812</u>
Depreciated assets:				
Buildings	3,816,047	-	-	3,816,047
Building improvements	1,025,989	17,297	-	1,043,286
Furniture and fixtures	5,368	-	-	5,368
Equipment	1,285,255	33,744	-	1,318,999
Vehicles	2,385,540	19,072	(13,828)	2,390,784
Infrastructure	11,115,803	252,278	-	11,368,081
	<u>19,634,002</u>	<u>322,391</u>	<u>(13,828)</u>	<u>19,942,565</u>
Less: accumulated depreciation	<u>(11,207,792)</u>	<u>(672,264)</u>	<u>13,828</u>	<u>(11,866,228)</u>
	<u>8,426,210</u>	<u>(349,873)</u>	<u>-</u>	<u>8,076,337</u>
Net governmental capital assets	<u>\$ 10,067,456</u>	<u>\$ 309,312</u>	<u>\$ (132,619)</u>	<u>\$ 10,244,149</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 676,899	\$ -	\$ -	\$ 676,899
Construction in progress	29,615	83,689	-	113,304
	<u>706,514</u>	<u>83,689</u>	<u>-</u>	<u>790,203</u>
Depreciated assets:				
Buildings	4,546,321	-	-	4,546,321
Building improvements	875,269	-	-	875,269
Equipment	51,703	7,266	-	58,969
Vehicles	90,899	-	(37,694)	53,205
Infrastructure	5,639,693	5,380	-	5,645,073
	<u>11,203,885</u>	<u>12,646</u>	<u>(37,694)</u>	<u>11,178,837</u>
Less: accumulated depreciation	<u>(5,846,813)</u>	<u>(348,354)</u>	<u>37,694</u>	<u>(6,157,473)</u>
	<u>5,357,072</u>	<u>(335,708)</u>	<u>-</u>	<u>5,021,364</u>
Net business-type capital assets	<u>\$ 6,063,586</u>	<u>\$ (252,019)</u>	<u>\$ -</u>	<u>\$ 5,811,567</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:

General government	\$ 12,148
Protection	145,079
Public works	340,160
Health and sanitation	14,268
Recreation	76,453
Town-wide	<u>84,156</u>
	<u>672,264</u>
Sewer Fund	348,354
Total depreciation expense	<u><u>\$ 1,020,618</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 \$200,000 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. The following is a summary of changes in the note receivable for the year ended June 30, 2013:

	<u>Balance, 7/1/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, 6/30/13</u>
Note receivable	\$ 173,731	\$ 26,269	\$ (13,338)	\$ 186,662
Totals	<u><u>\$ 173,731</u></u>	<u><u>\$ 26,269</u></u>	<u><u>\$ (13,338)</u></u>	<u><u>\$ 186,662</u></u>

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, 2013, a long-term receivable has been recorded for \$4,321,620, which represents school-related general obligation bonds. The State of Maine Department of Education is responsible for paying approximately 92% 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, 2013

NOTE 7 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2013:

	Balance, 7/1/12	Additions	Deletions	Balance, 6/30/13	Current Portion
Bonds payable	\$ 6,891,233	\$ -	\$ (614,205)	\$ 6,277,028	\$ 615,155
Accrued compensated absences	198,407	11,748	-	210,155	-
Totals	<u>\$ 7,089,640</u>	<u>\$ 11,748</u>	<u>\$ (614,205)</u>	<u>\$ 6,487,183</u>	<u>\$ 615,155</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.

\$ 208,212

\$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.

4,113,370

Total governmental activities debt

4,321,582

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.

1,955,446

Total business-activities debt

1,955,446

Total Long-Term Debt

\$ 6,277,028

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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		
	General Obligation			Sewer		
	Principal	Principal Credit	Interest	Principal	Interest	Total Debt Service
2014	\$ 515,462	\$ -	\$ 233,488	\$ 99,693	\$ 24,993	\$ 873,636
2015	515,462	-	209,051	100,690	23,991	849,194
2016	411,337	-	183,938	101,696	22,979	719,950
2017	411,337	-	160,884	102,713	21,957	696,891
2018	411,337	(22,481)	-	103,741	-	492,597
2019-2023	2,056,647	-	-	534,473	-	2,591,120
2024-2028	-	-	-	561,736	-	561,736
2029-2033	-	-	-	350,704	-	350,704
	<u>\$ 4,321,582</u>	<u>\$ (22,481)</u>	<u>\$ 787,361</u>	<u>\$ 1,955,446</u>	<u>\$ 93,920</u>	<u>\$ 7,135,828</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, 2013, the Town has the following nonspendable fund balances:

General fund:	
Inventory	\$ 16,747
Tax acquired property	5,329
Prepaid and other assets	6,424
Permanent funds (Schedule I)	63,223
	<u>\$ 91,723</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 9 - RESTRICTED FUND BALANCES

At June 30, 2013, the Town has the following restricted fund balances:

General fund:	
Tax increment financing agreement	\$ 294,040
Highway block grant	19,474
Special revenue funds (Schedule E)	201,289
	<u>\$ 514,803</u>

NOTE 10 - COMMITTED FUND BALANCES

At June 30, 2013, the Town has the following committed fund balances:

General fund:	
Amount Committed for FY 2014 Budget	\$ 437,669
Loans receivable	186,662
Capital project funds (Schedule G)	1,806,187
	<u>\$ 2,430,518</u>

NOTE 11 - ASSIGNED FUND BALANCES

At June 30, 2013, the Town has the following assigned fund balances:

General fund:	
Education	\$ 545,328
Solid waste	10,857
Special revenue funds (Schedule E)	346,468
Capital project funds (Schedule G)	93,879
Permanent funds (Schedule I)	60,126
	<u>\$ 1,056,658</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 12 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of County debt. As of June 30, 2013, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of Hancock	\$ 3,715,373	5.16%	<u>\$ 191,713</u>

NOTE 13 - RISK MANAGEMENT

The Town is a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker's compensation coverage. The Town's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

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 \$10,722,683. 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 \$2,000,000 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 and employment practices liability, the coverage is \$2,000,000 per occurrence and \$4,000,000 aggregate with a \$5,000 deductible.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2013. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 14 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

NOTE 15 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES 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 3.6% of special plan "4N" members' covered payroll and 2.8% of the plan "AN" members' covered payroll annually to the system along with a predetermined initial unpooled 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.

