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Town of Bucksport Annual Financial Report 2016

Bucksport, Me.

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TOWN OF BUCKSPORT, MAINE

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Proven Expertise and Integrity

INDEPENDENT AUDITOR'S 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, 2016, and the related notes to the financial statements, which collectively comprise the Town of Bucksport, Maine'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.

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

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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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance 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, budgetary comparison information and pension information on pages 4 through 11 and 54 through 57 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 Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues, Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues, Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the

basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues, Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2017, 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* in considering the Town of Bucksport, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
May 5, 2017

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

(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, 2016. 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 pension information, 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 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 and the marina 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 funds balance sheet and the governmental funds 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 three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund and the TIF 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 two proprietary funds, the sewer fund and the marina fund. These funds are 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, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions and Notes to Required Supplementary Information.

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 decreased by \$1,828,780 from \$22.97 million to \$21.15 million. For the business-type activities the Town's total net position increased by \$79,104 from \$5.04 million to \$5.12 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 - decreased for the governmental activities to a balance of \$8,559,941 at the end of the fiscal year. For the business-type activities, the unrestricted net position decreased to a deficit balance of \$2,499,057.

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

	Governmental Activities		Business-type Activities	
	2016	2015	2016	2015
Assets:				
Current Assets	\$ 11,106,132	\$ 12,697,345	\$ 1,322,871	\$ 1,106,479
Capital Assets	10,916,298	11,180,188	9,271,020	5,695,049
Other Assets	2,879,359	3,290,696	-	-
Total Assets	<u>24,901,789</u>	<u>27,168,229</u>	<u>10,593,891</u>	<u>6,801,528</u>
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	344,842	99,565	-	-
Total Deferred Outflows of Resources	<u>344,842</u>	<u>99,565</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current and Other Liabilities	766,117	938,324	3,924,641	108,669
Long-term Debt Outstanding	3,021,491	3,069,810	1,550,655	1,653,368
Total Liabilities	<u>3,787,608</u>	<u>4,008,134</u>	<u>5,475,296</u>	<u>1,762,037</u>
Deferred Inflows of Resources:				
Prepaid Taxes	22,636	9,392	-	-
Deferred Inflows Related to Pensions	290,710	275,811	-	-
Total Deferred Inflows of Resources	<u>313,346</u>	<u>285,203</u>	<u>-</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	10,916,298	11,180,188	7,617,652	3,939,985
Restricted: Nonspendable - Principal	140,198	140,198	-	-
General Fund	700,057	85,212	-	-
Special Revenue Funds	772,757	918,549	-	-
Permanent Funds	56,426	67,921	-	-
Unrestricted	8,559,941	10,582,389	(2,499,057)	1,099,506
Total Net Position	<u>\$ 21,145,677</u>	<u>\$ 22,974,457</u>	<u>\$ 5,118,595</u>	<u>\$ 5,039,491</u>

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 27.89%, while total expenses decreased by 9.59%. For the business-type activities, revenues decreased by 5.44%, while total expenses decreased by 6.89%.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues				
<i>Programs Revenues:</i>				
Charges for services	\$ 609,613	\$ 657,564	\$ 755,322	\$ 755,212
Operating grants and contributions	63,390	67,600	-	-
<i>General Revenues:</i>				
Property taxes	7,401,117	10,057,873	-	-
Excise taxes	794,330	741,954	-	-
Grants and contributions not restricted to specific programs	613,563	1,500,291	-	-
Miscellaneous	313,133	559,109	19,934	64,674
Total Revenues	<u>9,795,146</u>	<u>13,584,391</u>	<u>775,256</u>	<u>819,886</u>
Expenses				
General government	1,768,587	1,528,825	-	-
Protection	1,676,053	1,715,235	-	-
Public works	1,107,395	1,453,899	-	-
Health and sanitation	247,007	275,907	-	-
Community and social agencies	58,124	192,316	-	-
Education	6,231,651	6,455,417	-	-
Environment & housing	-	238,588	-	-
Recreation	320,805	330,846	-	-
Cemeteries	11,717	8,228	-	-
Tax increment financing agreement	107,000	839,353	-	-
County tax	277,620	272,132	-	-
Sewer fund	-	-	646,460	676,109
Marina	-	-	49,692	71,558
Unclassified	302,472	82,161	-	-
Total Expenses	<u>12,108,431</u>	<u>13,392,907</u>	<u>696,152</u>	<u>747,667</u>
Transfers	-	(18,607)	-	18,607
<i>Special item - Maine PERS distribution</i>	<u>484,505</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Transfers and Special Items	<u>484,505</u>	<u>(18,607)</u>	<u>-</u>	<u>18,607</u>
Change in Net Position	(1,828,780)	191,484	79,104	72,219
Net Position - July 1	<u>22,974,457</u>	<u>22,801,580</u>	<u>5,039,491</u>	<u>4,948,665</u>
Net Position - June 30	<u>\$ 21,145,677</u>	<u>\$ 22,974,457</u>	<u>\$ 5,118,595</u>	<u>\$ 5,039,491</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>2016</u>	<u>2015</u>
General Fund:		
Nonspendable	\$ 15,270	\$ 13,254
Restricted	700,057	85,212
Committed	146,648	359,986
Assigned	566,594	542,548
Unassigned	6,204,659	7,661,203
Total General Fund	<u>\$ 7,633,228</u>	<u>\$ 8,662,203</u>
 TIF Fund:		
Restricted	<u>\$ 595,329</u>	<u>\$ 702,329</u>
 Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 177,428	\$ 216,220
Assigned	353,465	367,954
Unassigned	(27,447)	(12,578)
Capital Projects Funds:		
Committed	1,600,615	1,919,839
Assigned	95,601	97,313
Unassigned	(674)	-
Permanent Funds:		
Nonspendable - Principal	140,198	140,198
Restricted	56,426	67,921
Total Nonmajor Funds	<u>\$ 2,395,612</u>	<u>\$ 2,796,867</u>

The general fund total fund balance decreased by \$1,028,975 from the prior fiscal year. The TIF fund total fund balance decreased by \$107,000 from the prior year. The nonmajor funds total fund balances decreased by \$401,255 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 fund had an increase in net position for the year of \$56,678. The marina fund had an increase in net position for the year of \$22,426.

Budgetary Highlights

There were no differences between the original and final budget for the general fund.

The general fund actual revenues were over budgeted amounts by \$358,344. This was mostly a result of revenues received from the Maine PERS distribution.

The general fund actual expenditures were under budget by \$657,946. All of the expenditure categories were under or within budget.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2016, the net book value of capital assets recorded by the Town increased by \$3,312,081 from the prior year. The increase is the result of capital additions of \$4,288,058 less current year depreciation of \$975,977.

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

	2016	2015
Land	\$ 2,193,021	\$ 2,193,021
Construction in progress	6,031,871	2,145,230
Artwork	11,450	11,450
Buildings	3,443,408	3,599,079
Building improvements	1,110,420	1,186,966
Furniture and fixtures	2,098	2,935
Equipment	388,219	376,440
Vehicles	1,029,641	1,173,044
Infrastructure	5,977,190	6,187,072
Total	\$ 20,187,318	\$ 16,875,237

Debt

At June 30, 2016, the Town had \$4.53 million in bonds outstanding versus \$5.05 million last year, a decrease of 10.17%. Other obligations include accrued sick and vacation time and net pension liability. 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 fourteen consecutive general fund surpluses. The unassigned general fund balance decreased to \$6.20 million for the year ended June 30, 2016 from \$7.66 million for the same period in 2015 or a 19.01% decrease.

Fiscal 2016 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 2016 at \$7,378,967, comprising approximately 72.63% of revenues. The Town's mil rate increased to \$17.10, an increase of \$2.99 over the previous year rate of \$14.11. The Town's final budget for fiscal 2016 was \$2,031,683 lower than fiscal 2015.

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 large taxpayers, 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. 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 Town maintained balances in excess of the required minimum level for the fiscal years ended 2016 and 2015. The policy also includes a provision for the suggested utilization of excess funds on future capital improvements and/or accelerated payment of debt service.

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.

STATEMENT A

TOWN OF BUCKSPORT, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,895,469	\$ 600	\$ 2,896,069
Investments	8,190,414	512,652	8,703,066
Accounts receivable (net of allowance for uncollectibles):			
Taxes	13,057	-	13,057
Liens	350,200	-	350,200
Other	190,434	95,914	286,348
Note receivable	146,648	-	146,648
Inventory	15,270	18,345	33,615
Internal balances	(695,360)	695,360	-
Total current assets	11,106,132	1,322,871	12,429,003
Noncurrent assets:			
Receivable for long-term debt obligations from RSU No. 25	2,879,359	-	2,879,359
Capital assets:			
Land, infrastructure, and other assets not being depreciated	3,200,929	5,035,413	8,236,342
Buildings and vehicles net of accumulated depreciation	7,715,369	4,235,607	11,950,976
Total noncurrent assets	13,795,657	9,271,020	23,066,677
TOTAL ASSETS	24,901,789	10,593,891	35,495,680
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	344,842	-	344,842
TOTAL DEFERRED OUTFLOWS OF RESOURCES	344,842	-	344,842
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 25,246,631	\$ 10,593,891	\$ 35,840,522
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 92,295	\$ -	\$ 92,295
Accrued payroll	78,789	-	78,789
Due to other governments	28,115	6,908	35,023
BAN payable	-	3,815,020	3,815,020
Current portion of long-term obligations	566,918	102,713	669,631
Total current liabilities	766,117	3,924,641	4,690,758
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	2,468,022	1,550,655	4,018,677
Net pension liability	553,469	-	553,469
Total noncurrent liabilities	3,021,491	1,550,655	4,572,146
TOTAL LIABILITIES	3,787,608	5,475,296	9,262,904
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	22,636	-	22,636
Deferred inflows related to pensions	290,710	-	290,710
TOTAL DEFERRED INFLOWS OF RESOURCES	313,346	-	313,346
NET POSITION			
Net investment in capital assets	10,916,298	7,617,652	18,533,950
Restricted - nonspendable principal	140,198	-	140,198
Restricted	1,529,240	-	1,529,240
Unrestricted	8,559,941	(2,499,057)	6,060,884
TOTAL NET POSITION	21,145,677	5,118,595	26,264,272
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 25,246,631	\$ 10,593,891	\$ 35,840,522

