

**Audited Financial Statements and
Other Financial Information**

Town of Poland, Maine

June 30, 2010



Proven Expertise and Integrity

TOWN OF POLAND, MAINE

CONTENTS

JUNE 30, 2010

| | PAGE |
|---|---------|
| INDEPENDENT AUDITORS' REPORT | 1 - 2 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 3 - 9 |
| <u>BASIC FINANCIAL STATEMENTS</u> | |
| GOVERNMENT-WIDE FINANCIAL STATEMENTS | |
| STATEMENT A - STATEMENT OF NET ASSETS | 10 |
| STATEMENT B - STATEMENT OF ACTIVITIES | 11 - 12 |
| <u>FUND FINANCIAL STATEMENTS</u> | |
| STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS | 13 - 14 |
| STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS | 15 |
| STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS | 15 |
| STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES | 16 |
| STATEMENT G - BALANCE SHEET - PROPRIETARY FUNDS | 17 |
| STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS | 18 |
| STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS | 19 |
| NOTES TO FINANCIAL STATEMENTS | 20 - 38 |

REQUIRED SUPPLEMENTARY INFORMATION

| | |
|---|---------|
| REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION | 39 |
| SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE -- BUDGETARY BASIS -- BUDGET AND ACTUAL -- GENERAL FUND | 40 |
| SCHEDULE 2 -- BUDGETARY COMPARISON SCHEDULE -- BUDGETARY BASIS -- BUDGET AND ACTUAL -- GENERAL FUND REVENUES | 41 |
| <u>OTHER SUPPLEMENTARY INFORMATION</u> | |
| OTHER SUPPLEMENTARY INFORMATION DESCRIPTION | 42 |
| SCHEDULE A -- SCHEDULE OF DEPARTMENTAL OPERATIONS | 43 - 44 |
| SCHEDULE B -- COMBINING BALANCE SHEET -- NONMAJOR GOVERNMENTAL FUNDS | 45 |
| SCHEDULE C - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -- NONMAJOR GOVERNMENTAL FUNDS | 46 |
| SPECIAL REVENUE FUNDS DESCRIPTION | 47 |
| SCHEDULE D - COMBINING BALANCE SHEET -- NONMAJOR SPECIAL REVENUE FUNDS | 48 |
| SCHEDULE E -- COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -- NONMAJOR SPECIAL REVENUE FUNDS | 49 |
| CAPITAL PROJECTS DESCRIPTION | 50 |
| SCHEDULE F -- COMBINING BALANCE SHEET -- NONMAJOR CAPITAL PROJECT FUNDS | 51 - 53 |
| SCHEDULE G -- COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -- NONMAJOR CAPITAL PROJECT FUNDS | 54 - 56 |
| PERMANENT FUNDS DESCRIPTION | 57 |
| SCHEDULE H -- COMBINING BALANCE SHEET -- NONMAJOR PERMANENT FUNDS | 58 - 59 |

| | |
|---|---------|
| SCHEDULE I – COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR PERMANENT FUNDS | 60 - 61 |
| GENERAL CAPITAL ASSETS DESCRIPTION | 62 |
| SCHEDULE J - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION | 63 |
| SCHEDULE K - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION | 64 |



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

October 14, 2010

Board of Selectmen
Town of Poland
Poland, Maine

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Poland, Maine, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining information of the Town of Poland, Maine as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Poland's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statement taken as a whole.

RHR Smith & Company

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

(UNAUDITED)

The following management's discussion and analysis of Town of Poland, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government - Wide Financial Statements

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

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

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

Both of the above mentioned financial statements have separate columns for the two different types of town activities. The types of activities presented for the Town of Poland 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, public safety, public works, education, buildings, recreation and culture, donations and other unclassified.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and / or charges to external users for goods and / or services. These activities for the Town of Poland include the school lunch at the school department.

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 Poland, 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 Poland can be divided into two categories: governmental funds and proprietary funds.

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

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

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

The general fund is the only fund for which the Town legally adopted a budget for. 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 Poland maintains one proprietary fund, the School Lunch 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 Fiduciary Fund Financial Statements.

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net assets, and changes in net assets of the Town's governmental and business-type activities. The Town's total net assets for governmental activities decreased by \$5,035,704 from \$11,624,559 to \$6,588,855. The Town's total net assets for business-type activities decreased by \$30,822 from \$30,822 to \$0. These decreases were due to the transfer of assets to the new RSU #16 for education funds.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased for governmental activities to a balance of \$2,517,719 at the end of this year. Unrestricted net assets for business-type activities decreased to a balance of \$0.