As of June 30, 2012, the Town had an initial unpooled unfunded actuarial liability credit of \$509,489, computed using the actuarial method used for funding purposes. (The amount of the unfunded actuarial accrued liability credit as of June 30, 2013 is not currently available.) This credit is being used to reduce future contributions and is being

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

amortized over an open period of 10 years. The Town's actual contribution was \$0 after the unfunded actuarial accrued liability credit was deducted from the annual pension cost.

NOTE 16 – 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 17 - 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, 2013 was sixteen participants. Total expenditures for the year ended June 30, 2013 were \$2,209.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 18 - 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 \$64,993,368; \$49,781,062 in TIF captured value was added, bringing the 2013-14 valuation of the property to \$114,774,430. 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; \$38,395,771 in TIF captured value was added, bringing the 2013-14 valuation of the property to \$56,602,944.

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 2013-14 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 \$71,000 is returned to the developer. The remaining 50% will be retained by the Town and used to fund the development plan of the District.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 18 - 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 2013-14 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 19 - ECONOMIC DEPENDENCY

The Town has one taxpayer whose property tax assessment represents a significant portion of the Town's tax base. For fiscal year 2013, the Bucksport mill of Verso Paper had an assessed value of \$407,120,860, including TIF and BETE reimbursable properties, which is 53.9% of the Town's assessed value of \$755,375,919. Verso Paper's property tax assessment was \$4,555,483 after return of 75% of the TIF taxes, which was 50.3% of the Town's assessment of \$9,052,583 net of TIF returns.

NOTE 20 - 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, 2012 (most recent data available), the Town of Bucksport's share of the Joint Venture's net position was \$502,735. Complete financial statements may be obtained from the Municipal Review Committee, 40 Harlow Street, Bangor, Maine 04401.

NOTE 21 - CONTINGENCIES

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

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 21 - CONTINGENCIES (CONTINUED)

disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 22 - RESTATEMENT

The beginning net position for the governmental activities has been restated as of July 1, 2011. This balance was restated to correct capital asset balances. The governmental activities were restated by \$5,401.

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, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 9,652,299	\$ 9,652,299	\$ 9,652,299	\$ -
Resources (Inflows):				
Property taxes	9,118,541	9,118,541	9,110,598	(7,943)
Excise taxes	579,500	579,500	695,638	116,138
Intergovernmental	1,236,315	1,944,181	1,913,004	(31,177)
Charges for services	523,833	523,833	688,818	164,985
Interest on taxes	19,000	19,000	25,325	6,325
Interest income	50,000	50,000	61,436	11,436
Miscellaneous revenues	205,616	205,616	210,214	4,598
Transfers from other funds	4,500	4,500	4,500	-
Amounts Available for Appropriation	<u>21,389,604</u>	<u>22,097,470</u>	<u>22,361,832</u>	<u>264,362</u>
Charges to Appropriations (Outflows):				
General government	1,340,835	1,340,835	1,149,005	191,830
Protection	1,479,831	1,479,831	1,414,246	65,585
Public works	929,815	929,815	809,791	120,024
Health and sanitation	405,007	405,007	358,020	46,987
Community and social agencies	56,471	56,471	56,350	121
Education	5,758,075	6,617,904	5,758,075	859,829
Recreation	225,188	225,188	203,538	21,650
Cemeteries	4,120	4,120	4,120	-
County tax	266,619	266,619	266,619	-
Tax Increment Financing Agreement	968,855	1,217,615	923,575	294,040
Unclassified	85,884	112,119	29,854	82,265
Debt service:				
Principal	-	515,499	515,499	-
Interest	-	192,367	192,367	-
Transfers to other funds	558,912	1,391,564	1,391,564	-
Total Charges to Appropriations	<u>12,079,612</u>	<u>14,754,954</u>	<u>13,072,623</u>	<u>1,682,331</u>
Budgetary Fund Balance, June 30	<u>\$ 9,309,992</u>	<u>\$ 7,342,516</u>	<u>\$ 9,289,209</u>	<u>\$ 1,946,693</u>
Utilization of restricted fund balance	\$ -	\$ 465,436	\$ -	\$ (465,436)
Utilization of assigned fund balance	-	1,171,989	-	(1,171,989)
Utilization of unassigned fund balance	342,307	672,358	-	(672,358)
	<u>\$ 342,307</u>	<u>\$ 2,309,783</u>	<u>\$ -</u>	<u>\$ (2,309,783)</u>

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

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, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 9,118,541	\$ 9,118,541	\$ 9,110,598	\$ (7,943)
Excise taxes:				
Auto excise	575,000	575,000	690,467	115,467
Boat excise	4,500	4,500	5,171	671
Intergovernmental revenues:	-			
State revenue sharing	300,000	300,000	273,395	(26,605)
Homestead exemption	74,952	74,952	74,952	-
Local road assistance	64,150	64,150	67,524	3,374
Tree growth reimbursement	14,000	14,000	26,856	12,856
Veterans' reimbursement	2,000	2,000	2,925	925
General assistance reimbursement	5,000	5,000	6,217	1,217
BETE reimbursement	581,071	581,071	581,143	72
Department subsidies	195,142	195,142	172,126	(23,016)
RSU debt payments	-	707,866	707,866	-
Charges for services:				
Auto registration fees	16,000	16,000	16,704	704
Town clerk revenues	7,500	7,500	12,180	4,680
Planning board fees	1,000	1,000	150	(850)
Code enforcement fees	9,000	9,000	5,810	(3,190)
Plumbing inspector fees	2,500	2,500	4,853	2,353
Ambulance user fees	291,705	291,705	423,450	131,745
Fire revenue	-	-	265	265
Police revenue	2,000	2,000	6,646	4,646
Animal control fees	2,000	2,000	9,642	7,642
Recycling revenue	24,600	24,600	23,950	(650)
Solid waste fees	49,720	49,720	47,131	(2,589)
MERC revenue	45,000	45,000	47,995	2,995
Solid waste revenue	-	-	-	-
Recreation fees	32,808	32,808	42,424	9,616
Cable TV revenue	40,000	40,000	47,618	7,618
Interest:			-	
Taxes	19,000	19,000	25,325	6,325
Deposit and investment accounts	50,000	50,000	61,436	11,436
Other income:				
Tax lien cost	10,331	10,331	13,124	2,793
TIF revenue	181,385	181,385	181,385	-
Fee in lieu of taxes	10,800	10,800	11,173	373
Highway revenue	1,000	1,000	860	(140)
Snowmobile revenue	1,100	1,100	722	(378)
Other income	1,000	1,000	2,950	1,950
Transfers in:				
Spofford fund	4,500	4,500	4,500	-
Other funds	-	-	-	-
Total revenues	<u>\$ 11,737,305</u>	<u>\$ 12,445,171</u>	<u>\$ 12,709,533</u>	<u>\$ 264,362</u>

