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Town of Bucksport Annual Financial Report 2017

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, 2017, 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 principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

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, 2017, 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 13 and 60 through 63 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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, capital asset schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. 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, Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues, Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards 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 March 5, 2018, 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
March 5, 2018

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

(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, 2017. 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 "Other Governmental 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 \$779,572 from \$21.10 million to \$20.32 million. For the business-type activities the Town's total net position increased by \$3,946,931 million from \$5.14 million to \$9.08 million, primarily due to construction of the secondary waste water treatment plant.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for the governmental activities to a balance of \$8,653,200 at the end of the fiscal year. For the business-type activities, the unrestricted net position increased to a balance of \$1,596,095.

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

	Governmental Activities		Business-type Activities	
	2017	2016 (Restated)	2017	2016 (Restated)
Assets:				
Current Assets	\$ 11,049,913	\$ 11,149,034	\$ 1,906,151	\$ 1,310,771
Capital Assets	10,528,193	10,793,728	16,838,835	9,301,869
Other Assets	2,468,022	2,879,359	-	-
Total Assets	<u>24,046,128</u>	<u>24,822,121</u>	<u>18,744,986</u>	<u>10,612,640</u>
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	535,233	344,842	-	-
Total Deferred Outflows of Resources	<u>535,233</u>	<u>344,842</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current and Other Liabilities	904,584	730,983	628,218	3,924,641
Long-term Debt Outstanding	3,123,414	3,021,491	9,032,493	1,550,655
Total Liabilities	<u>4,027,998</u>	<u>3,752,474</u>	<u>9,660,711</u>	<u>5,475,296</u>
Deferred Inflows of Resources:				
Prepaid Taxes	14,152	22,636	-	-
Deferred Inflows Related to Pensions	217,640	290,710	-	-
Total Deferred Inflows of Resources	<u>231,792</u>	<u>313,346</u>	<u>-</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	10,260,935	10,793,728	7,488,180	7,648,501
Restricted: Nonspendable - Principal	140,198	140,198	-	-
General Fund	532,057	700,057	-	-
Special Revenue Funds	682,664	772,757	-	-
Permanent Funds	52,517	56,426	-	-
Unrestricted	8,653,200	8,637,977	1,596,095	(2,511,157)
Total Net Position	<u>\$ 20,321,571</u>	<u>\$ 21,101,143</u>	<u>\$ 9,084,275</u>	<u>\$ 5,137,344</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 0.55%, while total expenses decreased by 13.30%. Increases in grants and contributions not restricted to specific programs, miscellaneous and excise tax revenues, partially offset by a decline in property taxes and charges for services resulted in the increase in governmental revenues. Governmental expenditures recognized a sharp decline, primarily in cost of education and unclassified expenses, partially offset by increases in protection and public works expenses. For the business-type activities, revenues increased by 504.77% primarily due to capital grants and contributions received for the secondary treatment project, while total expenses increased at a slower pace, by 25.39%.

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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues				
<i>Programs Revenues:</i>				
Charges for services	\$ 545,360	\$ 609,613	\$ 925,801	\$ 755,322
Operating grants and contributions	64,713	63,390	-	-
Capital grants and contributions	-	-	3,751,045	-
<i>General Revenues:</i>				
Property taxes	7,087,379	7,401,117	-	-
Excise taxes	838,481	794,330	-	-
Grants and contributions not restricted to specific programs	885,169	613,563	-	-
Miscellaneous	428,032	313,133	11,701	19,934
Total Revenues	<u>9,849,134</u>	<u>9,795,146</u>	<u>4,688,547</u>	<u>775,256</u>
Expenses				
General government	1,809,965	1,768,587	-	-
Protection	1,771,426	1,676,053	-	-
Public works	1,622,890	1,107,395	-	-
Health and sanitation	272,723	247,007	-	-
Community and social agencies	66,561	58,124	-	-
Education	4,184,260	6,231,651	-	-
Environment & housing	-	-	-	-
Recreation	341,384	320,805	-	-
Cemeteries	11,293	11,717	-	-
Tax increment financing agreement	101,685	107,000	-	-
County tax	282,246	277,620	-	-
Sewer fund	-	-	796,579	646,460
Marina	-	-	76,306	49,692
Unclassified	32,780	302,472	-	-
Total Expenses	<u>10,497,437</u>	<u>12,108,431</u>	<u>872,885</u>	<u>696,152</u>
Transfers	(131,269)	-	131,269	-
<i>Special item</i> - Maine PERS distribution	-	484,505	-	-
Total Transfers and Special Items	<u>(131,269)</u>	<u>484,505</u>	<u>131,269</u>	<u>-</u>
Change in Net Position	(779,572)	(1,828,780)	3,946,931	79,104
Net Position - July 1, Restated	<u>21,101,143</u>	<u>22,929,923</u>	<u>5,137,344</u>	<u>5,058,240</u>
Net Position - June 30	<u>\$ 20,321,571</u>	<u>\$ 21,101,143</u>	<u>\$ 9,084,275</u>	<u>\$ 5,137,344</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,

	2017	2016 (Restated)
General Fund:		
Nonspendable	\$ 5,988	\$ 15,270
Restricted	532,057	700,057
Committed	133,310	146,648
Assigned	808,778	566,594
Unassigned	6,161,596	6,255,403
Total General Fund	<u>\$ 7,641,729</u>	<u>\$ 7,683,972</u>
TIF Fund:		
Restricted	<u>\$ 493,644</u>	<u>\$ 595,329</u>
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 189,020	\$ 204,720
Assigned	366,555	353,465
Unassigned	(68,609)	(27,447)
Capital Projects Funds:		
Committed	1,666,874	1,600,615
Assigned	96,600	95,601
Unassigned	(674)	(674)
Permanent Funds:		
Nonspendable - Principal	140,198	140,198
Restricted	52,517	56,426
Total Nonmajor Funds	<u>\$ 2,442,481</u>	<u>\$ 2,422,904</u>

The general fund total fund balance decreased by \$42,243 from the prior fiscal year. The TIF fund total fund balance decreased by \$101,685 from the prior year. The nonmajor funds total fund balances increased by \$19,577 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 \$3,934,083 due to secondary waste water treatment plant construction during the current fiscal year. The marina fund had an increase in net position for the year of \$12,848.

Budgetary Highlights

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

The general fund actual revenues were over budgeted amounts by \$71,804. This was mostly the result of greater than anticipated investment, excise taxes and miscellaneous revenues received, partially offset by a decline in charges for services.

The general fund actual expenditures were under budget by \$502,159. Nearly all expenditure categories were under or within budget, with the exception of general government and public works.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2017, the net book value of capital assets recorded by the Town increased by \$7,271,431 from the prior year. The increase is the result of capital additions of \$8,352,114, offset by current year depreciation of \$1,060,067 and disposals of \$20,616.

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

	<u>2017</u>	<u>2016 (Restated)</u>
Land	\$ 2,193,021	\$ 2,193,021
Construction in progress	12,134,315	4,389,363
Artwork	11,450	11,450
Buildings	3,287,738	3,443,408
Building improvements	1,064,854	1,143,954
Furniture and fixtures	8,635	10,293
Equipment	353,273	388,219
Vehicles	1,231,313	1,029,641
Infrastructure	7,082,429	7,486,248
Total	<u>\$ 27,367,028</u>	<u>\$ 20,095,597</u>

Debt

At June 30, 2017, the Town had \$12.02 million of bonds and notes outstanding versus \$4.53 million last year, an increase of 265.18%, primarily due to construction of the secondary waste water treatment plant. Other obligations include capital leases payable, 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 fifteen consecutive general fund surpluses. The unassigned general fund balance decreased to \$6.18 million for the year ended June 30, 2017 from \$6.26 million for the same period in 2016 or a 1.21% decrease.

Fiscal 2017 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 2017 at \$7,077,693, comprising approximately 73.51% of revenues. The Town's mil rate decreased to \$16.50, a decrease of \$0.60 from the previous year rate of \$17.10. The Town's final budget for fiscal 2017 was \$1,722,262 lower than fiscal 2016.

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 2017 and 2016. 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.

TOWN OF BUCKSPORT, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,140,810	\$ 760	\$ 3,141,570
Investments	8,727,741	-	8,727,741
Accounts receivable (net of allowance for uncollectibles):			
Taxes	17,216	-	17,216
Liens	327,375	-	327,375
Other	264,275	74,821	339,096
Note receivable	133,310	-	133,310
Inventory	5,988	6,147	12,135
Due from other governments	39,403	218,218	257,621
Internal balances	(1,606,205)	1,606,205	-
Total current assets	11,049,913	1,906,151	12,956,064
Noncurrent assets:			
Receivable for long-term debt obligations from RSU No. 25	2,468,022	-	2,468,022
Capital assets:			
Land, infrastructure, and other assets not being depreciated	1,555,843	12,782,943	14,338,786
Buildings and vehicles net of accumulated depreciation	8,972,350	4,055,892	13,028,242
Total noncurrent assets	12,996,215	16,838,835	29,835,050
TOTAL ASSETS	24,046,128	18,744,986	42,791,114
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	535,233	-	535,233
TOTAL DEFERRED OUTFLOWS OF RESOURCES	535,233	-	535,233
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 24,581,361	\$ 18,744,986	\$ 43,326,347
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 92,160	\$ 218,218	\$ 310,378
Accrued payroll	95,286	-	95,286
Due to other governments	647	91,838	92,485
Current portion of long-term obligations	716,491	318,162	1,034,653
Total current liabilities	904,584	628,218	1,532,802
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds	2,152,172	9,032,493	11,184,665
Notes	45,258	-	45,258
Capital leases	50,441	-	50,441
Net pension liability	875,543	-	875,543
Total noncurrent liabilities	3,123,414	9,032,493	12,155,907
TOTAL LIABILITIES	4,027,998	9,660,711	13,688,709
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	14,152	-	14,152
Deferred inflows related to pensions	217,640	-	217,640
TOTAL DEFERRED INFLOWS OF RESOURCES	231,792	-	231,792
NET POSITION			
Net investment in capital assets	10,260,935	7,488,180	17,749,115
Restricted - nonspendable principal	140,198	-	140,198
Restricted	1,267,238	-	1,267,238
Unrestricted	8,653,200	1,596,095	10,249,295
TOTAL NET POSITION	20,321,571	9,084,275	29,405,846
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 24,581,361	\$ 18,744,986	\$ 43,326,347