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, 2016

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	\$ 1,768,587	\$ 82,969	\$ 954	\$ -	\$ (1,684,664)	\$ -	\$ (1,684,664)
Protection	1,676,053	419,386	-	-	(1,256,667)	-	(1,256,667)
Public works	1,107,395	280	62,436	-	(1,044,679)	-	(1,044,679)
Health and sanitation	247,007	73,421	-	-	(173,586)	-	(173,586)
Community and social agencies	58,124	-	-	-	(58,124)	-	(58,124)
Education	6,231,651	-	-	-	(6,231,651)	-	(6,231,651)
Recreation	320,805	33,557	-	-	(287,248)	-	(287,248)
Cemeteries	11,717	-	-	-	(11,717)	-	(11,717)
Tax increment financing agreement	107,000	-	-	-	(107,000)	-	(107,000)
County tax	277,620	-	-	-	(277,620)	-	(277,620)
Unclassified	302,472	-	-	-	(302,472)	-	(302,472)
Total governmental activities	<u>12,108,431</u>	<u>609,613</u>	<u>63,390</u>	<u>-</u>	<u>(11,435,428)</u>	<u>-</u>	<u>(11,435,428)</u>
Business-type activities:							
Sewer fund	646,460	683,291	-	-	-	36,831	36,831
Marina	49,692	72,031	-	-	-	22,339	22,339
Total business-type activities	<u>696,152</u>	<u>755,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,170</u>	<u>59,170</u>
Total government	<u>\$ 12,804,583</u>	<u>\$ 1,364,935</u>	<u>\$ 63,390</u>	<u>\$ -</u>	<u>(11,435,428)</u>	<u>59,170</u>	<u>(11,376,258)</u>

STATEMENT B (CONTINUED)

TOWN OF BUCKSPORT, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	<u>(11,435,428)</u>	<u>59,170</u>	<u>(11,376,258)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	7,401,117	-	7,401,117
Excise taxes	794,330	-	794,330
Grants and contributions not restricted to specific programs	613,563	-	613,563
Miscellaneous	313,133	19,934	333,067
<i>Special item</i> - Maine PERS distribution	<u>484,505</u>	<u>-</u>	<u>484,505</u>
Total general revenues and special items	<u>9,606,648</u>	<u>19,934</u>	<u>9,626,582</u>
Change in net position	(1,828,780)	79,104	(1,749,676)
NET POSITION - JULY 1	<u>22,974,457</u>	<u>5,039,491</u>	<u>28,013,948</u>
NET POSITION - JUNE 30	<u><u>\$ 21,145,677</u></u>	<u><u>\$ 5,118,595</u></u>	<u><u>\$ 26,264,272</u></u>

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

STATEMENT C

TOWN OF BUCKSPORT, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	TIF Fund	All Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,762,436	\$ -	\$ 133,033	\$ 2,895,469
Investments	8,027,253	-	163,161	8,190,414
Accounts receivable (net of allowance for uncollectibles):				
Taxes	13,057	-	-	13,057
Liens	350,200	-	-	350,200
Other	160,147	-	30,287	190,434
Note receivable	146,648	-	-	146,648
Inventory	15,270	-	-	15,270
Due from other funds	36,729	595,329	2,105,860	2,737,918
TOTAL ASSETS	\$ 11,511,740	\$ 595,329	\$ 2,432,341	\$ 14,539,410
LIABILITIES				
Accounts payable	\$ 92,295	\$ -	\$ -	\$ 92,295
Accrued payroll and related items	78,789	-	-	78,789
Due to other governments	28,115	-	-	28,115
Due to other funds	3,396,549	-	36,729	3,433,278
TOTAL LIABILITIES	3,595,748	-	36,729	3,632,477
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	22,636	-	-	22,636
Deferred tax revenues	260,128	-	-	260,128
TOTAL DEFERRED INFLOWS OF RESOURCES	282,764	-	-	282,764
FUND BALANCES				
Nonspendable	15,270	-	140,198	155,468
Restricted	700,057	595,329	233,854	1,529,240
Committed	146,648	-	1,600,615	1,747,263
Assigned	566,594	-	449,066	1,015,660
Unassigned	6,204,659	-	(28,121)	6,176,538
TOTAL FUND BALANCES	7,633,228	595,329	2,395,612	10,624,169
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 11,511,740	\$ 595,329	\$ 2,432,341	\$ 14,539,410

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, 2016

	Total Governmental Funds
Total Fund Balances	\$ 10,624,169
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	10,916,298
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	2,879,359
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	260,128
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	344,842
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(2,879,359)
Accrued compensated absences	(155,581)
Net pension liability	(553,469)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(290,710)
Net position of governmental activities	<u>\$ 21,145,677</u>

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

STATEMENT E

TOWN OF BUCKSPORT, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	TIF Fund	All Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 7,378,967	\$ -	\$ -	\$ 7,378,967
Excise	794,330	-	-	794,330
Intergovernmental	626,571	-	50,382	676,953
Charges for services	609,613	-	-	609,613
Miscellaneous revenues	266,354	-	46,779	313,133
TOTAL REVENUES	<u>9,675,835</u>	<u>-</u>	<u>97,161</u>	<u>9,772,996</u>
EXPENDITURES				
Current:				
General government	1,498,527	-	127,662	1,626,189
Protection	1,479,167	-	45,909	1,525,076
Public works	865,131	-	32,280	897,411
Health and sanitation	235,778	-	3,117	238,895
Community and social agencies	58,124	-	-	58,124
Education	6,231,651	-	-	6,231,651
Recreation	182,305	-	68,820	251,125
Cemeteries	2,775	-	8,942	11,717
Tax increment financing agreement	-	107,000	-	107,000
County tax	277,620	-	-	277,620
Unclassified	302,472	-	-	302,472
Capital outlay	-	-	267,451	267,451
TOTAL EXPENDITURES	<u>11,133,550</u>	<u>107,000</u>	<u>554,181</u>	<u>11,794,731</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,457,715)</u>	<u>(107,000)</u>	<u>(457,020)</u>	<u>(2,021,735)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	55,765	55,765
Transfers (out)	(55,765)	-	-	(55,765)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(55,765)</u>	<u>-</u>	<u>55,765</u>	<u>-</u>
SPECIAL ITEM				
Maine PERS Distribution	484,505	-	-	484,505
NET CHANGE IN FUND BALANCES	<u>(1,028,975)</u>	<u>(107,000)</u>	<u>(401,255)</u>	<u>(1,537,230)</u>
FUND BALANCES - JULY 1	<u>8,662,203</u>	<u>702,329</u>	<u>2,796,867</u>	<u>12,161,399</u>
FUND BALANCES - JUNE 30	<u>\$ 7,633,228</u>	<u>\$ 595,329</u>	<u>\$ 2,395,612</u>	<u>\$ 10,624,169</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, 2016

Net change in fund balances - total governmental funds (Statement E) \$ (1,537,230)

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 acquisitions	401,417
Depreciation expense	(665,307)
	<u>(263,890)</u>

Revenues in the Statement of Activities that do not provide current financial
resources are not reported.

Taxes and liens receivable	<u>22,150</u>
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Decrease in the receivable for long-term debt obligations from RSU No. 25	<u>(411,337)</u>
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Deferred outflows of resources are a consumption of net position by the
government that are applicable to a future reporting period and therefore
are not reported in the funds

	<u>245,277</u>
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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>411,337</u>
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Deferred inflows of resources are an acquisition of net position by the
government that are applicable to a future reporting period and therefore
are not reported in the funds

	<u>(14,899)</u>
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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	23,460
Net pension liability	(303,648)
	<u>(280,188)</u>

Change in net position of governmental activities (Statement B)	<u>\$ (1,828,780)</u>
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See accompanying independent auditors' report and notes to financial statements.