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

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Administration	\$ 396,037	\$ -	\$ 396,037	\$ 373,047	\$ 22,990
Municipal planning	58,626	-	58,626	55,066	3,560
Assessor's office	56,904	-	56,904	54,979	1,925
Municipal building	20,592	-	20,592	16,722	3,870
Insurance & benefits	732,912	-	732,912	577,877	155,035
Contingency	4,000	-	4,000	5,162	(1,162)
Public access channel	3,491	-	3,491	1,499	1,992
Economic development	68,273	-	68,273	64,653	3,620
	<u>1,340,835</u>	<u>-</u>	<u>1,340,835</u>	<u>1,149,005</u>	<u>191,830</u>
Protection:					
Fire protection	345,754	-	345,754	319,275	26,479
Police department	443,088	-	443,088	419,348	23,740
Dispatcher service	174,261	-	174,261	167,313	6,948
Ambulance service	251,014	-	251,014	256,409	(5,395)
Public safety building	39,089	-	39,089	34,264	4,825
Public safety utilities	226,625	-	226,625	217,637	8,988
	<u>1,479,831</u>	<u>-</u>	<u>1,479,831</u>	<u>1,414,246</u>	<u>65,585</u>
Public works:					
General highways	906,718	-	906,718	791,468	115,250
Town garage	23,097	-	23,097	18,323	4,774
	<u>929,815</u>	<u>-</u>	<u>929,815</u>	<u>809,791</u>	<u>120,024</u>
Health and sanitation:					
Solid waste	392,707	-	392,707	345,286	47,421
Health	300	-	300	300	-
General assistance	12,000	-	12,000	12,434	(434)
	<u>405,007</u>	<u>-</u>	<u>405,007</u>	<u>358,020</u>	<u>46,987</u>
Community and social agencies:					
Community agencies	32,329	-	32,329	32,208	121
Social agencies	24,142	-	24,142	24,142	-
	<u>56,471</u>	<u>-</u>	<u>56,471</u>	<u>56,350</u>	<u>121</u>

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education:					
Regular program	5,758,075	859,829	6,617,904	5,758,075	859,829
Recreation:					
Recreation program	216,571	-	216,571	198,238	18,333
Town dock expenses	8,617	-	8,617	5,300	3,317
	225,188	-	225,188	203,538	21,650
Cemeteries	4,120	-	4,120	4,120	-
County tax	266,619	-	266,619	266,619	-
TIF	968,855	248,760	1,217,615	923,575	294,040
Unclassified:					
Jed Prouty water connection	-	1,000	1,000	1,000	-
Bangor Gas	-	14,316	14,316	14,316	-
Note receivable amortization	-	6,669	6,669	6,669	-
Capital outlay	-	4,250	4,250	4,250	-
Overlay	85,884	-	85,884	3,619	82,265
	85,884	26,235	112,119	29,854	82,265
Debt service:					
Principal	-	515,499	515,499	515,499	-
Interest	-	192,367	192,367	192,367	-
	-	707,866	707,866	707,866	-
Transfers out:					
Special revenues	-	52,359	52,359	52,359	-
Capital reserves	543,500	780,293	1,323,793	1,323,793	-
Sewer fund - debt service	15,412	-	15,412	15,412	-
	558,912	832,652	1,391,564	1,391,564	-
Total Expenditures	\$ 12,079,612	\$ 2,675,342	\$ 14,754,954	\$ 13,072,623	\$ 1,682,331

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

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 103,855	\$ -	\$ -	\$ 103,855
Investments	53,847	-	25,664	79,511
Accounts receivable (net of allowance for uncollectibles)	45,681	-	-	45,681
Due from other funds	345,350	1,900,066	97,685	2,343,101
TOTAL ASSETS	<u>\$ 548,733</u>	<u>\$ 1,900,066</u>	<u>\$ 123,349</u>	<u>\$ 2,572,148</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	976	-	-	976
TOTAL LIABILITIES	<u>976</u>	<u>-</u>	<u>-</u>	<u>976</u>
FUND BALANCES				
Nonspendable - principal	-	-	63,223	63,223
Restricted	201,289	-	-	201,289
Committed	-	1,806,187	-	1,806,187
Assigned	346,468	93,879	60,126	500,473
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>547,757</u>	<u>1,900,066</u>	<u>123,349</u>	<u>2,571,172</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 548,733</u>	<u>\$ 1,900,066</u>	<u>\$ 123,349</u>	<u>\$ 2,572,148</u>

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

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 647,714	\$ -	\$ -	\$ 647,714
Investment income, net of unrealized gains/(losses)	3,068	14,874	3,216	21,158
Donations	5,819	-	-	5,819
Other	6,623	7,545	-	14,168
TOTAL REVENUES	<u>663,224</u>	<u>22,419</u>	<u>3,216</u>	<u>688,859</u>
EXPENDITURES				
General Government	62,883	14,232	-	77,115
Protection	13,109	1,868	-	14,977
Public Works	-	298,242	-	298,242
Health and Sanitation	499,944	500	-	500,444
Human Services	97,787	-	-	97,787
Environment & Housing	-	-	-	-
Culture & Recreation	4,647	16,488	-	21,135
Cemeteries	-	-	1,412	1,412
Capital Outlay	66,041	725,864	-	791,905
TOTAL EXPENDITURES	<u>744,411</u>	<u>1,057,194</u>	<u>1,412</u>	<u>1,803,017</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(81,187)</u>	<u>(1,034,775)</u>	<u>1,804</u>	<u>(1,114,158)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	61,104	1,323,792	-	1,384,896
Operating Transfers (Out)	-	(7,587)	(4,500)	(12,087)
TOTAL OTHER FINANCING SOURCES (USES)	<u>61,104</u>	<u>1,316,205</u>	<u>(4,500)</u>	<u>1,372,809</u>
NET CHANGE IN FUND BALANCES	(20,083)	281,430	(2,696)	258,651
FUND BALANCES - JULY 1	<u>567,840</u>	<u>1,618,636</u>	<u>126,045</u>	<u>2,312,521</u>
FUND BALANCES - JUNE 30	<u>\$ 547,757</u>	<u>\$ 1,900,066</u>	<u>\$ 123,349</u>	<u>\$ 2,571,172</u>