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, 2017

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	\$ 1,809,965	\$ 85,918	\$ 2,533	\$ -	\$ (1,721,514)	\$ -	\$ (1,721,514)
Protection	1,771,426	381,502	-	-	(1,389,924)	-	(1,389,924)
Public works	1,622,890	245	62,180	-	(1,560,465)	-	(1,560,465)
Health and sanitation	272,723	57,608	-	-	(215,115)	-	(215,115)
Community and social agencies	66,561	-	-	-	(66,561)	-	(66,561)
Education	4,184,260	-	-	-	(4,184,260)	-	(4,184,260)
Recreation	341,384	20,087	-	-	(321,297)	-	(321,297)
Cemeteries	11,293	-	-	-	(11,293)	-	(11,293)
Tax increment financing agreement	101,685	-	-	-	(101,685)	-	(101,685)
Interest on long-term debt	224	-	-	-	(224)	-	(224)
County tax	282,246	-	-	-	(282,246)	-	(282,246)
Unclassified	32,780	-	-	-	(32,780)	-	(32,780)
Total governmental activities	<u>10,497,437</u>	<u>545,360</u>	<u>64,713</u>	<u>-</u>	<u>(9,887,364)</u>	<u>-</u>	<u>(9,887,364)</u>
Business-type activities:							
Sewer fund	796,579	836,668	-	3,751,045	-	3,791,134	3,791,134
Marina	76,306	89,133	-	-	-	12,827	12,827
Total business-type activities	<u>872,885</u>	<u>925,801</u>	<u>-</u>	<u>3,751,045</u>	<u>-</u>	<u>3,803,961</u>	<u>3,803,961</u>
Total government	<u>\$ 11,370,322</u>	<u>\$ 1,471,161</u>	<u>\$ 64,713</u>	<u>\$ 3,751,045</u>	<u>(9,887,364)</u>	<u>3,803,961</u>	<u>(6,083,403)</u>

STATEMENT B (CONTINUED)

TOWN OF BUCKSPORT, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	<u>(9,887,364)</u>	<u>3,803,961</u>	<u>(6,083,403)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes	7,087,379	-	7,087,379
Excise taxes	838,481	-	838,481
Grants and contributions not restricted to specific programs	885,169	-	885,169
Miscellaneous	428,032	11,701	439,733
Transfers	<u>(131,269)</u>	<u>131,269</u>	<u>-</u>
Total general revenues and transfers	<u>9,107,792</u>	<u>142,970</u>	<u>9,250,762</u>
Change in net position	(779,572)	3,946,931	3,167,359
NET POSITION - JULY 1, RESTATED	<u>21,101,143</u>	<u>5,137,344</u>	<u>26,238,487</u>
NET POSITION - JUNE 30	<u>\$ 20,321,571</u>	<u>\$ 9,084,275</u>	<u>\$ 29,405,846</u>

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

STATEMENT C

TOWN OF BUCKSPORT, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	TIF Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,995,182	\$ -	\$ 145,628	\$ 3,140,810
Investments	8,615,676	-	112,065	8,727,741
Accounts receivable (net of allowance for uncollectibles):				
Taxes	17,216	-	-	17,216
Liens	327,375	-	-	327,375
Other	242,809	-	21,466	264,275
Note receivable	133,310	-	-	133,310
Inventory	5,988	-	-	5,988
Due from other governments	39,403	-	-	39,403
Due from other funds	83,884	493,644	2,247,206	2,824,734
TOTAL ASSETS	\$ 12,460,843	\$ 493,644	\$ 2,526,365	\$ 15,480,852
LIABILITIES				
Accounts payable	\$ 92,160	\$ -	\$ -	\$ 92,160
Accrued payroll and related items	95,286	-	-	95,286
Due to other governments	647	-	-	647
Due to other funds	4,347,055	-	83,884	4,430,939
TOTAL LIABILITIES	4,535,148	-	83,884	4,619,032
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	14,152	-	-	14,152
Deferred tax revenues	269,814	-	-	269,814
TOTAL DEFERRED INFLOWS OF RESOURCES	283,966	-	-	283,966
FUND BALANCES				
Nonspendable	5,988	-	140,198	146,186
Restricted	532,057	493,644	241,537	1,267,238
Committed	133,310	-	1,666,874	1,800,184
Assigned	808,778	-	463,155	1,271,933
Unassigned	6,161,596	-	(69,283)	6,092,313
TOTAL FUND BALANCES	7,641,729	493,644	2,442,481	10,577,854
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 12,460,843	\$ 493,644	\$ 2,526,365	\$ 15,480,852

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, 2017

	Total Governmental Funds
Total Fund Balances	\$ 10,577,854
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	10,528,193
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	2,468,022
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	269,814
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	535,233
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(2,610,008)
Notes payable	(59,172)
Capital leases payable	(66,100)
Accrued compensated absences	(229,082)
Net pension liability	(875,543)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(217,640)
Net position of governmental activities	<u>\$ 20,321,571</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, 2017

	General Fund	TIF Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 7,077,693	\$ -	\$ -	\$ 7,077,693
Excise	838,481	-	-	838,481
Intergovernmental	814,107	-	135,775	949,882
Charges for services	545,360	-	-	545,360
Miscellaneous revenues	333,790	-	94,242	428,032
TOTAL REVENUES	<u>9,609,431</u>	<u>-</u>	<u>230,017</u>	<u>9,839,448</u>
EXPENDITURES				
Current:				
General government	1,557,390	-	12,127	1,569,517
Protection	1,450,512	-	180,026	1,630,538
Public works	1,135,056	-	40,461	1,175,517
Health and sanitation	250,858	-	10,968	261,826
Community and social agencies	66,561	-	-	66,561
Education	4,184,260	-	-	4,184,260
Recreation	193,498	-	76,961	270,459
Cemeteries	2,775	-	8,518	11,293
Tax increment financing agreement	-	101,685	-	101,685
County tax	282,246	-	-	282,246
Unclassified	32,780	-	-	32,780
Debt service:				
Principal	-	-	34,134	34,134
Interest	-	-	224	224
Capital outlay	-	-	512,882	512,882
TOTAL EXPENDITURES	<u>9,155,936</u>	<u>101,685</u>	<u>876,301</u>	<u>10,133,922</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>453,495</u>	<u>(101,685)</u>	<u>(646,284)</u>	<u>(294,474)</u>
OTHER FINANCING SOURCES (USES)				
Bond and note proceeds	-	-	217,452	217,452
Lease proceeds	-	-	83,940	83,940
Transfers in	4,500	-	484,826	489,326
Transfers (out)	(500,238)	-	(120,357)	(620,595)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(495,738)</u>	<u>-</u>	<u>665,861</u>	<u>170,123</u>
NET CHANGE IN FUND BALANCES	<u>(42,243)</u>	<u>(101,685)</u>	<u>19,577</u>	<u>(124,351)</u>
FUND BALANCES - JULY 1 RESTATED	<u>7,683,972</u>	<u>595,329</u>	<u>2,422,904</u>	<u>10,702,205</u>
FUND BALANCES - JUNE 30	<u>\$ 7,641,729</u>	<u>\$ 493,644</u>	<u>\$ 2,442,481</u>	<u>\$ 10,577,854</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, 2017**

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (124,351)</u>
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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	519,576
Capital asset disposals	(20,616)
Depreciation expense	<u>(764,495)</u>
	<u>(265,535)</u>

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

Taxes and liens receivable	<u>9,686</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>190,391</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>445,471</u>
--	----------------

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position

	<u>(301,392)</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>73,070</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	(73,501)
Net pension liability	(322,074)
	<u>(395,575)</u>

Change in net position of governmental activities (Statement B)	<u>\$ (779,572)</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, 2017

	Enterprise Funds		
	Sewer Fund	Marina Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 160	\$ 600	\$ 760
Accounts receivable (net of allowance for uncollectibles)	72,736	2,085	74,821
Inventory	-	6,147	6,147
Due from other governments	218,218	-	218,218
Due from other funds	1,551,686	54,519	1,606,205
Total current assets	1,842,800	63,351	1,906,151
Noncurrent assets:			
Capital assets:			
Construction in progress	12,106,044	-	12,106,044
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	5,760,930	25,813	5,786,743
Equipment	78,331	4,603	82,934
Vehicles	53,205	-	53,205
Total capital assets	24,096,999	76,713	24,173,712
Less: accumulated depreciation	(7,326,768)	(8,109)	(7,334,877)
Total noncurrent assets	16,770,231	68,604	16,838,835
TOTAL ASSETS	\$ 18,613,031	\$ 131,955	\$ 18,744,986
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 218,218	\$ -	\$ 218,218
Accrued interest	91,838	-	91,838
Current portion of long-term liabilities	318,162	-	318,162
Total current liabilities	628,218	-	628,218
Long-term liabilities:			
Bonds payable, net of current portion	9,032,493	-	9,032,493
Total long-term liabilities	9,032,493	-	9,032,493
TOTAL LIABILITIES	9,660,711	-	9,660,711
NET POSITION			
Net investment in capital assets	7,419,576	68,604	7,488,180
Unrestricted	1,532,744	63,351	1,596,095
TOTAL NET POSITION	8,952,320	131,955	9,084,275
TOTAL LIABILITIES AND NET POSITION	\$ 18,613,031	\$ 131,955	18,744,986

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

STATEMENT H

TOWN OF BUCKSPORT, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Funds		
	Sewer Fund	Marina Fund	Total
OPERATING REVENUES			
Charges for services	\$ 836,668	\$ 89,133	\$ 925,801
Other	11,680	21	11,701
TOTAL OPERATING REVENUES	<u>848,348</u>	<u>89,154</u>	<u>937,502</u>
OPERATING EXPENSES			
Payroll	65,419	26,477	91,896
Supplies	35,062	27,089	62,151
Equipment, maintenance and repairs	14,819	7,275	22,094
Utilities	57,285	5,257	62,542
Fuel	7,974	-	7,974
Insurance	6,053	-	6,053
Depreciation	292,869	2,703	295,572
Contracted services	136,365	-	136,365
Other	54,503	7,505	62,008
TOTAL OPERATING EXPENSES	<u>670,349</u>	<u>76,306</u>	<u>746,655</u>
OPERATING INCOME (LOSS)	<u>177,999</u>	<u>12,848</u>	<u>190,847</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	-	-	-
Interest expense	(126,230)	-	(126,230)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(126,230)</u>	<u>-</u>	<u>(126,230)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	51,769	12,848	64,617
Capital grant	3,751,045	-	3,751,045
Transfers in	131,269	-	131,269
Transfers (out)	-	-	-
CHANGE IN NET POSITION	3,934,083	12,848	3,946,931
NET POSITION - JULY 1, RESTATED	<u>5,018,237</u>	<u>119,107</u>	<u>5,137,344</u>
NET POSITION - JUNE 30	<u>\$ 8,952,320</u>	<u>\$ 131,955</u>	<u>\$ 9,084,275</u>