STATEMENT G

TOWN OF BUCKSPORT, MAINE

STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2016

	Enterprise Funds		
	Sewer Fund	Marina Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 600	\$ 600
Investments	512,652	-	512,652
Accounts receivable (net of allowance for uncollectibles)	93,829	2,085	95,914
Inventory	-	18,345	18,345
Due from other funds	656,490	38,870	695,360
Total current assets	<u>1,262,971</u>	<u>59,900</u>	<u>1,322,871</u>
Noncurrent assets:			
Capital assets:			
Construction in progress	4,358,514	-	4,358,514
Land	676,899	-	676,899
Buildings	4,546,320	45,593	4,591,913
Building improvements	875,270	-	875,270
Furniture and fixtures	-	704	704
Infrastructure	5,645,073	25,813	5,670,886
Equipment	78,331	4,603	82,934
Vehicles	53,205	-	53,205
Total capital assets	<u>16,233,612</u>	<u>76,713</u>	<u>16,310,325</u>
Less: accumulated depreciation	<u>(7,033,899)</u>	<u>(5,406)</u>	<u>(7,039,305)</u>
Total noncurrent assets	<u>9,199,713</u>	<u>71,307</u>	<u>9,271,020</u>
TOTAL ASSETS	<u>\$ 10,462,684</u>	<u>\$ 131,207</u>	<u>\$ 10,593,891</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued interest	6,908	-	6,908
BAN payable	3,815,020	-	3,815,020
Current portion of long-term liabilities	102,713	-	102,713
Total current liabilities	<u>3,924,641</u>	<u>-</u>	<u>3,924,641</u>
Long-term liabilities:			
Bonds payable, net of current portion	<u>1,550,655</u>	<u>-</u>	<u>1,550,655</u>
Total long-term liabilities	<u>1,550,655</u>	<u>-</u>	<u>1,550,655</u>
TOTAL LIABILITIES	<u>5,475,296</u>	<u>-</u>	<u>5,475,296</u>
NET POSITION			
Net investment in capital assets	7,546,345	71,307	7,617,652
Unrestricted	<u>(2,558,957)</u>	<u>59,900</u>	<u>(2,499,057)</u>
TOTAL NET POSITION	<u>4,987,388</u>	<u>131,207</u>	<u>5,118,595</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 10,462,684</u>	<u>\$ 131,207</u>	<u>10,593,891</u>

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

STATEMENT H

TOWN OF BUCKSPORT, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Enterprise Funds		
	Sewer Fund	Marina Fund	Total
OPERATING REVENUES			
Charges for services	\$ 683,291	\$ 72,031	\$ 755,322
Other	13,774	87	13,861
TOTAL OPERATING REVENUES	697,065	72,118	769,183
OPERATING EXPENSES			
Payroll	60,686	29,971	90,657
Supplies	36,509	66	36,575
Equipment, maintenance and repairs	14,936	6,228	21,164
Utilities	40,778	3,281	44,059
Fuel	3,862	-	3,862
Insurance	6,205	350	6,555
Depreciation	307,967	2,703	310,670
Contracted services	124,800	1,850	126,650
Other	27,803	5,243	33,046
TOTAL OPERATING EXPENSES	623,546	49,692	673,238
OPERATING INCOME (LOSS)	73,519	22,426	95,945
NONOPERATING REVENUES (EXPENSES)			
Interest income	6,073	-	6,073
Interest expense	(22,914)	-	(22,914)
Transfers in	-	-	-
Transfers (out)	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(16,841)	-	(16,841)
CHANGE IN NET POSITION	56,678	22,426	79,104
NET POSITION - JULY 1	4,930,710	108,781	5,039,491
NET POSITION - JUNE 30	\$ 4,987,388	\$ 131,207	\$ 5,118,595

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

STATEMENT I

TOWN OF BUCKSPORT, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Enterprise Funds		Total
	Sewer Fund	Marina Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 859,953	\$ 57,880	\$ 917,833
Internal activity - receipts (payments) from/to other funds	(348,078)	(11,347)	(359,425)
Payments to suppliers	(254,958)	(17,018)	(271,976)
Payments to employees	(60,686)	(29,971)	(90,657)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>196,231</u>	<u>(456)</u>	<u>195,775</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchase) sale of investments	(6,073)	-	(6,073)
Interest income	6,073	-	6,073
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(3,886,641)	-	(3,886,641)
Proceeds from short-term debt	3,815,020	-	3,815,020
Principal payments on bonds payable	(101,696)	-	(101,696)
Interest payments on bonds payable	(22,914)	-	(22,914)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(196,231)</u>	<u>-</u>	<u>(196,231)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	(456)	(456)
CASH AND CASH EQUIVALENTS - JULY 1	<u>-</u>	<u>1,056</u>	<u>1,056</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>	<u>\$ 600</u>	<u>\$ 600</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 73,519	\$ 22,426	\$ 95,945
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	307,967	2,703	310,670
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	162,888	219	163,107
(Increase) decrease in due from other funds	(348,078)	(11,347)	(359,425)
(Increase) decrease in inventory	-	(14,457)	(14,457)
Increase (decrease) in accrued interest	(65)	-	(65)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 196,231</u>	<u>\$ (456)</u>	<u>\$ 195,775</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	<u>\$ 22,914</u>	<u>\$ -</u>	<u>\$ 22,914</u>

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 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).

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 Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2016, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 72, "*Fair Value Measurement and Application*". The objective of the Statement is to expand comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will improve fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The objective of this Statement is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 79, "*Certain External Investment Pools and Pool Participants*". This Statement establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

This Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. Management has determined the impact of this Statement is not material to the financial statements.

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 and marina fund are categorized as business-type activities. All other activities of the Town are categorized as governmental.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 – net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

Major Funds

- 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.
- b. The TIF Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Nonmajor Funds

- c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- e. 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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). Inventory in the marina fund consists of gasoline and supplies. 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

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

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.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts for the ambulance receivables and micro-loans was estimated to be \$199,893 and \$23,174, respectively, as of June 30, 2016.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, compensated absences and net pension liability.

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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. As of June 30, 2016, the Town's liability for compensated absences is \$155,581.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets 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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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 committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has only one type of item, deferred outflows related to pensions. This item is reported in the statement of net position.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualifies for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied July 1, 2015 on the assessed value listed as of April 1, 2015, for all real and personal property located in the Town. Taxes were due in two installments on August 31, 2015 and March 31, 2016. Interest on unpaid taxes commenced on September 1, 2015 and April 1, 2016, at 4% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$343,852 for the year ended June 30, 2016.

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 (charges to customers or applicants for goods, services, or privileges provided, operating or capital grants and contributions, including special assessments).

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating/Non-Operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 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, 2016, the Town's cash balance of \$2,896,069 was comprised of bank deposits amounting to \$2,987,394. Of these bank deposits, \$823,232 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$559,013 was collateralized with securities held by the financial institution in the

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Town's name. The remaining deposits of \$1,605,149 were collateralized with securities held by the financial institution in the Town's name.

Account Type	Bank Balance
Checking accounts	\$ 2,277,595
Repurchase agreement	111,122
Money market account	553,310
Cash and cash equivalents	45,367
	<u>\$ 2,987,394</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, 2016, the Town's investments of \$8,703,066 were comprised of \$22,074 of stocks that are registered in the Town's name, held by the Town and therefore not exposed to custodial credit risk. \$85,590 of open-ended mutual funds was collateralized and not exposed to custodial credit risk. \$1,030,869 of equities and fixed income was covered by the Securities Investors Protection Corporation (SIPC) or was collateralized with securities held by the financial institution in the Town's name. \$7,564,533 of certificates of deposits was collateralized with securities held by the financial institution in the Town's name.

At June 30, 2016, the Town had the following investments and maturities:

Investment Type	Fair Value	Not Applicable	Less than 1 Year	1 - 5 Years
Certificates of deposit	\$ 7,564,533	\$ -	2,299,371	\$ 5,265,162
Debt securities:				
U.S. agency securities	25,464	-	-	25,464
Brokered certificates of deposit	219,519	-	-	219,519
Equity securities:				
Mutual funds:				
Open-ended	85,590	85,590	-	-
Equities	359,750	359,750	-	-
Fixed income	426,136	426,136	-	-
Common stock - domestic	22,074	22,074	-	-
	<u>\$ 8,703,066</u>	<u>\$ 893,550</u>	<u>\$ 2,299,371</u>	<u>\$ 5,510,145</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as of June 30, 2016:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
	June 30, 2016 Total			
<u>Investments by fair value level</u>				
Debt securities:				
U.S. agency securities	\$ 25,464	\$ -	\$ 25,464	\$ -
Brokered certificates of deposit	219,519	-	219,519	-
Total debt securities	<u>244,983</u>	<u>-</u>	<u>244,983</u>	<u>-</u>
Equity securities:				
Common stock - domestic	22,074	22,074	-	-
Mutual funds and exchange-traded funds - domestic and foreign	871,476	871,476	-	-
Total equity securities	<u>893,550</u>	<u>893,550</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>1,138,533</u>	<u>\$ 893,550</u>	<u>\$ 244,983</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	<u>45,367</u>			
Total cash equivalents measured at the NAV	<u>45,367</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 1,183,900</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2016 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. Certificates of deposit held with local financial institutions for \$7,564,533 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

Credit risk – Statutes for the State of Maine authorize the Unit 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 repurchase agreements, savings accounts and various insured

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

certificates of deposit. Certain long-term trust funds are invested through a financial institution with trust powers in a mix of securities that comply with state and federal regulations to provide long-term growth and income. As of June 30, 2016, the Town's investments in U.S. agency securities were rated AA+ (\$25,464) by Standard & Poor's Rating Service.