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

| | 2010 | | 2009 | |
|--|----------------------------|-----------------------------|----------------------------|-----------------------------|
| | Governmental Activities | Business-type Activities | Governmental Activities | Business-type Activities |
| Assets: | | | | |
| Current and other assets | \$ 5,947,479 | \$ - | \$ 7,258,516 | \$ 31,638 |
| Capital Assets | 17,348,185 | - | 24,001,197 | - |
| Total Assets | \$ 23,295,664 | \$ - | \$ 31,259,713 | \$ 31,638 |
| Liabilities: | | | | |
| Current Liabilities | \$ 2,703,689 | \$ - | \$ 3,849,641 | \$ 816 |
| Long-term Debt Outstanding | 14,003,120 | - | 15,785,513 | - |
| Total Liabilities | \$ 16,706,809 | \$ - | \$ 19,635,154 | \$ 816 |
| Net Assets: | | | | |
| Invested in Capital Assets, Net of related Debt | \$ 1,684,636 | \$ - | \$ 6,495,853 | \$ - |
| Restricted for: Education | 332,415 | - | 332,415 | - |
| Special revenue fund: | 486,825 | - | 661,112 | - |
| Capital project funds | 60,242 | - | 167,485 | - |
| Permanent funds | 1,507,018 | - | 1,333,941 | - |
| Unrestricted Net Assets | 2,517,719 | - | 2,633,753 | 30,822 |
| Total Net Assets | \$ 6,588,855 | \$ - | \$ 11,624,559 | \$ 30,822 |

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

| | 2010 | | 2009 | |
|-------------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|
| | Governmental Activities | Business-type Activities | Governmental Activities | Business-type Activities |
| Revenues | | | | |
| Taxes: | | | | |
| Property | \$ 9,650,003 | \$ - | \$ 9,938,098 | \$ - |
| Excise | 901,186 | - | 921,225 | - |
| Intergovernmental | 828,543 | - | 6,126,301 | 168,852 |
| Charges for services | 410,764 | - | 2,983,675 | 242,540 |
| Miscellaneous | 685,473 | - | 361,237 | - |
| Total Revenues | 12,475,969 | - | 20,330,536 | 411,392 |
| Expenses | | | | |
| Current: | | | | |
| General government | 1,025,622 | - | 1,148,364 | - |
| Public safety | 963,714 | - | 949,899 | - |
| Public works | 597,322 | - | 667,887 | - |
| Recreation and culture | 432,067 | - | 515,874 | - |
| Health and sanitation | 192,725 | - | 200,101 | - |
| TIF | 552,058 | - | 572,342 | - |
| Education | 4,669,267 | - | 12,763,089 | - |
| County tax | 637,143 | - | 628,868 | - |
| Overlay | 49,646 | - | 89,885 | - |
| Capital outlay | 225,453 | - | 85,887 | - |
| Unallocated depreciation | 9,390 | - | 9,198 | - |
| Interest | 256,762 | - | 296,870 | - |
| School lunch expenses | - | - | - | 411,154 |
| Total Expenses | 9,611,169 | - | 17,928,264 | 411,154 |
| Change in Net Assets | 2,864,800 | - | 2,402,272 | 238 |
| Transfer of assets to RSU #12 | (7,900,504) | (30,822) | | |
| Net Assets - July 1 | 11,624,559 | 30,822 | 9,222,287 | 30,584 |
| Net Assets - June 30 | \$ 6,588,855 | \$ - | \$ 11,624,559 | \$ 30,822 |

Revenues and Expenses

The comparability of the Town revenues and expenses for the Town's governmental activities is not possible due to the change in the structure of the education activity. The Town became a member of the Regional School Unit #16 as of July 1, 2009. Almost all revenue items were affected and several of the expense items were as well. The decrease in education revenues was offset by the decrease in intergovernmental revenues and charges for services.

The proprietary fund was also transferred to the new RSU.