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, 2017

	Enterprise Funds		
	Sewer Fund	Marina Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 869,441	\$ 89,252	\$ 958,693
Internal activity - receipts (payments) from/to other funds	(895,196)	(15,649)	(910,845)
Payments to suppliers	(227,131)	(47,126)	(274,257)
Payments to employees	(65,419)	(26,477)	(91,896)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(318,305)	-	(318,305)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating subsidies and transfers to/from other funds	131,269	-	131,269
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(7,832,538)	-	(7,832,538)
Proceeds from capital debt	7,800,000	-	7,800,000
Proceeds from capital grants	3,751,045	-	3,751,045
Proceeds (payments) from/of short-term debt	(3,815,020)	-	(3,815,020)
Principal payments on bonds payable	(102,713)	-	(102,713)
Interest payments on bonds payable	(126,230)	-	(126,230)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(325,456)	-	(325,456)
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchase) sale of investments	512,652	-	512,652
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	512,652	-	512,652
NET CHANGE IN CASH AND CASH EQUIVALENTS	160	-	160
CASH AND CASH EQUIVALENTS - JULY 1	-	600	600
CASH AND CASH EQUIVALENTS - JUNE 30	\$ 160	\$ 600	\$ 760
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 177,999	\$ 12,848	\$ 190,847
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	292,869	2,703	295,572
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	21,093	-	21,093
(Increase) decrease in due from other funds	(895,196)	(15,649)	(910,845)
(Increase) decrease in inventory	-	98	98
(Increase) decrease in due from other governments	(218,218)	-	(218,218)
Increase (decrease) in accounts payable	218,218	-	218,218
Increase (decrease) in accrued interest	84,930	-	84,930
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (318,305)	\$ -	\$ (318,305)
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	\$ 126,230	\$ -	\$ 126,230

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

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.

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The objective of the Statement is to improve the disclosure of information about benefits other than pensions (other postemployment benefits or OPEB) included in financial statements of state and local governments. This Statement will improve financial reporting through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet specified criteria. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 77, "*Tax Abatement Disclosures*". The objective of the Statement is to improve disclosure of information about the nature and magnitude of tax abatements, making these transactions more transparent to financial statement users. As such, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 80, "*Blending Requirements for Certain Component Units*". The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 82, "*Pension Issues*". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. 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.

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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.

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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Accrual

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

2. Modified Accrual

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

Budget

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

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

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

TOWN OF BUCKSPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

collateralization of accounts and deposits exceeding an amount equal to 25% of capital, surplus, and undivided profits as defined by the laws of the State of Maine.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

Receivables

Receivables include amounts due from ambulance services, local businesses and sewer receivables. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$596,717 for the year ended June 30, 2017. The allowance for uncollectible accounts for the ambulance receivables and micro-loans was estimated to be \$102,370 and \$26,174, respectively, as of June 30, 2017.

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 general fund consists of diesel and gasoline and in the marina fund, 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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and notes payable, capital leases, 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.

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, 2017, the Town's liability for compensated absences is \$229,082.

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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2016 on the assessed value listed as of April 1, 2016, for all real and personal property located in the Town. Taxes were due in two installments on August 31, 2016 and March 31, 2017.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest on unpaid taxes commenced on September 1, 2016 and April 1, 2017, at 4.00% 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 \$310,540 for the year ended June 30, 2017.

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).

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

TOWN OF BUCKSPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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, 2017, the Town's cash and cash equivalent balance of \$3,141,570 was comprised of bank deposits and cash equivalents amounting to \$3,406,690. Of these bank deposits and cash equivalents, \$858,445 was insured by federal depository insurance and consequently was not exposed to custodial credit risk. The remaining deposits of \$2,548,245 were collateralized with securities held by the financial institution in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 2,156,961
Repurchase agreement	292,726
Money market account	879,328
Cash equivalents	77,675
	<u>\$ 3,406,690</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.

TOWN OF BUCKSPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2017, the Town's investments of \$8,727,741 were comprised of \$21,617 of stocks that are registered in the Town's name, held by the Town, and therefore not exposed to custodial credit risk. \$90,448 of open-ended mutual funds was also not exposed to custodial credit risk. \$366,188 of brokered certificates of deposit were insured by federal depository insurance and consequently were not exposed to custodial credit risk. \$6,948,282 of certificates of deposits were collateralized with securities held by the financial institution in the Town's name. \$500,000 of debt securities, mutual funds, and equity securities were covered by the Securities Investors Protection Corporation (SIPC) and the remaining \$801,206 was uninsured and uncollateralized.

At June 30, 2017, the Town had the following investments and maturities:

Investment Type	Fair Value	Not Applicable	Less than 1 Year	1 - 5 Years	Over 5 Years
Certificates of deposit	\$ 6,948,282	\$ -	2,916,614	\$ 4,031,668	\$ -
Debt securities:					
U.S. agency securities	25,062	-	-	25,062	-
Corporate bonds	145,783	-	24,991	120,792	-
Brokered certificates of deposit	366,188	-	25,029	315,821	25,338
Mutual funds:					
Equities	314,623	314,623	-	-	-
Fixed income	616,832	616,832	-	-	-
Equity securities:					
Common stock	310,971	310,971	-	-	-
	<u>\$ 8,727,741</u>	<u>\$ 1,242,426</u>	<u>\$ 2,966,634</u>	<u>\$ 4,493,343</u>	<u>\$ 25,338</u>

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, 2017:

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

		Fair Value Measurements Using		
	June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
	Total			
<u>Investments by fair value level</u>				
Debt securities:				
U.S. agency securities	\$ 25,062	\$ -	\$ 25,062	\$ -
Corporate bonds	145,783	-	145,783	-
Brokered certificates of deposit	366,188	-	366,188	-
Total debt securities	537,033	-	537,033	-
Equity securities:				
Common stock	310,971	310,971	-	-
Mutual funds and exchange-traded funds - domestic and foreign	931,455	931,455	-	-
Total equity securities	1,242,426	1,242,426	-	-
Total investments by fair value level	1,779,459	\$ 1,242,426	\$ 537,033	\$ -
Total investments measured at fair value	\$ 1,779,459			

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 or cash equivalents that are measured at NAV per share (or its equivalent). Certificates of deposit held with local financial institutions for \$6,948,282 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 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, 2017, the Town's investments in U.S. agency securities were rated AA+ (\$25,062) by Standard & Poor's Rating Service. The Town's investments in corporate bonds were rated AA+ (\$24,991), AA- (\$100,658), and BBB+ (\$20,134) by Standard & Poor's Rating Service. The Town's holdings in brokered certificates of deposit totaling \$366,188 were not rated.

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

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2017 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 83,884	\$ 4,347,055
TIF Fund	493,644	-
Nonmajor Special Revenue Funds	402,674	68,579
Nonmajor Capital Projects Funds	1,763,290	490
Nonmajor Permanent Funds	81,242	14,815
Enterprise Funds	1,606,205	-
	<u>\$ 4,430,939</u>	<u>\$ 4,430,939</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2017:

	Balance, 7/1/16 (Restated)	Additions	Disposals	Balance, 6/30/17
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 1,516,122	\$ -	\$ -	\$ 1,516,122
Construction in progress	-	28,271	-	28,271
Artwork	11,450	-	-	11,450
	<u>1,527,572</u>	<u>28,271</u>	<u>-</u>	<u>1,555,843</u>
Depreciated assets:				
Buildings	3,816,046	-	-	3,816,046
Building improvements	1,094,469	-	-	1,094,469
Furniture and fixtures	13,563	-	-	13,563
Equipment	1,539,115	33,200	-	1,572,315
Vehicles	2,940,584	383,139	(117,873)	3,205,850
Infrastructure	13,550,457	74,966	-	13,625,423
	<u>22,954,234</u>	<u>491,305</u>	<u>(117,873)</u>	<u>23,327,666</u>
Less: accumulated depreciation	<u>(13,688,078)</u>	<u>(764,495)</u>	<u>97,257</u>	<u>(14,355,316)</u>
	<u>9,266,156</u>	<u>(273,190)</u>	<u>(20,616)</u>	<u>8,972,350</u>
Net governmental capital assets	<u>\$ 10,793,728</u>	<u>\$ (244,919)</u>	<u>\$ (20,616)</u>	<u>\$ 10,528,193</u>
	Balance, 7/1/16 (Restated)	Additions	Disposals	Balance, 6/30/17
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 676,899	\$ -	\$ -	\$ 676,899
Construction in progress	4,389,363	7,716,681	-	12,106,044
	<u>5,066,262</u>	<u>7,716,681</u>	<u>-</u>	<u>12,782,943</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	115,857	-	5,786,743
	<u>11,274,912</u>	<u>115,857</u>	<u>-</u>	<u>11,390,769</u>
Less: accumulated depreciation	<u>(7,039,305)</u>	<u>(295,572)</u>	<u>-</u>	<u>(7,334,877)</u>
	<u>4,235,607</u>	<u>(179,715)</u>	<u>-</u>	<u>4,055,892</u>
Net business-type capital assets	<u>\$ 9,301,869</u>	<u>\$ 7,536,966</u>	<u>\$ -</u>	<u>\$ 16,838,835</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:

General government	\$ 108,334
Protection	140,888
Public works	433,451
Health and sanitation	10,897
Recreation	70,925
Total governmental activities depreciation expense	<u>764,495</u>
Sewer fund	292,869
Marina	2,703
Total business-type activities depreciation expense	<u>295,572</u>
Total depreciation expense	<u>\$ 1,060,067</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, 2017:

	Balance, 7/1/16	Additions	Deletions	Balance, 6/30/17
Note receivable	\$ 146,648	\$ -	\$ (13,338)	\$ 133,310
Total	<u>\$ 146,648</u>	<u>\$ -</u>	<u>\$ (13,338)</u>	<u>\$ 133,310</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, 2017, a long-term receivable has been recorded for \$2,468,022, 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, 2017

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2017:

	Balance 7/1/16	Additions	Deletions	Balance, 6/30/17	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 2,879,359	\$ 141,986	\$ (411,337)	\$ 2,610,008	\$ 457,836
Notes payable	-	75,466	(16,294)	59,172	13,914
Capital leases payable	-	83,940	(17,840)	66,100	15,659
Accrued compensated absences	155,581	73,501	-	229,082	229,082
Net pension liability	553,469	402,964	(80,890)	875,543	-
Totals	<u>\$ 3,588,409</u>	<u>\$ 777,857</u>	<u>\$ (526,361)</u>	<u>\$ 3,839,905</u>	<u>\$ 716,491</u>
	Balance, 6/30/16	Additions	Deletions	Balance, 6/30/16	Current Portion
<u>Business-type activities:</u>					
Bonds payable	\$ 1,653,368	\$ 7,800,000	\$ (102,713)	\$ 9,350,655	\$ 318,162
Totals	<u>\$ 1,653,368</u>	<u>\$ 7,800,000</u>	<u>\$ (102,713)</u>	<u>\$ 9,350,655</u>	<u>\$ 318,162</u>

The following is a summary of outstanding bonds and notes 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.