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 formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

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, 2016 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 36,729	\$ 3,396,549
TIF Fund	595,329	-
Nonmajor Special Revenue Funds	323,924	28,308
Nonmajor Capital Projects Funds	1,696,216	674
Nonmajor Permanent Funds	85,720	7,747
Enterprise Funds	695,360	-
	<u>\$ 3,433,278</u>	<u>\$ 3,433,278</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2016:

	Balance, 7/1/15	Additions	Disposals	Balance, 6/30/16
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 1,516,122	\$ -	\$ -	\$ 1,516,122
Construction in progress	1,673,357	-	-	1,673,357
Artwork	11,450	-	-	11,450
	<u>3,200,929</u>	<u>-</u>	<u>-</u>	<u>3,200,929</u>
Depreciated assets:				
Buildings	3,816,046	-	-	3,816,046
Building improvements	1,059,562	-	-	1,059,562
Furniture and fixtures	5,368	-	-	5,368
Equipment	1,462,220	76,895	-	1,539,115
Vehicles	2,911,157	29,427	-	2,940,584
Infrastructure	11,625,107	295,095	-	11,920,202
	<u>20,879,460</u>	<u>401,417</u>	<u>-</u>	<u>21,280,877</u>
Less: accumulated depreciation	<u>(12,900,201)</u>	<u>(665,307)</u>	<u>-</u>	<u>(13,565,508)</u>
	<u>7,979,259</u>	<u>(263,890)</u>	<u>-</u>	<u>7,715,369</u>
Net governmental capital assets	<u>\$ 11,180,188</u>	<u>\$ (263,890)</u>	<u>\$ -</u>	<u>\$ 10,916,298</u>
	Balance, 7/1/15	Additions	Disposals	Balance, 6/30/16
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 676,899	\$ -	\$ -	\$ 676,899
Construction in progress	471,873	3,886,641	-	4,358,514
	<u>1,148,772</u>	<u>3,886,641</u>	<u>-</u>	<u>5,035,413</u>
Depreciated assets:				
Buildings	4,591,913	-	-	4,591,913
Building improvements	875,270	-	-	875,270
Furniture and fixtures	704	-	-	704
Equipment	82,934	-	-	82,934
Vehicles	53,205	-	-	53,205
Infrastructure	5,670,886	-	-	5,670,886
	<u>11,274,912</u>	<u>-</u>	<u>-</u>	<u>11,274,912</u>
Less: accumulated depreciation	<u>(6,728,635)</u>	<u>(310,670)</u>	<u>-</u>	<u>(7,039,305)</u>
	<u>4,546,277</u>	<u>(310,670)</u>	<u>-</u>	<u>4,235,607</u>
Net business-type capital assets	<u>\$ 5,695,049</u>	<u>\$ 3,575,971</u>	<u>\$ -</u>	<u>\$ 9,271,020</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:

General government	\$ 92,588
Protection	150,977
Public works	343,950
Health and sanitation	8,112
Recreation	69,680
Total governmental activities depreciation expense	<u>665,307</u>
Sewer fund	307,967
Marina	2,703
Total business-type activities depreciation expense	<u>310,670</u>
Total depreciation expense	<u>\$ 975,977</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, 2016:

	Balance, 7/1/15	Additions	Deletions	Balance, 6/30/16
Note receivable	\$ 159,986	\$ -	\$ (13,338)	\$ 146,648
Totals	<u>\$ 159,986</u>	<u>\$ -</u>	<u>\$ (13,338)</u>	<u>\$ 146,648</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, 2016, a long-term receivable has been recorded for \$3,290,696, 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, 2016

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2016:

	Balance 7/1/15	Additions	Deletions	Balance, 6/30/16	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 3,290,696	\$ -	\$ (411,337)	\$ 2,879,359	\$ 411,337
Accrued compensated absences	179,041	-	(23,460)	155,581	155,581
Net pension liability	249,821	318,547	(14,899)	553,469	-
Totals	<u>\$ 3,719,558</u>	<u>\$ 318,547</u>	<u>\$ (449,696)</u>	<u>\$ 3,588,409</u>	<u>\$ 566,918</u>
	Balance, 7/1/15	Additions	Deletions	Balance, 6/30/16	Current Portion
<u>Business-type activities:</u>					
Bonds payable	\$ 1,755,064	\$ -	\$ (101,696)	\$ 1,653,368	\$ 102,713
Totals	<u>\$ 1,755,064</u>	<u>\$ -</u>	<u>\$ (101,696)</u>	<u>\$ 1,653,368</u>	<u>\$ 102,713</u>

The following is a summary of outstanding bonds payable:

Governmental activities:

\$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.

\$ 2,879,359

Total governmental activities

2,879,359

Business-type activities:

\$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.

1,653,368

Total business-type activities

1,653,368

Total Bonds Payable

\$ 4,532,727

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 - LONG-TERM DEBT (CONTINUED)

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

	Governmental Activities			Business-type Activities		Total
	General Obligation			Sewer		
	Principal	Principal Credit	Interest	Principal	Interest	
2017	\$ 411,337	\$ -	\$ 113,345	\$ 102,713	\$ 21,957	\$ 649,352
2018	411,337	-	91,876	103,740	20,924	627,877
2019	411,337	-	70,418	104,778	19,881	606,414
2020	411,337	-	48,903	105,826	18,828	584,894
2021	411,337	-	27,143	106,884	17,764	563,128
2022-2026	822,674	(22,481)	10,797	550,668	72,488	1,434,146
2027-2031	-	-	-	578,759	44,251	623,010
	<u>\$ 2,879,359</u>	<u>\$ (22,481)</u>	<u>\$ 362,482</u>	<u>\$ 1,653,368</u>	<u>\$ 216,093</u>	<u>\$ 5,088,821</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ended June 30, 2016 was \$22,914.

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, 2016, the Town has the following nonspendable fund balances:

General fund:	
Inventory	\$ 15,270
Nonmajor permanent funds (Schedule I)	140,198
	<u>\$ 155,468</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 - RESTRICTED FUND BALANCES

At June 30, 2016, the Town has the following restricted fund balances:

General fund:	
Education	\$ 700,057
TIF fund	595,329
Nonmajor special revenue funds (Schedule E)	177,428
Nonmajor permanent funds (Schedule I)	56,426
	<u>\$ 1,529,240</u>

NOTE 10 - COMMITTED FUND BALANCES

At June 30, 2016, the Town has the following committed fund balances:

General fund:	
Loans receivable	\$ 146,648
Nonmajor capital projects funds (Schedule G)	1,600,615
	<u>\$ 1,747,263</u>

NOTE 11 - ASSIGNED FUND BALANCES

At June 30, 2016, the Town has the following assigned fund balances:

General fund:	
Solid waste	\$ 11,220
2017 Budget reduction	150,000
Maine PERS distribution	405,374
Nonmajor special revenue funds (Schedule E)	353,465
Nonmajor capital projects funds (Schedule G)	95,601
	<u>\$ 1,015,660</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2016, the Town's share was approximately:

	Outstanding Debt	Town's Percentage	Total Share
County of Hancock	\$ 336,500	5.20%	\$ 17,498
RSU #25	5,406,758	66.99%	3,621,987
			<u>\$ 3,639,485</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, 2016. 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, 2016

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

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.mainebers.org or by contacting the System at (800) 451-9800.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

TOWN OF BUCKSPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 5.0%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's police and fire department employees are part of the PLD's special plan "4N" and are required to contribute 8.5% of their annual covered salary, while all other employees are part of the PLD's plan "AN" and are required to contribute 7.5% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rates for special plan "4N" and plan "AN" are 4.4% and 5.6%, respectively of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2016 was \$77,889.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the Town reported a liability of \$553,469 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2015, the Town's proportion was 0.173477%, which was an increase of 0.011130% from its proportion measured as of June 30, 2014.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2016, the Town recognized total pension revenue of \$73,270. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,347	\$ 71,084
Changes of assumptions	48,912	-
Net difference between projected and actual earnings on pension plan investments	170,821	212,636
Changes in proportion and differences between contributions and proportionate share of contributions	24,873	6,990
Contributions subsequent to the measurement date	77,889	-
Total	<u>\$ 344,842</u>	<u>\$ 290,710</u>

\$77,889 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Year ended June 30:	
2017	\$ (19,595)
2018	(19,595)
2019	(27,273)
2020	42,705
2021	-
Thereafter	-

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2015, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on an open basis over a period of fifteen years.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2015 are as follows:

Investment Rate of Return - For the PLD Plan, 7.125% per annum, compounded annually.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 3.50% to 9.50% per year.

Mortality Rates - For participating local districts, the RP2000 Tables projected forward to 2015 using Scale AA are used; for all recipients of disability benefits, the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females is used.

Cost of Living Benefit Increases - 2.55% for participating local districts.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2015 are summarized in the following table:

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
US equities	20%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real assets:		
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.7%

Discount Rate

The discount rate used to measure the collective total pension liability was 7.125% for 2015. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2015 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 7.125% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	6.125%	7.125%	8.125%
Town's proportionate share of the net pension liability	\$ 1,102,675	\$ 553,469	\$ 32,789

Changes in Net Pension Liability

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2015 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2015, this was 4 years for the PLD Consolidated Plan.

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For the PLD Plan, the discount rate was decreased from 7.25% to 7.125% and the cost of living benefit increase assumption was changed from 3.12% to 2.55%.

TOWN OF BUCKSPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2015 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (800) 451-9800.

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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016 was seventeen participants. Total expenditures for the year ended June 30, 2016 were \$2,093.

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; \$45,178,331 in TIF captured value was added, bringing the 2014-15 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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 18 - TAX INCREMENT FINANCING AGREEMENT (CONTINUED)

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; \$38,257,664 in TIF captured value was added, bringing the 2014-15 valuation of the property to \$56,602,944.

Due to the closure of the mill, the two TIFs related to the mills are being eliminated in agreement with the new owners of the site in order to provide a clean slate for the property. The new owners may apply for other TIFs depending on the nature of the redevelopment of the site.

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; \$1,076,340 in TIF captured value was added, bringing the 2014-15 valuation of the property to \$1,104,640. 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.