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

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, 2013

	Harbor Improvement	CW Sawyer Marital Trust	Maine Forestry	2008 CDBG CE Grant	Unemployment Reserve	Sick & Vacation Reserve
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other funds	-	16,980	207	2,049	67,699	210,154
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 16,980</u>	<u>\$ 207</u>	<u>\$ 2,049</u>	<u>\$ 67,699</u>	<u>\$ 210,154</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	16,980	-	2,049	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	207	-	67,699	210,154
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>16,980</u>	<u>207</u>	<u>2,049</u>	<u>67,699</u>	<u>210,154</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 16,980</u>	<u>\$ 207</u>	<u>\$ 2,049</u>	<u>\$ 67,699</u>	<u>\$ 210,154</u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	2010 CDBG Public Infrastructure	2012 CDBG Public Infrastructure	Food Stamp Nutrition	Christmas Lights	Community Event
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
Due from other funds	-	-	1,374	8,747	1,480
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,374</u>	<u>\$ 8,747</u>	<u>\$ 1,480</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	1,374	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	8,747	1,480
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>1,374</u>	<u>8,747</u>	<u>1,480</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,374</u>	<u>\$ 8,747</u>	<u>\$ 1,480</u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	Youth Softball	Bucksport Football	Community Fitness	Bucksport Fire Department	Bucksport Police Department	Local General Assistance
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other funds	318	4,670	937	-	-	344
TOTAL ASSETS	<u>\$ 318</u>	<u>\$ 4,670</u>	<u>\$ 937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 344</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	318	4,670	937	-	-	344
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>318</u>	<u>4,670</u>	<u>937</u>	<u>-</u>	<u>-</u>	<u>344</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 318</u>	<u>\$ 4,670</u>	<u>\$ 937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 344</u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	Health Advisor	DARE Program	Youth Council	Police Explorers	Community for Children	Diversion Program
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other funds	2,279	5,963	947	291	1,524	-
TOTAL ASSETS	<u>\$ 2,279</u>	<u>\$ 5,963</u>	<u>\$ 947</u>	<u>\$ 291</u>	<u>\$ 1,524</u>	<u>\$ -</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	2,279	5,963	947	291	1,524	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,279</u>	<u>5,963</u>	<u>947</u>	<u>291</u>	<u>1,524</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,279</u>	<u>\$ 5,963</u>	<u>\$ 947</u>	<u>\$ 291</u>	<u>\$ 1,524</u>	<u>\$ -</u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	ME Health Access Foundation	2009 Justice Assistance	2010 JAG Services	2012 CDBG Tech Assist Grant
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-
Due from other funds	18,050	-	-	-
TOTAL ASSETS	<u>\$ 18,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	18,050	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>18,050</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 18,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	ME Dept of Conservation Silver Lake	Bingham Grant	United Way Grant	2012 JAG Assistance	Micro Loan	Totals
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 103,855	\$ 103,855
Investments	-	-	-	-	53,847	53,847
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	45,681	45,681
Due from other funds	-	1,337	-	-	-	345,350
TOTAL ASSETS	\$ -	\$ 1,337	\$ -	\$ -	\$ 203,383	\$ 548,733
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	976	976
TOTAL LIABILITIES	-	-	-	-	976	976
FUND BALANCES						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	-
Restricted	-	1,337	-	-	161,499	201,289
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	40,908	346,468
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	-	1,337	-	-	202,407	547,757
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 1,337	\$ -	\$ -	\$ 203,383	\$ 548,733

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

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Harbor Improvement	CW Sawyer Marital Trust	Maine Forestry	2008 CDBG CE Grant	Unemployment Reserve	Sick & Vacation Reserve
REVENUES						
Intergovernmental	\$ 22,541	\$ -	\$ -	\$ -	\$ -	\$ 1,363
Interest, net of unrealized gains/(losses)	-	-	-	-	491	-
Donations	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL REVENUES	<u>22,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>491</u>	<u>1,363</u>
EXPENDITURES						
General Government	-	-	-	-	-	22,145
Protection	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Health and Sanitation	-	-	-	-	-	-
Human Services	-	34,702	-	-	-	-
Environment & Housing	-	-	-	-	-	-
Culture & Recreation	-	-	-	-	-	-
Capital Outlay	22,541	-	-	-	-	-
TOTAL EXPENDITURES	<u>22,541</u>	<u>34,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,145</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(34,702)</u>	<u>-</u>	<u>-</u>	<u>491</u>	<u>(20,782)</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	1,157	52,359
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,157</u>	<u>52,359</u>
NET CHANGE IN FUND BALANCES	-	(34,702)	-	-	1,648	31,577
FUND BALANCES - JULY 1	-	51,682	207	2,049	66,051	178,577
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ 16,980</u>	<u>\$ 207</u>	<u>\$ 2,049</u>	<u>\$ 67,699</u>	<u>\$ 210,154</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, 2013

	2010 CDBG Public Infrastructure	2012 CDBG Public Infrastructure	Food Stamp Nutrition	Christmas Lights	Community Event
REVENUES					
Intergovernmental	\$ -	\$ 500,000	\$ -	\$ -	\$ -
Interest, net of unrealized gains/(losses)	-	-	-	-	-
Donations	-	-	-	2,060	3,304
Other	-	-	-	-	-
TOTAL REVENUES	-	500,000	-	2,060	3,304
EXPENDITURES					
General Government	-	-	-	-	-
Protection	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Sanitation	-	499,944	-	-	-
Human Services	-	-	-	-	-
Environment & Housing	-	-	-	-	-
Culture & Recreation	-	-	-	1,697	2,950
Capital Outlay	2,000	-	-	-	-
TOTAL EXPENDITURES	2,000	499,944	-	1,697	2,950
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,000)	56	-	363	354
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(2,000)	56	-	363	354
FUND BALANCES - JULY 1	2,000	(56)	1,374	8,384	1,126
FUND BALANCES - JUNE 30	\$ -	\$ -	\$ 1,374	\$ 8,747	\$ 1,480