\$ 2,468,022

\$141,986, 2016 General Obligation Bonds due in annual principal payments, through November of 2020. Interest is charged at a rate 1.75% per annum.

141,986

\$75,466, 2017 Note due in annual principal payments, through June of 2021. Interest is charged at a rate 3.99% per annum.

59,172

Total governmental activities

2,669,180

TOWN OF BUCKSPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 - LONG-TERM DEBT (CONTINUED)

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. 1,550,655

\$1,500,000, 2016 General Obligation Bonds due in annual installments, calculated using the level debt method, through November of 2044. Interest is charged at a rate of 1.875% per annum. 1,500,000

\$6,300,000, 2016 General Obligation Bonds due in annual installments, calculated using the level debt method, through November of 2044. Interest is charged at a rate of 1.875% per annum. 6,300,000

Total business-type activities 9,350,655

Total bonds and notes payable \$ 12,019,835

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

	Governmental Activities			Business-type Activities		
	Bonds and Notes			Sewer - Bonds		
	Principal	Principal	Interest	Principal	Interest	Total
	Principal	Credit				Debt Service
2018	\$ 471,750	\$ -	\$ 96,800	\$ 318,163	\$ 167,174	\$ 1,053,887
2019	473,140	-	73,951	323,220	162,111	1,032,422
2020	474,569	-	51,008	328,364	156,962	1,010,903
2021	427,047	-	27,781	333,595	151,725	940,148
2022	411,337	-	10,798	338,914	146,400	907,449
2023-2027	411,337	(22,481)	-	1,777,588	648,900	2,815,344
2028-2032	-	-	-	1,805,594	496,161	2,301,755
2033-2037	-	-	-	1,470,750	332,610	1,803,360
2038-2042	-	-	-	1,613,901	189,459	1,803,360
2043-2047	-	-	-	1,040,566	39,222	1,079,788
	<u>\$ 2,669,180</u>	<u>\$ (22,481)</u>	<u>\$ 260,338</u>	<u>\$ 9,350,655</u>	<u>\$ 2,490,724</u>	<u>\$ 14,748,416</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 - LONG-TERM DEBT (CONTINUED)

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense in business-type activities for the year ended June 30, 2017 was \$126,230.

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, 2017, the Town has the following nonspendable fund balances:

General fund:	
Inventory	\$ 5,988
Nonmajor permanent funds (Schedule I)	140,198
	<u>\$ 146,186</u>

NOTE 9 - RESTRICTED FUND BALANCES

At June 30, 2017, the Town has the following restricted fund balances:

General fund:	
Education	\$ 532,057
TIF fund	493,644
Nonmajor special revenue funds (Schedule E)	189,020
Nonmajor permanent funds (Schedule I)	52,517
	<u>\$ 1,267,238</u>

NOTE 10 - COMMITTED FUND BALANCES

At June 30, 2017, the Town has the following committed fund balances:

General fund:	
Loans receivable	\$ 133,310
Nonmajor capital projects funds (Schedule G)	1,666,874
	<u>\$ 1,800,184</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - ASSIGNED FUND BALANCES

At June 30, 2017, the Town has the following assigned fund balances:

General fund:	
2018 budget reduction	\$ 350,000
Maine PERS distribution	458,778
Nonmajor special revenue funds (Schedule E)	366,555
Nonmajor capital projects funds (Schedule G)	96,600
	<u>\$ 1,271,933</u>

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, 2017, the County of Hancock, Maine had not outstanding debt. At June 30, 2017, the Town's share was approximately:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
RSU #25	\$ 5,001,795	66.99%	\$ 3,350,702
			<u>\$ 3,350,702</u>

NOTE 13 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations, and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2017.

The Town is a member of the Maine Municipal Association – Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the

TOWN OF BUCKSPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - RISK MANAGEMENT (CONTINUED)

Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a "claims made" form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

The Town is self-insured in the area of unemployment compensation, and accounts for and finances its uninsured risk of loss in the special revenue funds.

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, 2017. 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.

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.maineopers.org or by contacting the System at (800) 451-9800.

TOWN OF BUCKSPORT, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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 9.0% of their annual covered salary, while all other employees are part of the PLD's plan "AN" and are required to contribute 8.0% 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 4.6% and 6.5%, 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, 2017 was \$90,636.

TOWN OF BUCKSPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At June 30, 2017, the Town reported a liability of \$875,543 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2016, 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, 2016, the Town's proportion was 0.164783%, which was a decrease of 0.008694% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized total pension revenue of \$58,613. At June 30, 2017, 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	\$ 10,613	\$ 56,314
Changes of assumptions	93,860	-
Net difference between projected and actual earnings on pension plan investments	323,542	134,654
Changes in proportion and differences between contributions and proportionate share of contributions	16,582	26,672
Contributions subsequent to the measurement date	90,636	-
Total	\$ 535,233	\$ 217,640

\$90,636 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan
Year ended June 30:	
2017	\$ 41,559
2018	34,440
2019	100,496
2020	50,461
2021	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2016, 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.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2016 are as follows:

Investment Rate of Return - For the PLD Plan, 6.875% per annum, compounded annually; 7.125% was used for the period ended June 30, 2015.

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year.

Mortality Rates - For participating local districts, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases - 2.20%; 2.55% was used for the period ended June 30, 2015.

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, 2016 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

TOWN OF BUCKSPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real assets:		
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.875% for 2016. 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 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, 2016 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 6.875% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 1,453,243	\$ 875,543	\$ 331,658

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2016 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2016 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. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2016, this was 4 years for the PLD Consolidated Plan.

Differences between Projected and Actual Investment Earnings on Pension Plan Investments

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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. The actuarial assumptions used for the year ended June 30, 2016 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the Actuarial Methods and Assumptions section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

TOWN OF BUCKSPORT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. 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' 2016 Comprehensive Annual Financial Report available online at www.maineopers.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, 2017

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, 2017 was seventeen participants. Total expenditures for the year ended June 30, 2017 were \$2,118.

NOTE 18 - TAX INCREMENT FINANCING AGREEMENTS

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. As of June 30, 2017, all terms of the agreement have been met and the District is considered inactive.

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.

Abatements

The Town has not made any commitments as part of the Credit Enhancement Agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities. The Town currently has one active tax abatement agreement, the Leadbetter Realty Trust Credit Enhancement Agreement, which is summarized above.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 18 - TAX INCREMENT FINANCING AGREEMENT (CONTINUED)

For the fiscal year ended June 30, 2017, the Town abated property taxes for the following programs:

<u>Tax Abatement Program</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Ellis & Guerrette Credit Enhancement Agreement	50%	\$ 8,883
Leadbetter Realty Trust Credit Enhancement Agreement	50%	<u>3,097</u>
		<u>\$ 11,980</u>

NOTE 19 - EXPENDITURES OVER APPROPRIATIONS

The following appropriations were exceeded by actual expenditures for the year ended June 30, 2017:

General government	\$ 23,633
Public works	125,156
	<u>\$ 148,789</u>

NOTE 20 - DEFICIT FUND BALANCES

At June 30, 2017, the Town has the following funds with deficit fund balances:

Maine Forestry	\$ 490
CDBG Community Enterprise	15,663
Bucksport Fire Department	1,061
Bucksport Police Department	320
2015 Fire FEMA Grant	14,581
2015 Fire FEMA Grant	25,000
2013 CDBG Housing Assistance	11,464
Chamber Building	<u>490</u>
	<u>\$ 69,069</u>

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 21 - CONTINGENCIES AND COMMITMENTS

With regard to pending legal claims, the Town is currently defending an appeal of an eminent domain order of the Town Council by a landowner. It is unclear the extent of the damages alleged at this time, as the damages were not stated in the complaint, and discovery is ongoing. The Town believes that the claim has no financial merit and therefore will not have a material adverse effect on the Town's financial position. The Town continues to vigorously defend the appeal.

With regard to 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.

As of April 30, 2015, the Town has entered into a construction contract for its secondary wastewater treatment plant totaling \$13.60 million, of which \$1.49 million is still outstanding.

On April 13, 2017, the Town entered into a contract to develop, implement, and enhance recreational programs in the Town of Bucksport, Maine with the Down East Family YMCA. The contract term is for two years and two months, with year one of the contract beginning May 1, 2017 and ending June 30, 2018 for a total cost of \$105,399. A budget review/adjustment will be made to the fiscal year 2018-19 contract price. All future contract amounts are subject to annual appropriation by the Town of Bucksport.

On March 30, 2017, the Town entered into a contract with the Maine Water Company for the operations and management agreement of its wastewater treatment facility. The contract term is for three years beginning July 1, 2017 and ending June 30, 2020. The annual contract cost is calculated based on the agreement at \$236,400 for year one with the following two, twelve-month periods adjusted annually by the change in the CPI-U for that same period. All future contract amounts are subject to annual appropriation by the Town of Bucksport.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 22 - 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, 2016, (most recent data available), the Town of Bucksport's share of the Joint Venture's net position was \$386,003. Complete financial statements may be obtained from the Municipal Review Committee, 395 State Street, Ellsworth, Maine 04605.