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 2014-15 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 - 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, 2015, (most recent data available), the Town of Bucksport's share of the Joint Venture's net position was \$488,840. Complete financial statements may be obtained from the Municipal Review Committee, 395 State Street, Ellsworth, Maine 04605.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 20 - DEFICIT FUND BALANCES

At June 30, 2016, the Town has the following funds with deficit fund balances:

CDBG Community Enterprise	\$ 15,663
Bucksport Police Department	320
2013 CDBG Housing Assistance	11,464
Parking Lots	184
Chamber Building	490
	<u>\$ 28,121</u>

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

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
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Notes to Required Supplementary Information

TOWN OF BUCKSPORT, MAINE

**BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 8,662,203	\$ 8,662,203	\$ 8,662,203	\$ -
Resources (Inflows):				
Property taxes	7,397,406	7,397,406	7,378,967	(18,439)
Excise taxes	705,500	705,500	794,330	88,830
Intergovernmental	662,140	662,140	626,571	(35,569)
Charges for services	821,015	821,015	609,613	(211,402)
Interest on taxes	26,700	26,700	26,116	(584)
Interest income	44,000	44,000	87,310	43,310
Miscellaneous revenues	140,735	140,735	152,928	12,193
Maine PERS distribution	-	-	484,505	484,505
Transfers from other funds	4,500	4,500	-	(4,500)
Amounts Available for Appropriation	<u>18,464,199</u>	<u>18,464,199</u>	<u>18,822,543</u>	<u>358,344</u>
Charges to Appropriations (Outflows):				
General government	1,557,924	1,557,924	1,498,527	59,397
Protection	1,600,253	1,600,253	1,479,167	121,086
Public works	932,145	932,145	865,131	67,014
Health and sanitation	357,082	357,082	235,778	121,304
Community and social agencies	59,621	59,621	58,124	1,497
Education	6,400,380	6,400,380	6,231,651	168,729
Recreation	204,523	204,523	182,305	22,218
Cemeteries	4,525	4,525	2,775	1,750
County tax	277,620	277,620	277,620	-
Unclassified	382,011	382,011	302,472	79,539
Transfers to other funds	50,912	71,177	55,765	15,412
Total Charges to Appropriations	<u>11,826,996</u>	<u>11,847,261</u>	<u>11,189,315</u>	<u>657,946</u>
Budgetary Fund Balance, June 30	<u>\$ 6,637,203</u>	<u>\$ 6,616,938</u>	<u>\$ 7,633,228</u>	<u>\$ 1,016,290</u>
Utilization of unassigned fund balance	<u>\$ 2,025,000</u>	<u>\$ 2,045,265</u>	<u>\$ -</u>	<u>\$ (2,045,265)</u>
	<u>\$ 2,025,000</u>	<u>\$ 2,045,265</u>	<u>\$ -</u>	<u>\$ (2,045,265)</u>

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

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2016	2015	2014
<u>PLD Plan:</u>			
Proportion of the net pension liability (asset)	0.17%	0.16%	0.17%
Proportionate share of the net pension liability (asset)	\$ 553,469	\$ 249,821	\$ 514,429
Covered-employee payroll	\$ 1,537,530	\$ 1,685,602	\$ 1,585,157
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.00%	14.82%	32.45%
Plan fiduciary net position as a percentage of the total pension liability	88.27%	94.10%	87.50%

* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

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

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>			
Contractually required contribution	\$ 77,889	\$ 68,195	\$ 56,280
Contributions in relation to the contractually required contribution	<u>(77,889)</u>	<u>(68,195)</u>	<u>(56,280)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,537,530	\$ 1,685,602	\$ 1,585,157
Contributions as a percentage of covered- employee payroll	5.07%	4.05%	3.55%

* The amounts presented for each fiscal year are for those years for which information is available.

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

TOWN OF BUCKSPORT, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2016

Changes of Assumptions

There was a change in the investment rate of return assumption this year from 7.25% to 7.125%. This change was made in the other MainePERS Programs with the 2014 valuation, but is first being recognized in the PLD Consolidated Plan in 2015. In addition to this change, the cost of living benefit increase assumption was changed from 3.12% to 2.55%. Further, those PLDs who had an IUUAL Surplus account received a refund of that account. As a result, there will be no more IUUAL surplus payments reflected beginning with the 2015 valuation. Finally, the amortization methodology for the Pooled Unfunded Actuarial Liability (PUAL) was changed from a fifteen-year open level dollar method to a method where a separate twenty-year closed period is established annually for the gain or loss in that year with these amortizations being developed as a level percentage of payroll and amortizing the existing PUAL at the time of this change, July 1, 2015, over a closed fifteen-year period beginning on this date.

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 - Budgetary Basis - Budget and Actual - 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 Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

SCHEDULE A

TOWN OF BUCKSPORT, MAINE

**BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
BUDGET AND ACTUAL – GENERAL FUND REVENUES
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 7,397,406	\$ 7,397,406	\$ 7,378,967	\$ (18,439)
Excise taxes:				
Auto excise	700,000	700,000	788,422	88,422
Boat excise	5,500	5,500	5,908	408
Intergovernmental revenues:				
State revenue sharing	200,000	200,000	180,315	(19,685)
Homestead exemption	95,024	95,024	81,169	(13,855)
Local road assistance	67,500	67,500	62,436	(5,064)
Tree growth reimbursement	24,000	24,000	25,198	1,198
Veterans' reimbursement	3,300	3,300	3,593	293
General assistance reimbursement	6,000	6,000	954	(5,046)
BETE reimbursement	71,082	71,082	71,182	100
Department subsidies	195,234	195,234	201,339	6,105
Other	-	-	385	385
Charges for services:				
Auto registration fees	16,000	16,000	16,360	360
Town clerk revenues	11,000	11,000	11,213	213
Planning board fees	1,000	1,000	50	(950)
Code enforcement fees	9,000	9,000	6,364	(2,636)
Plumbing inspector fees	4,600	4,600	3,982	(618)
Ambulance user fees	547,000	547,000	401,202	(145,798)
Fire revenue	-	-	54	54
Police revenue	32,715	32,715	2,446	(30,269)
Animal control fees	10,400	10,400	15,684	5,284
Highway revenue	1,000	1,000	280	(720)
Recycling revenue	21,500	21,500	14,337	(7,163)
Solid waste fees	44,000	44,000	26,924	(17,076)
MERC revenue	45,000	45,000	32,160	(12,840)
Recreation fees	29,000	29,000	29,205	205
Cable TV revenue	45,000	45,000	45,000	-
Mooring and docking fees	3,800	3,800	4,352	552
Interest:				
Taxes	26,700	26,700	26,116	(584)
Deposit and investment accounts	44,000	44,000	87,310	43,310
Other income:				
Tax lien cost	13,000	13,000	13,419	419
TIF revenue	107,000	107,000	107,000	-
Fee in lieu of taxes	15,975	15,975	27,250	11,275
Snowmobile revenue	1,180	1,180	1,245	65
Other income	3,580	3,580	4,014	434
Maine PERS distribution	-	-	484,505	484,505
Transfers in:				
Spofford fund	4,500	4,500	-	(4,500)
Total revenues	\$ 9,801,996	\$ 9,801,996	\$ 10,160,340	\$ 358,344

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

SCHEDULE B

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Administration	\$ 390,363	\$ -	\$ 390,363	\$ 386,225	\$ 4,138
Municipal planning	60,450	-	60,450	56,650	3,800
Assessor's office	58,430	-	58,430	56,801	1,629
Municipal building	21,480	-	21,480	22,123	(643)
Insurance & benefits	938,265	-	938,265	927,840	10,425
Contingency	14,000	-	14,000	5,296	8,704
Public access channel	2,775	-	2,775	1,262	1,513
Economic development	72,161	-	72,161	42,330	29,831
	<u>1,557,924</u>	<u>-</u>	<u>1,557,924</u>	<u>1,498,527</u>	<u>59,397</u>
Protection:					
Fire protection	366,112	-	366,112	341,186	24,926
Police department	482,347	-	482,347	410,978	71,369
Dispatcher service	176,976	-	176,976	173,654	3,322
Ambulance service	296,303	-	296,303	279,583	16,720
Public safety building	35,490	-	35,490	34,055	1,435
Public safety utilities	243,025	-	243,025	239,711	3,314
	<u>1,600,253</u>	<u>-</u>	<u>1,600,253</u>	<u>1,479,167</u>	<u>121,086</u>
Public works:					
General highways	909,049	-	909,049	852,514	56,535
Town garage	23,096	-	23,096	12,617	10,479
	<u>932,145</u>	<u>-</u>	<u>932,145</u>	<u>865,131</u>	<u>67,014</u>
Health and sanitation:					
Solid waste	344,782	-	344,782	234,150	110,632
Health	300	-	300	300	-
General assistance	12,000	-	12,000	1,328	10,672
	<u>357,082</u>	<u>-</u>	<u>357,082</u>	<u>235,778</u>	<u>121,304</u>
Community and social agencies:					
Community agencies	33,879	-	33,879	32,382	1,497
Social agencies	25,742	-	25,742	25,742	-
	<u>59,621</u>	<u>-</u>	<u>59,621</u>	<u>58,124</u>	<u>1,497</u>

SCHEDULE B (CONTINUED)

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education:					
Regular program	6,400,380	-	6,400,380	6,231,651	168,729
Recreation:					
Recreation program	195,845	-	195,845	174,117	21,728
Town dock expenses	8,678	-	8,678	8,188	490
	204,523	-	204,523	182,305	22,218
Cemeteries	4,525	-	4,525	2,775	1,750
County tax	277,620	-	277,620	277,620	-
Unclassified:					
Note receivable amortization	6,669	-	6,669	6,669	-
TIF	31,490	-	31,490	270,893	(239,403)
Overlay	343,852	-	343,852	24,910	318,942
	382,011	-	382,011	302,472	79,539
Transfers to other funds:					
Capital projects funds	35,500	20,265	55,765	55,765	-
Sewer fund - debt service	15,412	-	15,412	-	15,412
	50,912	20,265	71,177	55,765	15,412
Total Expenditures	\$ 11,826,996	\$ 20,265	\$ 11,847,261	\$ 11,189,315	\$ 657,946