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Youth Softball	Bucksport Football	Community Fitness	Bucksport Fire Department	Bucksport Police Department	Local General Assistance
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ 7,159	\$ 1,290	\$ -
Interest, net of unrealized gains/(losses)	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	7,159	1,290	-
EXPENDITURES						
General Government	-	-	-	-	-	-
Protection	-	-	-	7,159	1,557	-
Public Works	-	-	-	-	-	-
Health and Sanitation	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Environment & Housing	-	-	-	-	-	-
Culture & Recreation	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	7,159	1,557	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	(267)	-
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-	(267)	-
FUND BALANCES - JULY 1	318	4,670	937	-	267	344
FUND BALANCES - JUNE 30	\$ 318	\$ 4,670	\$ 937	\$ -	\$ -	\$ 344

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Health Advisor	DARE Program	Youth Council	Police Explorers	Community for Children	Diversion Program
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,500
Interest, net of unrealized gains/(losses)	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Other	1,717	-	-	-	-	4,905
TOTAL REVENUES	1,717	-	-	-	-	24,405
EXPENDITURES						
General Government	-	-	-	-	-	-
Protection	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Health and Sanitation	-	-	-	-	-	-
Human Services	2,143	-	-	-	-	38,213
Environment & Housing	-	-	-	-	-	-
Culture & Recreation	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	2,143	-	-	-	-	38,213
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(426)	-	-	-	-	(13,808)
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	7,588
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	7,588
NET CHANGE IN FUND BALANCES	(426)	-	-	-	-	(6,220)
FUND BALANCES - JULY 1	2,705	5,963	947	291	1,524	6,220
FUND BALANCES - JUNE 30	\$ 2,279	\$ 5,963	\$ 947	\$ 291	\$ 1,524	\$ -

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	ME Health Access Foundation	2009 Justice Assistance	2010 JAG Services	2012 CDBG Tech Assist Grant
REVENUES				
Intergovernmental	\$ 11,630	\$ -	\$ 312	\$ 29,839
Interest, net of unrealized gains/(losses)	-	-	-	-
Donations	-	-	-	-
Other	-	1	-	-
TOTAL REVENUES	<u>11,630</u>	<u>1</u>	<u>312</u>	<u>29,839</u>
EXPENDITURES				
General Government	-	-	-	29,839
Protection	-	1	312	-
Public Works	-	-	-	-
Health and Sanitation	-	-	-	-
Human Services	15,111	-	-	-
Environment & Housing	-	-	-	-
Culture & Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>15,111</u>	<u>1</u>	<u>312</u>	<u>29,839</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,481)</u>	<u>-</u>	<u>-</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>
NET CHANGE IN FUND BALANCES	(3,481)	-	-	-
FUND BALANCES - JULY 1	<u>21,531</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u>\$ 18,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	ME Dept of Conservation Silver Lake	Bingham Grant	United Way Grant	2012 JAG Assistance	Micro Loan	Totals
REVENUES						
Intergovernmental	\$ 41,500	\$ 3,500	\$ 5,000	\$ 4,080	\$ -	\$ 647,714
Interest, net of unrealized gains/(losses)	-	-	-	-	2,577	3,068
Donations	-	455	-	-	-	5,819
Other	-	-	-	-	-	6,623
TOTAL REVENUES	<u>41,500</u>	<u>3,955</u>	<u>5,000</u>	<u>4,080</u>	<u>2,577</u>	<u>663,224</u>
EXPENDITURES						
General Government	-	-	-	-	10,899	62,883
Protection	-	-	-	4,080	-	13,109
Public Works	-	-	-	-	-	-
Health and Sanitation	-	-	-	-	-	499,944
Human Services	-	2,618	5,000	-	-	97,787
Environment & Housing	-	-	-	-	-	-
Culture & Recreation	-	-	-	-	-	4,647
Capital Outlay	41,500	-	-	-	-	66,041
TOTAL EXPENDITURES	<u>41,500</u>	<u>2,618</u>	<u>5,000</u>	<u>4,080</u>	<u>10,899</u>	<u>744,411</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1,337</u>	<u>-</u>	<u>-</u>	<u>(8,322)</u>	<u>(81,187)</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	61,104
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,104</u>
NET CHANGE IN FUND BALANCES	-	1,337	-	-	(8,322)	(20,083)
FUND BALANCES - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,729</u>	<u>567,840</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ 1,337</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,407</u>	<u>\$ 547,757</u>

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

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, 2013

	Highway Equipment	Fire Equipment	Waterfront Improvements	Ambulance	Municipal Building	Town Office Equipment	Solid Waste Equipment
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	55,257	114,411	70,313	185,370	138,458	46,487	111,029
TOTAL ASSETS	<u>\$ 55,257</u>	<u>\$ 114,411</u>	<u>\$ 70,313</u>	<u>\$ 185,370</u>	<u>\$ 138,458</u>	<u>\$ 46,487</u>	<u>\$ 111,029</u>
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							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	55,257	114,411	70,313	185,370	138,458	46,487	111,029
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>55,257</u>	<u>114,411</u>	<u>70,313</u>	<u>185,370</u>	<u>138,458</u>	<u>46,487</u>	<u>111,029</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 55,257</u>	<u>\$ 114,411</u>	<u>\$ 70,313</u>	<u>\$ 185,370</u>	<u>\$ 138,458</u>	<u>\$ 46,487</u>	<u>\$ 111,029</u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2013

	<u>School St Fire House</u>	<u>Recreation Equipment</u>	<u>Cable TV</u>	<u>Dispatch Equipment</u>	<u>Municipal Building</u>	<u>Dog Kennel</u>	<u>Swimming Pool</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	9,056	70,344	21,207	67,334	49,741	20,688	46,239
TOTAL ASSETS	<u>\$ 9,056</u>	<u>\$ 70,344</u>	<u>\$ 21,207</u>	<u>\$ 67,334</u>	<u>\$ 49,741</u>	<u>\$ 20,688</u>	<u>\$ 46,239</u>
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							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	9,056	70,344	21,207	67,334	49,741	20,688	46,239
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>9,056</u>	<u>70,344</u>	<u>21,207</u>	<u>67,334</u>	<u>49,741</u>	<u>20,688</u>	<u>46,239</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,056</u>	<u>\$ 70,344</u>	<u>\$ 21,207</u>	<u>\$ 67,334</u>	<u>\$ 49,741</u>	<u>\$ 20,688</u>	<u>\$ 46,239</u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2013