NOTE 23 - RESTATEMENTS

In 2017, the Town determined that certain transactions in the prior year had been recorded incorrectly or omitted. Therefore, restatements to the 2016 government-wide financial statements for governmental and business-type activities and the corresponding general fund and proprietary fund financial statements were required. The result of this was the restatement as of July 1, 2016 for a reduction of \$71,826 and an increase of \$18,749 in the governmental and business-type activities, respectively. The restatements represent an increase to current assets, a decrease to capital assets, a decrease in current and other liabilities, offset by a corresponding decrease in net investment in capital assets and an increase to the 2016 net position for governmental activities. For business-type activities, the restatements represent a decrease to current assets, an increase to capital assets with a corresponding increase to net investment in capital assets and decrease to 2016 net position.

The beginning fund balance of the special revenue fund and the net position of the governmental activities have been restated as of July 1, 2016. These balances were restated to correctly record grant funds in the special revenue funds. The special revenue funds and the governmental activities were both restated by \$27,292.

NOTE 24 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

TOWN OF BUCKSPORT, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 25 - SUBSEQUENT EVENTS

On July 14, 2016, the Town Council of Bucksport, Maine resolved to execute a municipal joinder agreement with the Municipal Review Committee (MRC) for the purpose of managing and facilitating solid waste disposal for the Town. The Town will continue as a member of the MRC as mentioned in Note 22 above and will adopt the restated articles of incorporation and bylaws of the MRC to deliver the Town's municipal solid waste for disposal to a waste management facility being developed by Fiberight, LLC and/or its affiliate (collectively, "Fiberight") in Hampden, Maine or other waste disposal facility.

On March 31, 2018, MRC's waste disposal agreements with the Penobscot Energy Recovery Company (PERC) terminate. All Equity Charter Municipalities have the right to withdraw from their limited partnership interests in the PERC Partnership and receive three one-time distributions of cash pursuant to these events. The financial impact of these events, if any, to the Town of Bucksport or its share of the net position in the joint venture is unknown 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, 2017**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1, Restated	\$ 7,683,972	\$ 7,683,972	\$ 7,683,972	\$ -
Resources (Inflows):				
Property taxes	7,078,778	7,078,778	7,077,693	(1,085)
Excise taxes	785,500	785,500	838,481	52,981
Intergovernmental	807,209	809,123	814,107	4,984
Charges for services	682,100	682,100	545,360	(136,740)
Interest on taxes	24,000	24,000	22,078	(1,922)
Interest income	44,000	44,000	184,221	140,221
Miscellaneous revenues	102,325	114,126	127,491	13,365
Transfers from other funds	4,500	4,500	4,500	-
Amounts Available for Appropriation	<u>17,212,384</u>	<u>17,226,099</u>	<u>17,297,903</u>	<u>71,804</u>
Charges to Appropriations (Outflows):				
General government	1,518,199	1,533,757	1,557,390	(23,633)
Protection	1,514,916	1,528,631	1,450,512	78,119
Public works	1,009,900	1,009,900	1,135,056	(125,156)
Health and sanitation	312,685	312,685	250,858	61,827
Community and social agencies	69,392	69,392	66,561	2,831
Education	4,348,959	4,348,959	4,184,260	164,699
Recreation	220,162	220,162	193,498	26,664
Cemeteries	4,525	4,525	2,775	1,750
County tax	282,246	282,246	282,246	-
Unclassified	347,838	347,838	32,780	315,058
Transfers to other funds	475,912	500,238	500,238	-
Total Charges to Appropriations	<u>10,104,734</u>	<u>10,158,333</u>	<u>9,656,174</u>	<u>502,159</u>
Budgetary Fund Balance, June 30	<u>\$ 7,107,650</u>	<u>\$ 7,067,766</u>	<u>\$ 7,641,729</u>	<u>\$ 573,963</u>
Utilization of restricted fund balance	\$ 168,000	\$ 168,000	\$ -	\$ (168,000)
Utilization of unassigned fund balance	410,000	449,884	-	(449,884)
	<u>\$ 578,000</u>	<u>\$ 617,884</u>	<u>\$ -</u>	<u>\$ (617,884)</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*

	2017	2016	2015	2014
<u>PLD Plan:</u>				
Proportion of the net pension liability (asset)	0.16%	0.17%	0.16%	0.17%
Proportionate share of the net pension liability (asset)	\$ 875,543	\$ 553,469	\$ 249,821	\$ 514,429
Covered-employee payroll	\$ 1,537,530	\$ 1,685,602	\$ 1,585,157	\$ 1,584,949
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	56.94%	32.84%	15.76%	32.46%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>				
Contractually required contribution	\$ 90,636	\$ 77,324	\$ 68,195	\$ 56,280
Contributions in relation to the contractually required contribution	<u>(90,636)</u>	<u>(77,324)</u>	<u>(68,195)</u>	<u>(56,280)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,597,715	\$ 1,537,530	\$ 1,685,602	\$ 1,585,157
Contributions as a percentage of covered-employee payroll	5.67%	5.03%	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, 2017

Changes of Assumptions

There was a change in the investment rate of return assumption this year from 7.125% to 6.875%. Annual salary increases, including inflation, changed from 3.50% - 9.50% to 2.75% - 9.00%, for the PLD Consolidated Plan. There was also a change in the cost of living benefit increase from 2.55% to 2.20%. Finally, the mortality rates for active members, nondisabled retirees and recipients of disability benefits, were determined using the RP2014 Total Dataset Healthy Annuitant Mortality Table and the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, compared to the RP2000 Tables projected forward and the Revenue Ruling 96-7 Disabled Mortality Table used in the prior year.

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

Other Supplementary Information

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

- Budgetary Comparison Schedule - 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

TOWN OF BUCKSPORT, MAINE

**BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
BUDGET AND ACTUAL – GENERAL FUND REVENUES
FOR THE YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 7,078,778	\$ 7,078,778	\$ 7,077,693	\$ (1,085)
Excise taxes:				
Auto excise	780,000	780,000	833,038	53,038
Boat excise	5,500	5,500	5,443	(57)
Intergovernmental revenues:				
State revenue sharing	324,500	324,500	324,251	(249)
Homestead exemption	151,056	151,056	151,056	-
Local road assistance	62,500	62,500	62,180	(320)
Tree growth reimbursement	25,000	25,000	30,036	5,036
Veterans' reimbursement	3,500	3,500	4,232	732
General assistance reimbursement	5,000	5,000	2,533	(2,467)
BETE reimbursement	55,519	55,519	55,615	96
Department subsidies	180,134	180,134	181,919	1,785
Other	-	1,914	2,285	371
Charges for services:				
Auto registration fees	16,000	16,000	16,284	284
Town clerk revenues	11,000	11,000	10,947	(53)
Planning board fees	1,000	1,000	1,475	475
Code enforcement fees	6,000	6,000	5,955	(45)
Plumbing inspector fees	3,500	3,500	3,713	213
Ambulance user fees	432,000	432,000	324,663	(107,337)
Fire revenue	-	-	195	195
Police revenue	34,000	34,000	41,133	7,133
Animal control fees	16,000	16,000	15,511	(489)
Highway revenue	500	500	245	(255)
Recycling revenue	12,000	12,000	9,001	(2,999)
Solid waste fees	36,000	36,000	25,366	(10,634)
MERC revenue	38,000	38,000	23,241	(14,759)
Recreation fees	27,300	27,300	13,974	(13,326)
Cable TV revenue	45,000	45,000	47,544	2,544
Mooring and docking fees	3,800	3,800	6,113	2,313
Interest:				
Taxes	24,000	24,000	22,078	(1,922)
Deposit and investment accounts	44,000	44,000	184,221	140,221
Other income:				
Tax lien cost	13,000	13,000	16,463	3,463
TIF revenue	70,000	70,000	70,000	-
Fee in lieu of taxes	15,975	15,975	14,247	(1,728)
Snowmobile revenue	1,200	1,200	808	(392)
Other income	2,150	13,951	25,973	12,022
Transfers in:				
Spofford fund	4,500	4,500	4,500	-
Total revenues	\$ 9,528,412	\$ 9,542,127	\$ 9,613,931	\$ 71,804

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, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Administration	\$ 389,020	\$ -	\$ 389,020	\$ 377,681	\$ 11,339
Municipal planning	61,275	-	61,275	61,249	26
Assessor's office	59,485	5,000	64,485	66,622	(2,137)
Municipal building	24,130	-	24,130	23,614	516
Insurance & benefits	905,578	-	905,578	936,445	(30,867)
Contingency	10,000	10,558	20,558	20,250	308
Public access channel	4,125	-	4,125	4,386	(261)
Economic development	64,586	-	64,586	67,143	(2,557)
	<u>1,518,199</u>	<u>15,558</u>	<u>1,533,757</u>	<u>1,557,390</u>	<u>(23,633)</u>
Protection:					
Fire protection	373,922	1,914	375,836	366,043	9,793
Police department	497,743	-	497,743	464,401	33,342
Dispatcher service	181,661	-	181,661	179,349	2,312
Ambulance service	182,853	-	182,853	149,244	33,609
Public safety building	35,712	11,801	47,513	46,152	1,361
Public safety utilities	243,025	-	243,025	245,323	(2,298)
	<u>1,514,916</u>	<u>13,715</u>	<u>1,528,631</u>	<u>1,450,512</u>	<u>78,119</u>
Public works:					
General highways	989,600	-	989,600	1,116,182	(126,582)
Town garage	20,300	-	20,300	18,874	1,426
	<u>1,009,900</u>	<u>-</u>	<u>1,009,900</u>	<u>1,135,056</u>	<u>(125,156)</u>
Health and sanitation:					
Solid waste	302,385	-	302,385	247,306	55,079
Health	300	-	300	300	-
General assistance	10,000	-	10,000	3,252	6,748
	<u>312,685</u>	<u>-</u>	<u>312,685</u>	<u>250,858</u>	<u>61,827</u>
Community and social agencies:					
Community agencies	35,850	-	35,850	33,019	2,831
Social agencies	33,542	-	33,542	33,542	-
	<u>69,392</u>	<u>-</u>	<u>69,392</u>	<u>66,561</u>	<u>2,831</u>

SCHEDULE B (CONTINUED)