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

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 122,046	\$ -	\$ 10,987	\$ 133,033
Investments	55,497	-	107,664	163,161
Accounts receivable (net of allowance for uncollectibles)	30,287	-		30,287
Due from other funds	323,924	1,696,216	85,720	2,105,860
TOTAL ASSETS	<u>\$ 531,754</u>	<u>\$ 1,696,216</u>	<u>\$ 204,371</u>	<u>\$ 2,432,341</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	28,308	674	7,747	36,729
TOTAL LIABILITIES	<u>28,308</u>	<u>674</u>	<u>7,747</u>	<u>36,729</u>
FUND BALANCES				
Nonspendable - principal	-	-	140,198	140,198
Restricted	177,428	-	56,426	233,854
Committed	-	1,600,615	-	1,600,615
Assigned	353,465	95,601	-	449,066
Unassigned	(27,447)	(674)	-	(28,121)
TOTAL FUND BALANCES	<u>503,446</u>	<u>1,695,542</u>	<u>196,624</u>	<u>2,395,612</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 531,754</u>	<u>\$ 1,696,216</u>	<u>\$ 204,371</u>	<u>\$ 2,432,341</u>

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

SCHEDULE D

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 50,382	\$ -	\$ -	\$ 50,382
Investment income, net of unrealized gains/(losses)	1,478	21,919	(2,553)	20,844
Other	25,538	397	-	25,935
TOTAL REVENUES	<u>77,398</u>	<u>22,316</u>	<u>(2,553)</u>	<u>97,161</u>
EXPENDITURES				
General government	117,118	10,544	-	127,662
Protection	3,527	42,382	-	45,909
Public works	-	32,280	-	32,280
Health and sanitation	-	3,117	-	3,117
Culture and recreation	24,903	43,917	-	68,820
Cemeteries	-	-	8,942	8,942
Capital outlay	-	267,451	-	267,451
TOTAL EXPENDITURES	<u>145,548</u>	<u>399,691</u>	<u>8,942</u>	<u>554,181</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(68,150)</u>	<u>(377,375)</u>	<u>(11,495)</u>	<u>(457,020)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	55,765	-	55,765
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>55,765</u>	<u>-</u>	<u>55,765</u>
NET CHANGE IN FUND BALANCES	(68,150)	(321,610)	(11,495)	(401,255)
FUND BALANCES - JULY 1	<u>571,596</u>	<u>2,017,152</u>	<u>208,119</u>	<u>2,796,867</u>
FUND BALANCES - JUNE 30	<u>\$ 503,446</u>	<u>\$ 1,695,542</u>	<u>\$ 196,624</u>	<u>\$ 2,395,612</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.

SCHEDULE E

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	911 Numbering	Closed Housing Grant	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	66	13,880	207	2,049	64,631	166,589
TOTAL ASSETS	<u>\$ 66</u>	<u>\$ 13,880</u>	<u>\$ 207</u>	<u>\$ 2,049</u>	<u>\$ 64,631</u>	<u>\$ 166,589</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	13,880	-	2,049	-	-
Committed	-	-	-	-	-	-
Assigned	66	-	207	-	64,631	166,589
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>66</u>	<u>13,880</u>	<u>207</u>	<u>2,049</u>	<u>64,631</u>	<u>166,589</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 66</u>	<u>\$ 13,880</u>	<u>\$ 207</u>	<u>\$ 2,049</u>	<u>\$ 64,631</u>	<u>\$ 166,589</u>

SCHEDULE E (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Wilson Hall	Wednesdays on Main Street	CDBG Community Enterprise	Christmas Lights	Halloween Event
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
Due from other funds	1,873	8,713	-	5,369	469
TOTAL ASSETS	<u>\$ 1,873</u>	<u>\$ 8,713</u>	<u>\$ -</u>	<u>\$ 5,369</u>	<u>\$ 469</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	15,663	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>15,663</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	1,873	8,713	-	5,369	469
Unassigned	-	-	(15,663)	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>1,873</u>	<u>8,713</u>	<u>(15,663)</u>	<u>5,369</u>	<u>469</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,873</u>	<u>\$ 8,713</u>	<u>\$ -</u>	<u>\$ 5,369</u>	<u>\$ 469</u>

SCHEDULE E (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Youth Softball	Youth Football	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	295	-	314
TOTAL ASSETS	<u>\$ 318</u>	<u>\$ 4,670</u>	<u>\$ 295</u>	<u>\$ -</u>	<u>\$ 314</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	320	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>320</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	318	4,670	295	-	314
Unassigned	-	-	-	(320)	-
TOTAL FUND BALANCES (DEFICITS)	<u>318</u>	<u>4,670</u>	<u>295</u>	<u>(320)</u>	<u>314</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 318</u>	<u>\$ 4,670</u>	<u>\$ 295</u>	<u>\$ -</u>	<u>\$ 314</u>

SCHEDULE E (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	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	5,675	947	291	1,524	36,314
TOTAL ASSETS	<u>\$ 5,675</u>	<u>\$ 947</u>	<u>\$ 291</u>	<u>\$ 1,524</u>	<u>\$ 36,314</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	5,675	947	291	1,524	36,314
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>5,675</u>	<u>947</u>	<u>291</u>	<u>1,524</u>	<u>36,314</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 5,675</u>	<u>\$ 947</u>	<u>\$ 291</u>	<u>\$ 1,524</u>	<u>\$ 36,314</u>

SCHEDULE E (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Special Business	District 7 Police Training	Police Training Buyout	Animal Spay/Neuter Program	2013 CDBG Housing Assistance	Micro Loan	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,046	\$ 122,046
Investments	-	-	-	-	-	55,497	55,497
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	30,287	30,287
Due from other funds	138	3,187	5,000	1,405	-	-	323,924
TOTAL ASSETS	<u>\$ 138</u>	<u>\$ 3,187</u>	<u>\$ 5,000</u>	<u>\$ 1,405</u>	<u>\$ -</u>	<u>\$ 207,830</u>	<u>\$ 531,754</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	11,464	861	28,308
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,464</u>	<u>861</u>	<u>28,308</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	161,499	177,428
Committed	-	-	-	-	-	-	-
Assigned	138	3,187	5,000	1,405	-	45,470	353,465
Unassigned	-	-	-	-	(11,464)	-	(27,447)
TOTAL FUND BALANCES (DEFICITS)	<u>138</u>	<u>3,187</u>	<u>5,000</u>	<u>1,405</u>	<u>(11,464)</u>	<u>206,969</u>	<u>503,446</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 138</u>	<u>\$ 3,187</u>	<u>\$ 5,000</u>	<u>\$ 1,405</u>	<u>\$ -</u>	<u>\$ 207,830</u>	<u>\$ 531,754</u>

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

SCHEDULE F

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	911 Numbering	Closed Housing Grant	Maine Forestry	2008 CDBG CE Grant	Unemployment Reserve	Sick & Vacation Reserve
REVENUES						
Intergovernmental	\$ -	\$ 13,880	\$ -	\$ -	\$ -	\$ -
Interest, net of unrealized gains/(losses)	-	-	-	-	-	-
Other	141	-	-	-	-	-
TOTAL REVENUES	141	13,880	-	-	-	-
EXPENDITURES						
General government	-	-	-	-	-	32,685
Protection	75	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
TOTAL EXPENDITURES	75	-	-	-	-	32,685
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	66	13,880	-	-	-	(32,685)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	66	13,880	-	-	-	(32,685)
FUND BALANCES (DEFICITS) - JULY 1	-	-	207	2,049	64,631	199,274
FUND BALANCES (DEFICITS) - JUNE 30	\$ 66	\$ 13,880	\$ 207	\$ 2,049	\$ 64,631	\$ 166,589

SCHEDULE F (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Wilson Hall	Wednesdays on Main Street	CDBG Community Enterprise	Christmas Lights	Halloween Event
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 16,098	\$ -	\$ -
Interest, net of unrealized gains/(losses)	-	-	-	-	-
Other	175	18,746	-	3,340	-
TOTAL REVENUES	175	18,746	16,098	3,340	-
EXPENDITURES					
General government	-	-	84,433	-	-
Protection	-	-	-	-	-
Culture and recreation	3,038	18,714	-	3,151	-
TOTAL EXPENDITURES	3,038	18,714	84,433	3,151	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,863)	32	(68,335)	189	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(2,863)	32	(68,335)	189	-
FUND BALANCES (DEFICITS) - JULY 1	4,736	8,681	52,672	5,180	469
FUND BALANCES (DEFICITS) - JUNE 30	\$ 1,873	\$ 8,713	\$ (15,663)	\$ 5,369	\$ 469

SCHEDULE F (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Youth Softball	Youth Football	Bucksport Fire Department	Bucksport Police Department	Local General Assistance
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 1,000	\$ -	\$ -
Interest, net of unrealized gains/(losses)	-	-	-	-	-
Other	-	-	-	-	-
TOTAL REVENUES	-	-	1,000	-	-
EXPENDITURES					
General government	-	-	-	-	-
Protection	-	-	705	-	-
Culture and recreation	-	-	-	-	-
TOTAL EXPENDITURES	-	-	705	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	295	-	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	295	-	-
FUND BALANCES (DEFICITS) - JULY 1	318	4,670	-	(320)	314
FUND BALANCES (DEFICITS) - JUNE 30	\$ 318	\$ 4,670	\$ 295	\$ (320)	\$ 314

SCHEDULE F (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	DARE Program	Youth Council	Police Explorers	Community for Children	Diversion Program
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 18,610
Interest, net of unrealized gains/(losses)	-	-	-	-	-
Other	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	18,610
EXPENDITURES					
General government	-	-	-	-	-
Protection	388	-	-	-	-
Culture and recreation	-	-	-	-	-
TOTAL EXPENDITURES	388	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(388)	-	-	-	18,610
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(388)	-	-	-	18,610
FUND BALANCES (DEFICITS) - JULY 1	6,063	947	291	1,524	17,704
FUND BALANCES (DEFICITS) - JUNE 30	\$ 5,675	\$ 947	\$ 291	\$ 1,524	\$ 36,314

SCHEDULE F (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Special Business	District 7 Police Training	Police Training Buyout	Animal Spay/Neuter Program	2013 CDBG Housing Assistance	Micro Loan	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 794	\$ -	\$ 50,382
Interest, net of unrealized gains/(losses)	-	-	-	-	-	1,478	1,478
Other	-	-	-	3,136	-	-	25,538
TOTAL REVENUES	-	-	-	3,136	794	1,478	77,398
EXPENDITURES							
General government	-	-	-	-	-	-	117,118
Protection	-	48	-	2,311	-	-	3,527
Culture and recreation	-	-	-	-	-	-	24,903
TOTAL EXPENDITURES	-	48	-	2,311	-	-	145,548
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(48)	-	825	794	1,478	(68,150)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(48)	-	825	794	1,478	(68,150)
FUND BALANCES (DEFICITS) - JULY 1	138	3,235	5,000	580	(12,258)	205,491	571,596
FUND BALANCES (DEFICITS) - JUNE 30	\$ 138	\$ 3,187	\$ 5,000	\$ 1,405	\$ (11,464)	\$ 206,969	\$ 503,446

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

Capital Projects 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.