	<u>Town Garage</u>	<u>Parking Lots</u>	<u>Recreation Facility</u>	<u>Transfer Station</u>	<u>Public Safety</u>	<u>Chamber Building</u>	<u>Jewett School Community</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	90,511	6,702	81,851	47,733	62,353	4,409	21,849
TOTAL ASSETS	<u>\$ 90,511</u>	<u>\$ 6,702</u>	<u>\$ 81,851</u>	<u>\$ 47,733</u>	<u>\$ 62,353</u>	<u>\$ 4,409</u>	<u>\$ 21,849</u>
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							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	90,511	6,702	81,851	47,733	62,353	4,409	21,849
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>90,511</u>	<u>6,702</u>	<u>81,851</u>	<u>47,733</u>	<u>62,353</u>	<u>4,409</u>	<u>21,849</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 90,511</u>	<u>\$ 6,702</u>	<u>\$ 81,851</u>	<u>\$ 47,733</u>	<u>\$ 62,353</u>	<u>\$ 4,409</u>	<u>\$ 21,849</u>

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2013

	<u>Gardiner School</u>	<u>Downtown Improvements</u>	<u>Drug Forfeiture</u>	<u>Willow & Wasson House</u>	<u>Defense Fund</u>	<u>Recreation Revenue Reserve</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	153	15,892	963	1,323	1,648	93,879
TOTAL ASSETS	<u>\$ 153</u>	<u>\$ 15,892</u>	<u>\$ 963</u>	<u>\$ 1,323</u>	<u>\$ 1,648</u>	<u>\$ 93,879</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	153	15,892	963	1,323	1,648	-
Assigned	-	-	-	-	-	93,879
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>153</u>	<u>15,892</u>	<u>963</u>	<u>1,323</u>	<u>1,648</u>	<u>93,879</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 153</u>	<u>\$ 15,892</u>	<u>\$ 963</u>	<u>\$ 1,323</u>	<u>\$ 1,648</u>	<u>\$ 93,879</u>

SCHEDULE G (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2013

	Housing Rehabilitation	Silver Lake Property	Highway Improvement	Industrial Park Land	Natural Gas	Mile Lane Concession	Rte 46 Highway Improvements	Totals
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	1,169	21,618	244,762	11,316	101,480	16,070	68,451	1,900,066
TOTAL ASSETS	<u>\$ 1,169</u>	<u>\$ 21,618</u>	<u>\$ 244,762</u>	<u>\$ 11,316</u>	<u>\$ 101,480</u>	<u>\$ 16,070</u>	<u>\$ 68,451</u>	<u>\$ 1,900,066</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	1,169	21,618	244,762	11,316	101,480	16,070	68,451	1,806,187
Assigned	-	-	-	-	-	-	-	93,879
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,169</u>	<u>21,618</u>	<u>244,762</u>	<u>11,316</u>	<u>101,480</u>	<u>16,070</u>	<u>68,451</u>	<u>1,900,066</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,169</u>	<u>\$ 21,618</u>	<u>\$ 244,762</u>	<u>\$ 11,316</u>	<u>\$ 101,480</u>	<u>\$ 16,070</u>	<u>\$ 68,451</u>	<u>\$ 1,900,066</u>

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

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Police Equipment	Highway Equipment	Waterfront Improvements	Fire Equipment	Ambulance	Town Office Equipment	Solid Waste Equipment
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, net of unrealized gains/(losses)	451	964	542	2,201	922	354	808
Other	-	837	529	-	2,000	-	-
TOTAL REVENUES	<u>451</u>	<u>1,801</u>	<u>1,071</u>	<u>2,201</u>	<u>2,922</u>	<u>354</u>	<u>808</u>
EXPENDITURES							
General Government	-	-	-	-	-	8,332	-
Protection	919	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-
Health and Sanitation	-	-	-	-	-	-	-
Culture & Recreation	-	-	2,474	-	-	-	-
Capital Outlay	5,000	25,068	3,087	141,209	15,329	-	-
TOTAL EXPENDITURES	<u>5,919</u>	<u>25,068</u>	<u>5,561</u>	<u>141,209</u>	<u>15,329</u>	<u>8,332</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,468)</u>	<u>(23,267)</u>	<u>(4,490)</u>	<u>(139,008)</u>	<u>(12,407)</u>	<u>(7,978)</u>	<u>808</u>
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	13,000	85,000	28,632	30,000	47,000	12,000	5,000
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>13,000</u>	<u>85,000</u>	<u>28,632</u>	<u>30,000</u>	<u>47,000</u>	<u>12,000</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCES	7,532	61,733	24,142	(109,008)	34,593	4,022	5,808
FUND BALANCES - JULY 1	<u>47,725</u>	<u>52,678</u>	<u>46,171</u>	<u>294,378</u>	<u>103,865</u>	<u>42,465</u>	<u>105,221</u>
FUND BALANCES - JUNE 30	<u>\$ 55,257</u>	<u>\$ 114,411</u>	<u>\$ 70,313</u>	<u>\$ 185,370</u>	<u>\$ 138,458</u>	<u>\$ 46,487</u>	<u>\$ 111,029</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, 2013

	School St Fire House	Recreation Equipment	Cable TV	Dispatch Equipment	Municipal Building	Dog Kennel	Swimming Pool
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, net of unrealized gains/(loss)	62	514	159	560	351	95	340
Other	-	-	1,729	-	-	-	-
TOTAL REVENUES	<u>62</u>	<u>514</u>	<u>1,888</u>	<u>560</u>	<u>351</u>	<u>95</u>	<u>340</u>
EXPENDITURES							
General Government	-	-	2,178	-	-	-	-
Protection	-	-	-	-	-	949	-
Public Works	-	-	-	-	-	-	-
Health and Sanitation	-	-	-	-	-	-	-
Culture & Recreation	-	9,159	-	-	-	-	-
Capital Outlay	1,656	-	-	7,418	-	-	-
TOTAL EXPENDITURES	<u>1,656</u>	<u>9,159</u>	<u>2,178</u>	<u>7,418</u>	<u>-</u>	<u>949</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES							
OVER (UNDER) EXPENDITURES	<u>(1,594)</u>	<u>(8,645)</u>	<u>(290)</u>	<u>(6,858)</u>	<u>351</u>	<u>(854)</u>	<u>340</u>
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	1,000	9,500	2,000	2,500	6,000	8,932	3,000
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,000</u>	<u>9,500</u>	<u>2,000</u>	<u>2,500</u>	<u>6,000</u>	<u>8,932</u>	<u>3,000</u>
NET CHANGE IN FUND BALANCES	(594)	855	1,710	(4,358)	6,351	8,078	3,340
FUND BALANCES - JULY 1	<u>9,650</u>	<u>69,489</u>	<u>19,497</u>	<u>71,692</u>	<u>43,390</u>	<u>12,610</u>	<u>42,899</u>
FUND BALANCES - JUNE 30	<u>\$ 9,056</u>	<u>\$ 70,344</u>	<u>\$ 21,207</u>	<u>\$ 67,334</u>	<u>\$ 49,741</u>	<u>\$ 20,688</u>	<u>\$ 46,239</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, 2013