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education:					
Regular program	4,348,959	-	4,348,959	4,184,260	164,699
Recreation:					
Recreation program	208,687	-	208,687	183,412	25,275
Town dock expenses	11,475	-	11,475	10,086	1,389
	220,162	-	220,162	193,498	26,664
Cemeteries	4,525	-	4,525	2,775	1,750
County tax	282,246	-	282,246	282,246	-
Unclassified:					
Note receivable amortization	6,669	-	6,669	6,669	-
TIF	30,629	-	30,629	19,449	11,180
Overlay	310,540	-	310,540	6,662	303,878
	347,838	-	347,838	32,780	315,058
Transfers to other funds:					
Capital projects funds	460,500	24,326	484,826	484,826	-
Sewer fund - debt service	15,412	-	15,412	15,412	-
	475,912	24,326	500,238	500,238	-
Total Expenditures	\$ 10,104,734	\$ 53,599	\$ 10,158,333	\$ 9,656,174	\$ 502,159

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

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 131,405	\$ -	\$ 14,223	\$ 145,628
Investments	-	-	112,065	112,065
Accounts receivable (net of allowance for uncollectibles)	21,466	-	-	21,466
Due from other funds	402,674	1,763,290	81,242	2,247,206
TOTAL ASSETS	<u>\$ 555,545</u>	<u>\$ 1,763,290</u>	<u>\$ 207,530</u>	<u>\$ 2,526,365</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	68,579	490	14,815	83,884
TOTAL LIABILITIES	<u>68,579</u>	<u>490</u>	<u>14,815</u>	<u>83,884</u>
FUND BALANCES				
Nonspendable - principal	-	-	140,198	140,198
Restricted	189,020	-	52,517	241,537
Committed	-	1,666,874	-	1,666,874
Assigned	366,555	96,600	-	463,155
Unassigned	(68,609)	(674)	-	(69,283)
TOTAL FUND BALANCES	<u>486,966</u>	<u>1,762,800</u>	<u>192,715</u>	<u>2,442,481</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 555,545</u>	<u>\$ 1,763,290</u>	<u>\$ 207,530</u>	<u>\$ 2,526,365</u>

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

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 135,775	\$ -	\$ -	\$ 135,775
Investment income, net of unrealized gains/(losses)	732	18,240	9,109	28,081
Other	36,637	29,274	-	65,911
TOTAL REVENUES	<u>173,394</u>	<u>47,514</u>	<u>9,109</u>	<u>230,017</u>
EXPENDITURES				
General government	5,991	6,136	-	12,127
Protection	179,247	779	-	180,026
Public works	-	40,461	-	40,461
Health and sanitation	-	10,968	-	10,968
Culture and recreation	31,928	45,033	-	76,961
Cemeteries	-	-	8,518	8,518
Debt Service:				
Principal	-	34,134	-	34,134
Interest	-	224	-	224
Capital outlay	-	512,882	-	512,882
TOTAL EXPENDITURES	<u>217,166</u>	<u>650,617</u>	<u>8,518</u>	<u>876,301</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(43,772)</u>	<u>(603,103)</u>	<u>591</u>	<u>(646,284)</u>
OTHER FINANCING SOURCES (USES)				
Bond and note proceeds	-	217,452	-	217,452
Lease proceeds	-	83,940	-	83,940
Transfers in	-	484,826	-	484,826
Transfers (out)	-	(115,857)	(4,500)	(120,357)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>670,361</u>	<u>(4,500)</u>	<u>665,861</u>
NET CHANGE IN FUND BALANCES	<u>(43,772)</u>	<u>67,258</u>	<u>(3,909)</u>	<u>19,577</u>
FUND BALANCES - JULY 1, RESTATED	<u>530,738</u>	<u>1,695,542</u>	<u>196,624</u>	<u>2,422,904</u>
FUND BALANCES - JUNE 30	<u>\$ 486,966</u>	<u>\$ 1,762,800</u>	<u>\$ 192,715</u>	<u>\$ 2,442,481</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, 2017

	911 Numbering	Closed Housing Grant	Maine Forestry	2008 CDBG CE Grant	Unemployment Reserve	Sick & Vacation Reserve	Heart & Soul Project	Main Street Bucksport
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-
Due from other funds	36	13,880	-	2,049	64,631	166,589	11,592	-
TOTAL ASSETS	<u>\$ 36</u>	<u>\$ 13,880</u>	<u>\$ -</u>	<u>\$ 2,049</u>	<u>\$ 64,631</u>	<u>\$ 166,589</u>	<u>\$ 11,592</u>	<u>\$ -</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	490	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	13,880	-	2,049	-	-	11,592	-
Committed	-	-	-	-	-	-	-	-
Assigned	66	-	-	-	64,631	166,589	-	-
Unassigned	(30)	-	(490)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>36</u>	<u>13,880</u>	<u>(490)</u>	<u>2,049</u>	<u>64,631</u>	<u>166,589</u>	<u>11,592</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 36</u>	<u>\$ 13,880</u>	<u>\$ -</u>	<u>\$ 2,049</u>	<u>\$ 64,631</u>	<u>\$ 166,589</u>	<u>\$ 11,592</u>	<u>\$ -</u>

SCHEDULE E (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Wilson Hall	Wednesdays on Main Street	CDBG Community Enterprise	Christmas Lights	Halloween Event
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
Due from other funds	1,300	8,164	-	1,883	469
TOTAL ASSETS	<u>\$ 1,300</u>	<u>\$ 8,164</u>	<u>\$ -</u>	<u>\$ 1,883</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	1,300	8,164	-	1,883	469
Unassigned	-	-	(15,663)	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>1,300</u>	<u>8,164</u>	<u>(15,663)</u>	<u>1,883</u>	<u>469</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,300</u>	<u>\$ 8,164</u>	<u>\$ -</u>	<u>\$ 1,883</u>	<u>\$ 469</u>

SCHEDULE E (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2017

	Youth Softball	Youth Football	Bucksport Fire Department	Bucksport Police Department	Local General Assistance	2015 Fire FEMA Grant	2015 Fire FEMA Grant
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other funds	318	4,670	-	-	314	-	-
TOTAL ASSETS	<u>\$ 318</u>	<u>\$ 4,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	1,061	320	-	14,581	25,000
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>1,061</u>	<u>320</u>	<u>-</u>	<u>14,581</u>	<u>25,000</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	318	4,670	-	-	314	-	-
Unassigned	-	-	(1,061)	(320)	-	(14,581)	(25,000)
TOTAL FUND BALANCES (DEFICITS)	<u>318</u>	<u>4,670</u>	<u>(1,061)</u>	<u>(320)</u>	<u>314</u>	<u>(14,581)</u>	<u>(25,000)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 318</u>	<u>\$ 4,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE E (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	JAG Byne Grant	DARE Program	Youth Council	Police Explorers	Community for Children	Diversion Program
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other funds	-	5,675	947	291	1,524	54,024
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 5,675</u>	<u>\$ 947</u>	<u>\$ 291</u>	<u>\$ 1,524</u>	<u>\$ 54,024</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	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	5,675	947	291	1,524	54,024
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>5,675</u>	<u>947</u>	<u>291</u>	<u>1,524</u>	<u>54,024</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 5,675</u>	<u>\$ 947</u>	<u>\$ 291</u>	<u>\$ 1,524</u>	<u>\$ 54,024</u>

SCHEDULE E (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,405	\$ 131,405
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	21,466	21,466
Due from other funds	138	2,882	5,000	1,487	-	54,811	402,674
TOTAL ASSETS	<u>\$ 138</u>	<u>\$ 2,882</u>	<u>\$ 5,000</u>	<u>\$ 1,487</u>	<u>\$ -</u>	<u>\$ 207,682</u>	<u>\$ 555,545</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	11,464	-	68,579
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,464</u>	<u>-</u>	<u>68,579</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	161,499	189,020
Committed	-	-	-	-	-	-	-
Assigned	138	2,882	5,000	1,487	-	46,183	366,555
Unassigned	-	-	-	-	(11,464)	-	(68,609)
TOTAL FUND BALANCES (DEFICITS)	<u>138</u>	<u>2,882</u>	<u>5,000</u>	<u>1,487</u>	<u>(11,464)</u>	<u>207,682</u>	<u>486,966</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 138</u>	<u>\$ 2,882</u>	<u>\$ 5,000</u>	<u>\$ 1,487</u>	<u>\$ -</u>	<u>\$ 207,682</u>	<u>\$ 555,545</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, 2017

	911 Numbering	Closed Housing Grant	Maine Forestry	2008 CDBG CE Grant	Unemployment Reserve	Sick & Vacation Reserve	Heart & Soul Project	Main Street Bucksport
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, net of unrealized gains/(losses)	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	250	-
Other	36	-	-	-	-	-	3,242	-
TOTAL REVENUES	36	-	-	-	-	-	3,492	-
EXPENDITURES								
General government	66	-	697	-	-	-	-	-
Protection	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	14,692	4,500
Capital outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	66	-	697	-	-	-	14,692	4,500
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(30)	-	(697)	-	-	-	(11,200)	(4,500)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(30)	-	(697)	-	-	-	(11,200)	(4,500)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	66	13,880	207	2,049	64,631	166,589	22,792	4,500
FUND BALANCES (DEFICITS) - JUNE 30	\$ 36	\$ 13,880	\$ (490)	\$ 2,049	\$ 64,631	\$ 166,589	\$ 11,592	\$ -

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, 2017

	Wilson Hall	Wednesdays on Main Street	CDBG Community Enterprise	Christmas Lights	Halloween Event
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, net of unrealized gains/(losses)	-	-	-	-	-
Donations	-	-	-	-	-
Other	-	12,187	-	1,150	-
TOTAL REVENUES	-	12,187	-	1,150	-
EXPENDITURES					
General government	573	-	-	4,636	-
Protection	-	-	-	-	-
Culture and recreation	-	12,736	-	-	-
TOTAL EXPENDITURES	573	12,736	-	4,636	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(573)	(549)	-	(3,486)	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(573)	(549)	-	(3,486)	-
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	1,873	8,713	(15,663)	5,369	469
FUND BALANCES (DEFICITS) - JUNE 30	\$ 1,300	\$ 8,164	\$ (15,663)	\$ 1,883	\$ 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, 2017

	Youth Softball	Youth Football	Bucksport Fire Department	Bucksport Police Department	Local General Assistance	2015 Fire FEMA Grant	2015 Fire FEMA Grant
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,000	\$ -
Interest, net of unrealized gains/(losses)	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	130,000	-
EXPENDITURES							
General government	-	-	-	-	-	-	-
Protection	-	-	1,356	-	-	144,581	25,000
Culture and recreation	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	1,356	-	-	144,581	25,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,356)	-	-	(14,581)	(25,000)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	(1,356)	-	-	(14,581)	(25,000)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	318	4,670	295	(320)	314	-	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ 318	\$ 4,670	\$ (1,061)	\$ (320)	\$ 314	\$ (14,581)	\$ (25,000)