SCHEDULE G

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2016

	Police Equipment	Highway Equipment	Waterfront Improvements	Fire Equipment	Ambulance	Town Office Equipment	Solid Waste Equipment
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	7,671	39,167	56,465	27,086	41,342	44,646	137,205
TOTAL ASSETS	<u>\$ 7,671</u>	<u>\$ 39,167</u>	<u>\$ 56,465</u>	<u>\$ 27,086</u>	<u>\$ 41,342</u>	<u>\$ 44,646</u>	<u>\$ 137,205</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 (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	7,671	39,167	56,465	27,086	41,342	44,646	137,205
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>7,671</u>	<u>39,167</u>	<u>56,465</u>	<u>27,086</u>	<u>41,342</u>	<u>44,646</u>	<u>137,205</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 7,671</u>	<u>\$ 39,167</u>	<u>\$ 56,465</u>	<u>\$ 27,086</u>	<u>\$ 41,342</u>	<u>\$ 44,646</u>	<u>\$ 137,205</u>

SCHEDULE G (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2016

	School St Fire House	Recreation Equipment	Cable TV	Dispatch Equipment	Municipal Building	Dog Kennel	Swimming Pool
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	11,402	84,147	25,097	58,188	48,617	21,851	53,903
TOTAL ASSETS	<u>\$ 11,402</u>	<u>\$ 84,147</u>	<u>\$ 25,097</u>	<u>\$ 58,188</u>	<u>\$ 48,617</u>	<u>\$ 21,851</u>	<u>\$ 53,903</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 (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	11,402	84,147	25,097	58,188	48,617	21,851	53,903
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>11,402</u>	<u>84,147</u>	<u>25,097</u>	<u>58,188</u>	<u>48,617</u>	<u>21,851</u>	<u>53,903</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 11,402</u>	<u>\$ 84,147</u>	<u>\$ 25,097</u>	<u>\$ 58,188</u>	<u>\$ 48,617</u>	<u>\$ 21,851</u>	<u>\$ 53,903</u>

SCHEDULE G (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2016

	Town Garage	Parking Lots	Recreation Facility	Transfer Station	Public Safety	Chamber Building	Jewett School Community
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	70,312	-	101,621	52,485	47,150	-	31,794
TOTAL ASSETS	<u>\$ 70,312</u>	<u>\$ -</u>	<u>\$ 101,621</u>	<u>\$ 52,485</u>	<u>\$ 47,150</u>	<u>\$ -</u>	<u>\$ 31,794</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	184	-	-	-	490	-
TOTAL LIABILITIES	<u>-</u>	<u>184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>490</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	70,312	-	101,621	52,485	47,150	-	31,794
Assigned	-	-	-	-	-	-	-
Unassigned	-	(184)	-	-	-	(490)	-
TOTAL FUND BALANCES (DEFICITS)	<u>70,312</u>	<u>(184)</u>	<u>101,621</u>	<u>52,485</u>	<u>47,150</u>	<u>(490)</u>	<u>31,794</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 70,312</u>	<u>\$ -</u>	<u>\$ 101,621</u>	<u>\$ 52,485</u>	<u>\$ 47,150</u>	<u>\$ -</u>	<u>\$ 31,794</u>

SCHEDULE G (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2016

	Gardiner School	Middle School	Downtown Improvements	Drug Forfeiture	Willow & Wasson House	Defense Fund	Information Technology	Recreation Revenue Reserve
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	159	7,681	24,163	2,850	1,368	1,702	856	95,601
TOTAL ASSETS	<u>\$ 159</u>	<u>\$ 7,681</u>	<u>\$ 24,163</u>	<u>\$ 2,850</u>	<u>\$ 1,368</u>	<u>\$ 1,702</u>	<u>\$ 856</u>	<u>\$ 95,601</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 (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	159	7,681	24,163	2,850	1,368	1,702	856	-
Assigned	-	-	-	-	-	-	-	95,601
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>159</u>	<u>7,681</u>	<u>24,163</u>	<u>2,850</u>	<u>1,368</u>	<u>1,702</u>	<u>856</u>	<u>95,601</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 159</u>	<u>\$ 7,681</u>	<u>\$ 24,163</u>	<u>\$ 2,850</u>	<u>\$ 1,368</u>	<u>\$ 1,702</u>	<u>\$ 856</u>	<u>\$ 95,601</u>

SCHEDULE G (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2016

	Housing Rehabilitation	Silver Lake Property	Highway Improvement	Industrial Park Land	Natural Gas	Mile Lane Concession	Rte 46 Highway Improvements	Yellow Schoolhouse	Total
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	1,208	34,280	493,997	11,693	27,193	20,687	12,629	-	1,696,216
TOTAL ASSETS	\$ 1,208	\$ 34,280	\$ 493,997	\$ 11,693	\$ 27,193	\$ 20,687	\$ 12,629	\$ -	\$ 1,696,216
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-	674
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	674
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	1,208	34,280	493,997	11,693	27,193	20,687	12,629	-	1,600,615
Assigned	-	-	-	-	-	-	-	-	95,601
Unassigned	-	-	-	-	-	-	-	-	(674)
TOTAL FUND BALANCES (DEFICITS)	1,208	34,280	493,997	11,693	27,193	20,687	12,629	-	1,695,542
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 1,208	\$ 34,280	\$ 493,997	\$ 11,693	\$ 27,193	\$ 20,687	\$ 12,629	\$ -	\$ 1,696,216

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

SCHEDULE H

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Police Equipment	Highway Equipment	Waterfront Improvements	Fire Equipment	Ambulance	Town Office Equipment	Solid Waste Equipment
REVENUES							
Interest, net of unrealized gains/(losses)	\$ 435	\$ 836	\$ 716	\$ 507	\$ 444	\$ 490	\$ 1,475
Other	137	-	-	-	-	-	-
TOTAL REVENUES	<u>572</u>	<u>836</u>	<u>716</u>	<u>507</u>	<u>444</u>	<u>490</u>	<u>1,475</u>
EXPENDITURES							
General government	-	-	-	-	-	908	-
Protection	3,460	-	-	20,038	-	-	-
Public works	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	10,122	-	-	-	-
Capital outlay	29,427	38,636	-	-	-	-	-
TOTAL EXPENDITURES	<u>32,887</u>	<u>38,636</u>	<u>10,122</u>	<u>20,038</u>	<u>-</u>	<u>908</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(32,315)</u>	<u>(37,800)</u>	<u>(9,406)</u>	<u>(19,531)</u>	<u>444</u>	<u>(418)</u>	<u>1,475</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(32,315)</u>	<u>(37,800)</u>	<u>(9,406)</u>	<u>(19,531)</u>	<u>444</u>	<u>(418)</u>	<u>1,475</u>
FUND BALANCES (DEFICITS) - JULY 1	<u>39,986</u>	<u>76,967</u>	<u>65,871</u>	<u>46,617</u>	<u>40,898</u>	<u>45,064</u>	<u>135,730</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 7,671</u>	<u>\$ 39,167</u>	<u>\$ 56,465</u>	<u>\$ 27,086</u>	<u>\$ 41,342</u>	<u>\$ 44,646</u>	<u>\$ 137,205</u>

SCHEDULE H (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	School St Fire House	Recreation Equipment	Cable TV	Dispatch Equipment	Municipal Building	Dog Kennel	Swimming Pool
REVENUES							
Interest, net of unrealized gains/(losses)	\$ 123	\$ 904	\$ 279	\$ 776	\$ 546	\$ 241	\$ 579
Other	-	-	-	-	-	-	-
TOTAL REVENUES	<u>123</u>	<u>904</u>	<u>279</u>	<u>776</u>	<u>546</u>	<u>241</u>	<u>579</u>
EXPENDITURES							
General government	-	-	899	-	2,188	-	-
Protection	-	-	-	13,977	-	573	-
Public works	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>899</u>	<u>13,977</u>	<u>2,188</u>	<u>573</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>123</u>	<u>904</u>	<u>(620)</u>	<u>(13,201)</u>	<u>(1,642)</u>	<u>(332)</u>	<u>579</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	123	904	(620)	(13,201)	(1,642)	(332)	579
FUND BALANCES (DEFICITS) - JULY 1	<u>11,279</u>	<u>83,243</u>	<u>25,717</u>	<u>71,389</u>	<u>50,259</u>	<u>22,183</u>	<u>53,324</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 11,402</u>	<u>\$ 84,147</u>	<u>\$ 25,097</u>	<u>\$ 58,188</u>	<u>\$ 48,617</u>	<u>\$ 21,851</u>	<u>\$ 53,903</u>