	Town Garage	Parking Lots	Recreation Facility	Transfer Station	Public Safety	Chamber Building	Jewett School Community
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, net of unrealized gains/(losses)	712	151	644	409	509	30	158
Other	400	-	-	-	-	-	-
TOTAL REVENUES	<u>1,112</u>	<u>151</u>	<u>644</u>	<u>409</u>	<u>509</u>	<u>30</u>	<u>158</u>
EXPENDITURES							
General Government	-	-	-	-	-	172	-
Protection	-	-	-	-	-	-	-
Public Works	6,534	-	-	-	-	-	-
Health and Sanitation	-	-	-	500	-	-	-
Culture & Recreation	-	-	4,855	-	-	-	-
Capital Outlay	-	17,245	10,755	9,297	9,403	-	-
TOTAL EXPENDITURES	<u>6,534</u>	<u>17,245</u>	<u>15,610</u>	<u>9,797</u>	<u>9,403</u>	<u>172</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES							
OVER (UNDER) EXPENDITURES	<u>(5,422)</u>	<u>(17,094)</u>	<u>(14,966)</u>	<u>(9,388)</u>	<u>(8,894)</u>	<u>(142)</u>	<u>158</u>
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	10,000	10,000	25,500	10,000	15,000	2,000	6,000
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>10,000</u>	<u>25,500</u>	<u>10,000</u>	<u>15,000</u>	<u>2,000</u>	<u>6,000</u>
NET CHANGE IN FUND BALANCES	4,578	(7,094)	10,534	612	6,106	1,858	6,158
FUND BALANCES - JULY 1	<u>85,933</u>	<u>13,796</u>	<u>71,317</u>	<u>47,121</u>	<u>56,247</u>	<u>2,551</u>	<u>15,691</u>
FUND BALANCES - JUNE 30	<u>\$ 90,511</u>	<u>\$ 6,702</u>	<u>\$ 81,851</u>	<u>\$ 47,733</u>	<u>\$ 62,353</u>	<u>\$ 4,409</u>	<u>\$ 21,849</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, 2013

	<u>Gardiner School</u>	<u>Downtown Improvements</u>	<u>Drug Forfeiture</u>	<u>Willow & Wasson House</u>	<u>Defense Fund</u>	<u>Recreation Revenue Reserve</u>
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, net of unrealized gains/(losses)	2	-	7	9	13	685
Other	-	-	-	-	-	-
TOTAL REVENUES	<u>2</u>	<u>-</u>	<u>7</u>	<u>9</u>	<u>13</u>	<u>685</u>
EXPENDITURES						
General Government	-	3,550	-	-	-	-
Protection	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Health and Sanitation	-	-	-	-	-	-
Culture & Recreation	-	-	-	-	-	-
Capital Outlay	-	20,483	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>24,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2</u>	<u>(24,033)</u>	<u>7</u>	<u>9</u>	<u>13</u>	<u>685</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	39,925	-	-	-	6,803
Operating Transfers (Out)	-	-	-	-	-	(7,587)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>39,925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(784)</u>
NET CHANGE IN FUND BALANCES	2	15,892	7	9	13	(99)
FUND BALANCES - JULY 1	<u>151</u>	<u>-</u>	<u>956</u>	<u>1,314</u>	<u>1,635</u>	<u>\$ 93,978</u>
FUND BALANCES - JUNE 30	<u>\$ 153</u>	<u>\$ 15,892</u>	<u>\$ 963</u>	<u>\$ 1,323</u>	<u>\$ 1,648</u>	<u>\$ 93,879</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, 2013

	Housing Rehabilitation	Silver Lake Property	Highway Improvement	Industrial Park Land	Natural Gas	Mile Lane Concession	Rte 46 Highway Improvements	Totals
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Interest, net of unrealized gains/(losses)	9	289	2,705	105	-	114	-	14,874
Other	-	50	-	-	2,000	-	-	7,545
TOTAL REVENUES	<u>9</u>	<u>339</u>	<u>2,705</u>	<u>105</u>	<u>2,000</u>	<u>114</u>	<u>-</u>	<u>22,419</u>
EXPENDITURES								
General Government	-	-	-	-	-	-	-	14,232
Protection	-	-	-	-	-	-	-	1,868
Public Works	-	-	91,188	-	200,520	-	-	298,242
Health and Sanitation	-	-	-	-	-	-	-	500
Culture & Recreation	-	-	-	-	-	-	-	16,488
Capital Outlay	-	21,838	86,527	-	-	-	351,549	725,864
TOTAL EXPENDITURES	<u>-</u>	<u>21,838</u>	<u>177,715</u>	<u>-</u>	<u>200,520</u>	<u>-</u>	<u>351,549</u>	<u>1,057,194</u>
EXCESS (DEFICIENCY) OF REVENUES								
OVER (UNDER) EXPENDITURES	<u>9</u>	<u>(21,499)</u>	<u>(175,010)</u>	<u>105</u>	<u>(198,520)</u>	<u>114</u>	<u>(351,549)</u>	<u>(1,034,775)</u>
OTHER FINANCING SOURCES (USES)								
Operating Transfers In	-	23,000	200,000	-	300,000	2,000	420,000	1,323,792
Operating Transfers (Out)	-	-	-	-	-	-	-	(7,587)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>23,000</u>	<u>200,000</u>	<u>-</u>	<u>300,000</u>	<u>2,000</u>	<u>420,000</u>	<u>1,316,205</u>
NET CHANGE IN FUND BALANCES	9	1,501	24,990	105	101,480	2,114	68,451	281,430
FUND BALANCES - JULY 1	<u>1,160</u>	<u>20,117</u>	<u>219,772</u>	<u>11,211</u>	<u>-</u>	<u>13,956</u>	<u>-</u>	<u>1,618,636</u>
FUND BALANCES - JUNE 30	<u>\$ 1,169</u>	<u>\$ 21,618</u>	<u>\$ 244,762</u>	<u>\$ 11,316</u>	<u>\$ 101,480</u>	<u>\$ 16,070</u>	<u>\$ 68,451</u>	<u>\$ 1,900,066</u>