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, 2017

	JAG Byne Grant	DARE Program	Youth Council	Police Explorers	Community for Children	Diversion Program
REVENUES						
Intergovernmental	\$ 5,775	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, net of unrealized gains/(losses)	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Other	-	-	-	-	-	17,710
TOTAL REVENUES	<u>5,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,710</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Protection	5,775	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>5,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,710</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 (DEFICITS)	-	-	-	-	-	17,710
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>-</u>	<u>5,675</u>	<u>947</u>	<u>291</u>	<u>1,524</u>	<u>36,314</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ 5,675</u>	<u>\$ 947</u>	<u>\$ 291</u>	<u>\$ 1,524</u>	<u>\$ 54,024</u>

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, 2017

	Special Business	District 7 Police Training	Police Training Buyout	Animal Spay/Neuter Program	2013 CDBG Housing Assistance	Micro Loan	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	135,775
Interest, net of unrealized gains/(losses)	-	-	-	-	-	732	732
Donations	-	-	-	-	-	-	250
Other	-	-	-	2,312	-	-	36,637
TOTAL REVENUES	-	-	-	2,312	-	732	173,394
EXPENDITURES							
General government	-	-	-	-	-	19	5,991
Protection	-	305	-	2,230	-	-	179,247
Culture and recreation	-	-	-	-	-	-	31,928
TOTAL EXPENDITURES	-	305	-	2,230	-	19	217,166
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(305)	-	82	-	713	(43,772)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(305)	-	82	-	713	(43,772)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	138	3,187	5,000	1,405	(11,464)	206,969	530,738
FUND BALANCES (DEFICITS) - JUNE 30	\$ 138	\$ 2,882	\$ 5,000	\$ 1,487	\$ (11,464)	\$ 207,682	\$ 486,966

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, 2017

	Police Equipment	Highway Equipment	Waterfront Improvements	Fire Equipment	Ambulance	Town Office Equipment	Solid Waste Equipment
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	15,330	212,541	54,891	48,589	92,903	31,864	123,482
TOTAL ASSETS	\$ 15,330	\$ 212,541	\$ 54,891	\$ 48,589	\$ 92,903	\$ 31,864	\$ 123,482
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	15,330	212,541	54,891	48,589	92,903	31,864	123,482
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	15,330	212,541	54,891	48,589	92,903	31,864	123,482
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 15,330	\$ 212,541	\$ 54,891	\$ 48,589	\$ 92,903	\$ 31,864	\$ 123,482

SCHEDULE G (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

	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	11,521	78,694	59,533	44,673	68,819	22,079	39,156
TOTAL ASSETS	<u>\$ 11,521</u>	<u>\$ 78,694</u>	<u>\$ 59,533</u>	<u>\$ 44,673</u>	<u>\$ 68,819</u>	<u>\$ 22,079</u>	<u>\$ 39,156</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	11,521	78,694	59,533	44,673	68,819	22,079	39,156
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>11,521</u>	<u>78,694</u>	<u>59,533</u>	<u>44,673</u>	<u>68,819</u>	<u>22,079</u>	<u>39,156</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 11,521</u>	<u>\$ 78,694</u>	<u>\$ 59,533</u>	<u>\$ 44,673</u>	<u>\$ 68,819</u>	<u>\$ 22,079</u>	<u>\$ 39,156</u>

SCHEDULE G (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

	Town Garage	Parking Lots	Recreation Facility	Transfer Station	Public Safety	Chamber Building	Jewett School Community
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	73,567	25,075	99,233	49,136	67,065	-	32,126
TOTAL ASSETS	\$ 73,567	\$ 25,075	\$ 99,233	\$ 49,136	\$ 67,065	\$ -	\$ 32,126
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	490	-
TOTAL LIABILITIES	-	-	-	-	-	490	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	73,567	25,259	99,233	49,136	67,065	-	32,126
Assigned	-	-	-	-	-	-	-
Unassigned	-	(184)	-	-	-	(490)	-
TOTAL FUND BALANCES (DEFICITS)	73,567	25,075	99,233	49,136	67,065	(490)	32,126
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 73,567	\$ 25,075	\$ 99,233	\$ 49,136	\$ 67,065	\$ -	\$ 32,126

SCHEDULE G (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

	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	161	10,287	16,480	2,880	1,382	1,720	259	96,600
TOTAL ASSETS	<u>\$ 161</u>	<u>\$ 10,287</u>	<u>\$ 16,480</u>	<u>\$ 2,880</u>	<u>\$ 1,382</u>	<u>\$ 1,720</u>	<u>\$ 259</u>	<u>\$ 96,600</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	161	10,287	16,480	2,880	1,382	1,720	259	-
Assigned	-	-	-	-	-	-	-	96,600
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>161</u>	<u>10,287</u>	<u>16,480</u>	<u>2,880</u>	<u>1,382</u>	<u>1,720</u>	<u>259</u>	<u>96,600</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 161</u>	<u>\$ 10,287</u>	<u>\$ 16,480</u>	<u>\$ 2,880</u>	<u>\$ 1,382</u>	<u>\$ 1,720</u>	<u>\$ 259</u>	<u>\$ 96,600</u>

SCHEDULE G (CONTINUED)

TOWN OF BUCKSPORT, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

	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	1,221	34,638	274,378	11,815	27,477	20,903	12,761	51	1,763,290
TOTAL ASSETS	\$ 1,221	\$ 34,638	\$ 274,378	\$ 11,815	\$ 27,477	\$ 20,903	\$ 12,761	\$ 51	\$ 1,763,290
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-	490
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	490
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	1,221	34,638	274,378	11,815	27,477	20,903	12,761	51	1,666,874
Assigned	-	-	-	-	-	-	-	-	96,600
Unassigned	-	-	-	-	-	-	-	-	(674)
TOTAL FUND BALANCES (DEFICITS)	1,221	34,638	274,378	11,815	27,477	20,903	12,761	51	1,762,800
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 1,221	\$ 34,638	\$ 274,378	\$ 11,815	\$ 27,477	\$ 20,903	\$ 12,761	\$ 51	\$ 1,763,290

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

TOWN OF BUCKSPORT, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Police Equipment	Highway Equipment	Waterfront Improvements	Fire Equipment	Ambulance	Town Office Equipment	Solid Waste Equipment
REVENUES							
Interest, net of unrealized gains/(losses)	\$ 159	\$ 2,199	\$ 568	\$ 503	\$ 961	\$ 330	\$ 1,277
Other	-	16,715	-	-	600	-	-
TOTAL REVENUES	<u>159</u>	<u>18,914</u>	<u>568</u>	<u>503</u>	<u>1,561</u>	<u>330</u>	<u>1,277</u>
EXPENDITURES							
General government	-	-	-	-	-	4,841	-
Protection	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	2,142	-	-	-	-
Debt service:							
Principal	-	34,134	-	-	-	-	-
Interest	-	224	-	-	-	-	-
Capital outlay	17,500	312,574	-	-	-	28,271	15,000
TOTAL EXPENDITURES	<u>17,500</u>	<u>346,932</u>	<u>2,142</u>	<u>-</u>	<u>-</u>	<u>33,112</u>	<u>15,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(17,341)</u>	<u>(328,018)</u>	<u>(1,574)</u>	<u>503</u>	<u>1,561</u>	<u>(32,782)</u>	<u>(13,723)</u>
OTHER FINANCING SOURCES (USES)							
Bond and note proceeds	-	217,452	-	-	-	-	-
Lease proceeds	-	83,940	-	-	-	-	-
Transfers in	25,000	200,000	-	21,000	50,000	20,000	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,000</u>	<u>501,392</u>	<u>-</u>	<u>21,000</u>	<u>50,000</u>	<u>20,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	7,659	173,374	(1,574)	21,503	51,561	(12,782)	(13,723)
FUND BALANCES (DEFICITS) - JULY 1	<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>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 15,330</u>	<u>\$ 212,541</u>	<u>\$ 54,891</u>	<u>\$ 48,589</u>	<u>\$ 92,903</u>	<u>\$ 31,864</u>	<u>\$ 123,482</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, 2017

	School St Fire House	Recreation Equipment	Cable TV	Dispatch Equipment	Municipal Building	Dog Kennel	Swimming Pool
REVENUES							
Interest, net of unrealized gains/(losses)	\$ 119	\$ 814	\$ 616	\$ 462	\$ 712	\$ 228	\$ 403
Other	-	1,151	-	-	-	-	-
TOTAL REVENUES	119	1,965	616	462	712	228	403
EXPENDITURES							
General government	-	-	185	-	510	-	-
Protection	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	15,150
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay	-	7,418	5,995	13,977	-	-	-
TOTAL EXPENDITURES	-	7,418	6,180	13,977	510	-	15,150
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	119	(5,453)	(5,564)	(13,515)	202	228	(14,747)
OTHER FINANCING SOURCES (USES)							
Loan proceeds	-	-	-	-	-	-	-
Lease proceeds	-	-	-	-	-	-	-
Transfers in	-	-	40,000	-	20,000	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	40,000	-	20,000	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	119	(5,453)	34,436	(13,515)	20,202	228	(14,747)
FUND BALANCES (DEFICITS) - JULY 1	11,402	84,147	25,097	58,188	48,617	21,851	53,903
FUND BALANCES (DEFICITS) - JUNE 30	\$ 11,521	\$ 78,694	\$ 59,533	\$ 44,673	\$ 68,819	\$ 22,079	\$ 39,156