SCHEDULE H (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Town Garage	Parking Lots	Recreation Facility	Transfer Station	Public Safety	Chamber Building	Jewett School Community
REVENUES							
Interest, net of unrealized gains/(losses)	\$ 1,159	\$ 243	\$ 1,092	\$ 897	\$ 542	\$ 42	\$ 342
Other	-	-	-	-	-	-	-
TOTAL REVENUES	<u>1,159</u>	<u>243</u>	<u>1,092</u>	<u>897</u>	<u>542</u>	<u>42</u>	<u>342</u>
EXPENDITURES							
General government	-	-	-	-	-	4,395	-
Protection	-	-	-	-	3,253	-	-
Public works	27,140	-	-	-	-	-	-
Health and sanitation	-	-	-	3,117	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	10,398	22,750	-	27,861	-	-	-
TOTAL EXPENDITURES	<u>37,538</u>	<u>22,750</u>	<u>-</u>	<u>30,978</u>	<u>3,253</u>	<u>4,395</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(36,379)</u>	<u>(22,507)</u>	<u>1,092</u>	<u>(30,081)</u>	<u>(2,711)</u>	<u>(4,353)</u>	<u>342</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(36,379)	(22,507)	1,092	(30,081)	(2,711)	(4,353)	342
FUND BALANCES (DEFICITS) - JULY 1	<u>106,691</u>	<u>22,323</u>	<u>100,529</u>	<u>82,566</u>	<u>49,861</u>	<u>3,863</u>	<u>31,452</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 70,312</u>	<u>\$ (184)</u>	<u>\$ 101,621</u>	<u>\$ 52,485</u>	<u>\$ 47,150</u>	<u>\$ (490)</u>	<u>\$ 31,794</u>

SCHEDULE H (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Gardiner School	Middle School	Downtown Improvements	Drug Forfeiture	Willow & Wasson House	Defense Fund	Information Technology	Recreation Revenue Reserve
REVENUES								
Interest, net of unrealized gains/(losses)	\$ 2	\$ 82	\$ 260	\$ 42	\$ 15	\$ 18	\$ 32	\$ 1,058
Other	-	-	-	-	-	-	-	-
TOTAL REVENUES	<u>2</u>	<u>82</u>	<u>260</u>	<u>42</u>	<u>15</u>	<u>18</u>	<u>32</u>	<u>1,058</u>
EXPENDITURES								
General government	-	-	-	-	-	-	2,154	-
Protection	-	-	-	1,081	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	2,770
Capital outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,081</u>	<u>-</u>	<u>-</u>	<u>2,154</u>	<u>2,770</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2</u>	<u>82</u>	<u>260</u>	<u>(1,039)</u>	<u>15</u>	<u>18</u>	<u>(2,122)</u>	<u>(1,712)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	2	82	260	(1,039)	15	18	(2,122)	(1,712)
FUND BALANCES (DEFICITS) - JULY 1	<u>157</u>	<u>7,599</u>	<u>23,903</u>	<u>3,889</u>	<u>1,353</u>	<u>1,684</u>	<u>2,978</u>	<u>97,313</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 159</u>	<u>\$ 7,681</u>	<u>\$ 24,163</u>	<u>\$ 2,850</u>	<u>\$ 1,368</u>	<u>\$ 1,702</u>	<u>\$ 856</u>	<u>\$ 95,601</u>

SCHEDULE H (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Housing Rehabilitation	Silver Lake Property	Highway Improvement	Industrial Park Land	Natural Gas	Mile Lane Concession	Rte 46 Highway Improvements	Yellow Schoolhouse	Total
REVENUES									
Interest, net of unrealized gains/(losses)	\$ 13	\$ 368	\$ 6,798	\$ 126	\$ 79	\$ 222	\$ 136	\$ -	\$ 21,919
Other	-	-	-	-	-	-	-	260	397
TOTAL REVENUES	<u>13</u>	<u>368</u>	<u>6,798</u>	<u>126</u>	<u>79</u>	<u>222</u>	<u>136</u>	<u>260</u>	<u>22,316</u>
EXPENDITURES									
General government	-	-	-	-	-	-	-	-	10,544
Protection	-	-	-	-	-	-	-	-	42,382
Public works	-	-	-	-	5,140	-	-	-	32,280
Health and sanitation	-	-	-	-	-	-	-	-	3,117
Culture and recreation	-	-	-	-	-	-	-	31,025	43,917
Capital outlay	-	-	138,379	-	-	-	-	-	267,451
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>138,379</u>	<u>-</u>	<u>5,140</u>	<u>-</u>	<u>-</u>	<u>31,025</u>	<u>399,691</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>13</u>	<u>368</u>	<u>(131,581)</u>	<u>126</u>	<u>(5,061)</u>	<u>222</u>	<u>136</u>	<u>(30,765)</u>	<u>(377,375)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	25,000	-	-	30,765	55,765
Transfers (out)	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>30,765</u>	<u>55,765</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>13</u>	<u>368</u>	<u>(131,581)</u>	<u>126</u>	<u>19,939</u>	<u>222</u>	<u>136</u>	<u>-</u>	<u>(321,610)</u>
FUND BALANCES (DEFICITS) - JULY 1	<u>1,195</u>	<u>33,912</u>	<u>625,578</u>	<u>11,567</u>	<u>7,254</u>	<u>20,465</u>	<u>12,493</u>	<u>-</u>	<u>2,017,152</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,208</u>	<u>\$ 34,280</u>	<u>\$ 493,997</u>	<u>\$ 11,693</u>	<u>\$ 27,193</u>	<u>\$ 20,687</u>	<u>\$ 12,629</u>	<u>\$ -</u>	<u>\$ 1,695,542</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.

SCHEDULE I

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS
JUNE 30, 2016

	Cemetery Trusts	Spofford Indigent Fund	Ministerial Fund	Colonoscopy Fund	Oak Hill Cemetery	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 10,987	\$ 10,987
Investments	22,074	-	-	-	85,590	107,664
Due from other funds	27,705	50,098	7,009	908	-	85,720
TOTAL ASSETS	<u>\$ 49,779</u>	<u>\$ 50,098</u>	<u>\$ 7,009</u>	<u>\$ 908</u>	<u>\$ 96,577</u>	<u>\$ 204,371</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 7,747	\$ 7,747
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,747</u>	<u>7,747</u>
FUND BALANCES						
Nonspendable - principal	21,097	39,826	2,300	-	76,975	140,198
Restricted	28,682	10,272	4,709	908	11,855	56,426
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>49,779</u>	<u>50,098</u>	<u>7,009</u>	<u>908</u>	<u>88,830</u>	<u>196,624</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 49,779</u>	<u>\$ 50,098</u>	<u>\$ 7,009</u>	<u>\$ 908</u>	<u>\$ 96,577</u>	<u>\$ 204,371</u>

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

SCHEDULE J

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Cemetery Trusts	Spofford Indigent Fund	Ministerial Fund	Colonoscopy Fund	Oak Hill Cemetery	Total
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ (406)	\$ -	\$ -	\$ -	\$ (2,147)	\$ (2,553)
TOTAL REVENUES	<u>(406)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,147)</u>	<u>(2,553)</u>
EXPENDITURES						
Cemetery	1,689	-	-	-	7,253	8,942
TOTAL EXPENDITURES	<u>1,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,253</u>	<u>8,942</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,095)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,400)</u>	<u>(11,495)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(2,095)	-	-	-	(9,400)	(11,495)
FUND BALANCES - JULY 1	<u>51,874</u>	<u>50,098</u>	<u>7,009</u>	<u>908</u>	<u>98,230</u>	<u>208,119</u>
FUND BALANCES - JUNE 30	<u>\$ 49,779</u>	<u>\$ 50,098</u>	<u>\$ 7,009</u>	<u>\$ 908</u>	<u>\$ 88,830</u>	<u>\$ 196,624</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.

SCHEDULE K

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2016

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General government	\$ 1,420,550	\$ 624,591	\$ 99,153	\$ 1,832,844	\$ 3,977,138
Protection	39,757	2,032,291	2,401,273	-	4,473,321
Public works	1,416,946	1,195,432	1,701,439	8,625,609	12,939,426
Health and sanitation	14,000	298,987	192,437	6,290	511,714
Recreation	309,676	724,307	90,765	1,455,459	2,580,207
Sewer fund	5,035,413	5,421,590	131,536	5,645,073	16,233,612
Marina	-	45,593	5,307	25,813	76,713
Total General Capital Assets	8,236,342	10,342,791	4,621,910	17,591,088	40,792,131
Less: Accumulated Depreciation	-	(5,788,960)	(3,201,960)	(11,613,893)	(20,604,813)
Net General Capital Assets	\$ 8,236,342	\$ 4,553,831	\$ 1,419,950	\$ 5,977,195	\$ 20,187,318

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

SCHEDULE L

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2016

	General Capital Assets 7/1/15	Additions	Deletions	General Capital Assets 6/30/16
General government	\$ 3,977,138	\$ -	\$ -	\$ 3,977,138
Protection	4,443,894	29,427	-	4,473,321
Public works	12,595,297	344,129	-	12,939,426
Health and sanitation	483,853	27,861	-	511,714
Recreation	2,580,207	-	-	2,580,207
Sewer fund	12,346,971	3,886,641	-	16,233,612
Marina	76,713	-	-	76,713
Total General Capital Assets	36,504,073	4,288,058	-	40,792,131
Less: Accumulated Depreciation	(19,628,836)	(975,977)	-	(20,604,813)
Net General Capital Assets	<u>\$ 16,875,237</u>	<u>\$ 3,312,081</u>	<u>\$ -</u>	<u>\$ 20,187,318</u>

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



Proven Expertise and Integrity

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

Town Council
Town of Bucksport
Bucksport, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2016, 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 May 5, 2017.

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 correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 instances of noncompliance or other matters 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
May 5, 2017