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

Permanent Funds

Permanent funds are used to account for assets held by the Town of Bucksport, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS
JUNE 30, 2013

	Cemetery Trusts	Spofford Indigent Fund	Ministerial Fund	Colonoscopy Fund	Totals
ASSETS					
Investments	\$ 25,664	\$ -	\$ -	\$ -	\$ 25,664
Due from other funds	32,131	57,809	6,857	888	97,685
TOTAL ASSETS	<u>\$ 57,795</u>	<u>\$ 57,809</u>	<u>\$ 6,857</u>	<u>\$ 888</u>	<u>\$ 123,349</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable - principal	21,097	39,826	2,300	-	63,223
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	36,698	17,983	4,557	888	60,126
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>57,795</u>	<u>57,809</u>	<u>6,857</u>	<u>888</u>	<u>123,349</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 57,795</u>	<u>\$ 57,809</u>	<u>\$ 6,857</u>	<u>\$ 888</u>	<u>\$ 123,349</u>

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

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Cemetery Trusts	Spofford Indigent Fund	Ministerial Fund	Colonoscopy Fund	Totals
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ 2,687	\$ 469	\$ 52	\$ 8	\$ 3,216
Donations	-	-	-	-	-
Other	-	-	-	-	-
TOTAL REVENUES	<u>2,687</u>	<u>469</u>	<u>52</u>	<u>8</u>	<u>3,216</u>
EXPENDITURES					
Cemetery	1,412	-	-	-	1,412
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>1,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,412</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,275</u>	<u>469</u>	<u>52</u>	<u>8</u>	<u>1,804</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	1,275	(4,031)	52	8	(2,696)
FUND BALANCES - JULY 1	<u>56,520</u>	<u>61,840</u>	<u>6,805</u>	<u>880</u>	<u>126,045</u>
FUND BALANCES - JUNE 30	<u>\$ 57,795</u>	<u>\$ 57,809</u>	<u>\$ 6,857</u>	<u>\$ 888</u>	<u>\$ 123,349</u>

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

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 position.

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION

JUNE 30, 2013

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
General government	\$ 55,250	\$ 398,231	\$ 93,370	\$ -	\$ 546,851
Protection	174,966	2,020,485	1,859,650	-	4,055,101
Public works	423,438	1,195,432	1,515,950	8,264,999	11,399,819
Health and sanitation	14,000	298,987	164,576	-	477,563
Recreation	309,676	724,306	81,607	1,472,703	2,588,292
Town-wide	1,190,482	221,890	-	1,630,379	3,042,751
Sewer fund	790,203	5,421,590	112,174	5,645,073	11,969,040
Total General Capital Assets	2,958,015	10,280,921	3,827,327	17,013,154	34,079,417
Less: Accumulated Depreciation	-	(5,189,030)	(2,707,632)	(10,127,039)	(18,023,701)
Net General Capital Assets	\$ 2,958,015	\$ 5,091,891	\$ 1,119,695	\$ 6,886,115	\$ 16,055,716

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

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2013

	General Capital Assets 7/1/12	Additions	Deletions	General Capital Assets 6/30/13
General government	\$ 546,851	\$ -	\$ -	\$ 546,851
Protection	3,876,488	178,613	-	4,055,101
Public works	10,948,503	465,144	(13,828)	11,399,819
Health and sanitation	468,266	9,297	-	477,563
Recreation	2,560,292	28,000	-	2,588,292
Town-wide	2,874,848	300,522	(132,619)	3,042,751
Sewer fund	11,910,399	96,335	(37,694)	11,969,040
Total General Capital Assets	33,185,647	1,077,911	(184,141)	34,079,417
Less: Accumulated Depreciation	(17,054,605)	(1,020,618)	51,522	(18,023,701)
Net General Capital Assets	<u>\$ 16,131,042</u>	<u>\$ 57,293</u>	<u>\$ (132,619)</u>	<u>\$ 16,055,716</u>

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

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed Through the State of Maine - Department of Economic and Community Development			
Small Cities Community Block Grant - Technical Assistance Grant	14.228	N/A	29,839
Small Cities Community Block Grant - Public Infrastructure Grant - 2010	14.228	N/A	1,999
Small Cities Community Block Grant - Public Infrastructure Grant - 2012	14.228	CTB# 201208140*0680	499,944
Total U.S. Department of Housing and Urban Development			<u>531,782</u>
U.S. Department of Justice			
Direct Program - Office of Justice Programs' Bureau of Justice Assistance			
Recovery Act: Edward Byrne Memorial Justice Assistance Grant - 2009	16.804	N/A	1
Recovery Act: Edward Byrne Memorial Justice Assistance Grant - 2010	16.804	N/A	312
Recovery Act: Edward Byrne Memorial Justice Assistance Grant - 2012	16.804	CTB# 201208160*024	4,080
Total U.S. Department of Justice			<u>4,393</u>
U.S. Department of Transportation			
Passed Through the State of Maine - Department of Public Safety			
Motor Vehicle and Highway Safety Improvement Act of 2012 - State and Community Highway Safety Grant	20.600	N/A	1,558
Total U.S. Department of Transportation			<u>1,558</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 537,733</u>

TOWN OF BUCKSPORT, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Town of Bucksport, Maine. All federal financial assistance received is included on the schedule.

2. Basis of Accounting

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

3. The following programs were tested as Type A program as outlined in OMB Circular A-133.

- 1) 14.228 – Small Cities Community Block Grant



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

Town Council
Town of Bucksport
Bucksport, Maine

We have audited, in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental 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, 2013, and the related notes to the financial statements, which collectively comprise the Town of Bucksport, Maine's basic financial statements, and have issued our report thereon dated August 16, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Bucksport, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bucksport, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Bucksport, Maine's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and corrected, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
August 16, 2013



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

Town Council
Town of Bucksport
Bucksport, Maine

Report on Compliance for Each Major Federal Program

We have audited the Town of Bucksport, Maine's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Bucksport, Maine's major federal programs for the year ended June 30, 2013. The Town of Bucksport, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Bucksport, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Bucksport, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Bucksport, Maine's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Bucksport, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Town of Bucksport, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Bucksport, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bucksport, Maine's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Bucksport, Maine's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
August 16, 2013

TOWN OF BUCKSPORT, MAINE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2013

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

• *Federal Awards*

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported

In accordance with section 510(a) of OMB Circular A-133? ☐yes ☒no

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? ☐yes ☒no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None