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, 2017

	Town Garage	Parking Lots	Recreation Facility	Transfer Station	Public Safety	Chamber Building	Jewett School Community
REVENUES							
Interest, net of unrealized gains/(losses)	\$ 761	\$ 259	\$ 1,027	\$ 508	\$ 694	\$ -	\$ 332
Other	-	-	-	10,758	-	-	-
TOTAL REVENUES	<u>761</u>	<u>259</u>	<u>1,027</u>	<u>11,266</u>	<u>694</u>	<u>-</u>	<u>332</u>
EXPENDITURES							
General government	-	-	-	-	-	-	-
Protection	-	-	-	-	779	-	-
Public works	2,132	-	-	-	-	-	-
Health and sanitation	-	-	-	10,968	-	-	-
Culture and recreation	-	-	3,415	-	-	-	-
Debt service:	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay	5,374	-	-	30,647	-	-	-
TOTAL EXPENDITURES	<u>7,506</u>	<u>-</u>	<u>3,415</u>	<u>41,615</u>	<u>779</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,745)</u>	<u>259</u>	<u>(2,388)</u>	<u>(30,349)</u>	<u>(85)</u>	<u>-</u>	<u>332</u>
OTHER FINANCING SOURCES (USES)							
Loan proceeds	-	-	-	-	-	-	-
Lease proceeds	-	-	-	-	-	-	-
Transfers in	10,000	25,000	-	27,000	20,000	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>25,000</u>	<u>-</u>	<u>27,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	3,255	25,259	(2,388)	(3,349)	19,915	-	332
FUND BALANCES (DEFICITS) - JULY 1	<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>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 73,567</u>	<u>\$ 25,075</u>	<u>\$ 99,233</u>	<u>\$ 49,136</u>	<u>\$ 67,065</u>	<u>\$ (490)</u>	<u>\$ 32,126</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, 2017

	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	\$ 106	\$ 171	\$ 30	\$ 14	\$ 18	\$ 3	\$ 999
Other	-	-	-	-	-	-	-	-
TOTAL REVENUES	<u>2</u>	<u>106</u>	<u>171</u>	<u>30</u>	<u>14</u>	<u>18</u>	<u>3</u>	<u>999</u>
EXPENDITURES								
General government	-	-	-	-	-	-	600	-
Protection	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	7,854	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>7,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>600</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2</u>	<u>106</u>	<u>(7,683)</u>	<u>30</u>	<u>14</u>	<u>18</u>	<u>(597)</u>	<u>999</u>
OTHER FINANCING SOURCES (USES)								
Loan proceeds	-	-	-	-	-	-	-	-
Lease proceeds	-	-	-	-	-	-	-	-
Transfers in	-	2,500	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>2</u>	<u>2,606</u>	<u>(7,683)</u>	<u>30</u>	<u>14</u>	<u>18</u>	<u>(597)</u>	<u>999</u>
FUND BALANCES (DEFICITS) - JULY 1	<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>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 161</u>	<u>\$ 10,287</u>	<u>\$ 16,480</u>	<u>\$ 2,880</u>	<u>\$ 1,382</u>	<u>\$ 1,720</u>	<u>\$ 259</u>	<u>\$ 96,600</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, 2017

	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	\$ 358	\$ 2,839	\$ 122	\$ 284	\$ 216	\$ 132	\$ 1	\$ 18,240
Other	-	-	-	-	-	-	-	50	29,274
TOTAL REVENUES	13	358	2,839	122	284	216	132	51	47,514
EXPENDITURES									
General government	-	-	-	-	-	-	-	-	6,136
Protection	-	-	-	-	-	-	-	-	779
Public works	-	-	38,329	-	-	-	-	-	40,461
Health and sanitation	-	-	-	-	-	-	-	-	10,968
Culture and recreation	-	-	-	-	-	-	-	24,326	45,033
Debt service:									
Principal	-	-	-	-	-	-	-	-	34,134
Interest	-	-	-	-	-	-	-	-	224
Capital outlay	-	-	68,272	-	-	-	-	-	512,882
TOTAL EXPENDITURES	-	-	106,601	-	-	-	-	24,326	650,617
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	13	358	(103,762)	122	284	216	132	(24,275)	(603,103)
OTHER FINANCING SOURCES (USES)									
Loan proceeds	-	-	-	-	-	-	-	-	217,452
Lease proceeds	-	-	-	-	-	-	-	-	83,940
Transfers in	-	-	-	-	-	-	-	24,326	484,826
Transfers (out)	-	-	(115,857)	-	-	-	-	-	(115,857)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(115,857)	-	-	-	-	24,326	670,361
NET CHANGE IN FUND BALANCES (DEFICITS)	13	358	(219,619)	122	284	216	132	51	67,258
FUND BALANCES (DEFICITS) - JULY 1	1,208	34,280	493,997	11,693	27,193	20,687	12,629	-	1,695,542
FUND BALANCES (DEFICITS) - JUNE 30	\$ 1,221	\$ 34,638	\$ 274,378	\$ 11,815	\$ 27,477	\$ 20,903	\$ 12,761	\$ 51	\$ 1,762,800

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, 2017

	Cemetery Trusts	Spofford Indigent Fund	Ministerial Fund	Colonoscopy Fund	Oak Hill Cemetery	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 14,223	\$ 14,223
Investments	21,617	-	-	-	90,448	112,065
Due from other funds	27,727	45,598	7,009	908	-	81,242
TOTAL ASSETS	\$ 49,344	\$ 45,598	\$ 7,009	\$ 908	\$ 104,671	\$ 207,530
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 14,815	\$ 14,815
TOTAL LIABILITIES	-	-	-	-	14,815	14,815
FUND BALANCES						
Nonspendable - principal	21,097	39,826	2,300	-	76,975	140,198
Restricted	28,247	5,772	4,709	908	12,881	52,517
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	49,344	45,598	7,009	908	89,856	192,715
TOTAL LIABILITIES AND FUND BALANCES	\$ 49,344	\$ 45,598	\$ 7,009	\$ 908	\$ 104,671	\$ 207,530

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, 2017

	Cemetery Trusts	Spofford Indigent Fund	Ministerial Fund	Colonoscopy Fund	Oak Hill Cemetery	Total
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ 1,008	\$ -	\$ -	\$ -	\$ 8,101	\$ 9,109
TOTAL REVENUES	<u>1,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,101</u>	<u>9,109</u>
EXPENDITURES						
Cemetery	1,443	-	-	-	7,075	8,518
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>1,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,075</u>	<u>8,518</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(435)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,026</u>	<u>591</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	(4,500)	-	-	-	(4,500)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(4,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,500)</u>
NET CHANGE IN FUND BALANCES	(435)	(4,500)	-	-	1,026	(3,909)
FUND BALANCES - JULY 1	<u>49,779</u>	<u>50,098</u>	<u>7,009</u>	<u>908</u>	<u>88,830</u>	<u>196,624</u>
FUND BALANCES - JUNE 30	<u>\$ 49,344</u>	<u>\$ 45,598</u>	<u>\$ 7,009</u>	<u>\$ 908</u>	<u>\$ 89,856</u>	<u>\$ 192,715</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, 2017

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General government	\$ 1,196,252	\$ 652,441	\$ 113,343	\$ 2,159,609	\$ 4,121,645
Protection	22,000	2,039,348	2,403,519	-	4,464,867
Public works	19,200	1,195,432	1,936,360	9,976,445	13,127,437
Health and sanitation	14,000	298,987	238,084	6,290	557,361
Recreation	304,391	724,307	100,422	1,483,079	2,612,199
Sewer fund	12,782,943	5,421,590	131,536	5,760,930	24,096,999
Marina	-	45,593	5,307	25,813	76,713
Total General Capital Assets	14,338,786	10,377,698	4,928,571	19,412,166	49,057,221
Less: Accumulated Depreciation	-	(6,025,106)	(3,335,350)	(12,329,737)	(21,690,193)
Net General Capital Assets	<u>\$ 14,338,786</u>	<u>\$ 4,352,592</u>	<u>\$ 1,593,221</u>	<u>\$ 7,082,429</u>	<u>\$ 27,367,028</u>

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, 2017

	General Capital Assets 7/1/16 (Restated)	Additions	Deletions	General Capital Assets 6/30/17
General government	\$ 4,087,379	\$ 34,266	\$ -	\$ 4,121,645
Protection	4,462,621	31,477	(29,231)	4,464,867
Public works	12,817,550	392,914	(83,027)	13,127,437
Health and sanitation	511,714	45,647	-	557,361
Recreation	2,602,542	15,272	(5,615)	2,612,199
Sewer fund	16,264,461	7,832,538	-	24,096,999
Marina	76,713	-	-	76,713
Total General Capital Assets	40,822,980	8,352,114	(117,873)	49,057,221
Less: Accumulated Depreciation	(20,727,383)	(1,060,067)	97,257	(21,690,193)
Net General Capital Assets	<u>\$ 20,095,597</u>	<u>\$ 7,292,047</u>	<u>\$ (20,616)</u>	<u>\$ 27,367,028</u>

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

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Direct Award - Rural Utilities Service				
Water and Waste Grant - 2015	10.760	Unknown	-	3,731,702
Water and Waste Loan - 2015	10.760	Loan	-	6,300,000
Water and Waste Loan - 2015	10.760	Loan	-	1,500,000
Total U.S. Department of Agriculture			-	11,531,702
U.S. Department of Justice				
Passed Through the State of Maine - Department of Public Safety				
Edward Byrne Memorial Justice Assistance Grant (JAG) Program - 2015	16.738	HAN-01-15	-	5,775
Total U.S. Department of Justice			-	5,775
U.S. Department of Homeland Security				
Federal Emergency Management Agency - Direct Award				
Assistance to Firefighters Grant Program - 2015	97.044	EMW-2015-FO-05325	-	25,000
Assistance to Firefighters Grant Program - 2015	97.044	EMW-2015-FP-00437	-	144,581
Total U.S. Department of Homeland Security			-	169,581
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 11,707,058

TOWN OF BUCKSPORT, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Bucksport, Maine under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Bucksport, Maine, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Bucksport, Maine.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Town of Bucksport, Maine has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. U. S. Department of Agriculture, Rural Utilities Service Loan Program

The USDA RUS loan program listed subsequently is administered directly by the Town of Bucksport, Maine, and balances and transactions relating to this program is included in the Town of Bucksport, Maine's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2017 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at 6/30/2017</u>
1) 10.760	RUS Water and Waste Loan	\$ 6,300,000
2) 10.760	RUS Water and Waste Loan	1,500,000



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, 2017, 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 March 5, 2018.

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
March 5, 2018



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Town Council
Town of Bucksport
Bucksport, Maine

Report on Compliance for Each Major Federal Program

We have audited the Town of Bucksport, Maine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Bucksport, Maine's major federal programs for the year ended June 30, 2017. The Town of Bucksport, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Bucksport, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Bucksport, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Town of Bucksport, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

TOWN OF BUCKSPORT, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

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

• *Federal Awards*

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported
in accordance with §200.516 of Uniform Guidance? ☐ yes ☒ no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.760	USDA RUS Water and Waste Grant/Loan

Dollar threshold used to distinguish between type A and B: \$750,000

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

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None