Financial Analysis of the Town's Fund Statements

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

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

| | 2010 | 2009 |
|-----------------------|--------------|--------------|
| Major Funds: | | |
| General Fund | | |
| Designated | \$ 607,173 | \$ 331,289 |
| Undesignated | 1,976,127 | 1,896,999 |
| Total Major Funds | \$ 2,583,300 | \$ 2,228,288 |
| Nonmajor Funds: | | |
| Special Revenue funds | \$ 486,825 | \$ 661,112 |
| Capital Project funds | 60,242 | 641,671 |
| Permanent funds | 1,507,018 | 1,333,941 |
| Total Nonmajor Funds | \$ 2,054,085 | \$ 2,636,724 |

The general fund total fund balance increased by \$355,012 over the prior fiscal year. The non-major fund balances decreased by \$582,639 over the prior fiscal year. Most of the increase in the general fund came as a result of increased revenue from the charges for services and under-spent appropriations in general government and public works. The decrease in the non-major fund balances came as a result of several reserves being spent and the school accounts being transferred to the new RSU #16.

Budgetary Highlights

There was no significant difference between the original and final budget for the general fund.

The general fund budget exceeded actual revenues by \$95,275. This was a result of almost every revenue item being under-received.

The general fund actual expenditures were under the budget by \$243,458. The following expenditures were under budget which accounts for most of the balance:

| | |
|--------------|----------|
| Public works | \$62,728 |
| Debt service | 29,896 |
| Overlay | 192,184 |

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2010, the net book value of capital assets recorded by the Town decreased by \$16,046,000 over the prior year. This decrease is the result of capital additions of \$1,103,906 less current year depreciation expense of \$239,066 and less net dispositions of \$16,910,840 most of which were transferred to the new RSU #16.

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

| | <u>2010</u> | <u>2009</u> |
|----------------------------|---------------------|----------------------|
| Land and improvements | \$ 372,628 | \$ 557,550 |
| Buildings and improvements | 2,352,403 | 18,197,792 |
| Machinery and equipment | 256,759 | 814,358 |
| Vehicles | 1,624,755 | 1,445,890 |
| Infrastructure | 3,348,652 | 2,985,607 |
| Total | <u>\$ 7,955,197</u> | <u>\$ 24,001,197</u> |

Debt

At June 30, 2010, the Town had \$15.7 million in bonds and capital leases outstanding versus \$17.5 million last year, a decrease of 10.5%, as shown in Note 5 of the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient undesignated fund balance to sustain government operations for a period of approximately two months, while also maintaining significant reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and 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, contact the Town Finance Dept. at, 1231 Main Street, Poland, Maine 04274.

TOWN OF POLAND, MAINE
STATEMENT OF NET ASSETS
JUNE 30, 2010

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash | \$ 4,158,461 | - | \$ 4,158,461 |
| Investments | 1,233,703 | - | 1,233,703 |
| Accounts receivable (net allowance for uncollectibles): | | | |
| Taxes | 440,372 | - | 440,372 |
| Due from other governments | 38,514 | - | 38,514 |
| Other | 48,622 | - | 48,622 |
| Prepaid expenses | 11,434 | - | 11,434 |
| Inventory | 16,373 | - | 16,373 |
| Total current assets | 5,947,479 | - | 5,947,479 |
| Noncurrent assets: | | | |
| Amounts due from School for debt | 9,392,988 | - | 9,392,988 |
| Capital assets: | | | |
| Land, infrastructure, and other assets not being depreciated | 372,628 | - | 372,628 |
| Buildings and vehicles net of accumulated depreciation | 7,582,569 | - | 7,582,569 |
| Total noncurrent assets | 17,348,185 | - | 17,348,185 |
| TOTAL ASSETS | \$ 23,295,664 | \$ - | \$ 23,295,664 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 341,408 | \$ - | \$ 341,408 |
| Accrued Expenses | 19,138 | - | 19,138 |
| Due to other governments | 35,183 | - | 35,183 |
| Prepaid taxes | 3,246 | - | 3,246 |
| Escrow accounts | 30,886 | - | 30,886 |
| Due to Poland Spring | 542,656 | - | 542,656 |
| Current portion of long-term obligations | 1,731,172 | - | 1,731,172 |
| Total current liabilities | 2,703,689 | - | 2,703,689 |
| Noncurrent liabilities | | | |
| Noncurrent portion of long-term obligations: | | | |
| Bonds payable | 13,932,377 | - | 13,932,377 |
| Accrued compensated absences | 70,743 | - | 70,743 |
| Total noncurrent liabilities | 14,003,120 | - | 14,003,120 |
| TOTAL LIABILITIES | 16,706,809 | - | 16,706,809 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 1,684,636 | - | 1,684,636 |
| Restricted for: Education | 332,415 | - | 332,415 |
| Special Revenues | 486,825 | - | 486,825 |
| Capital project funds | 60,242 | - | 60,242 |
| Permanent funds | 1,507,018 | - | 1,507,018 |
| Unrestricted | 2,517,719 | - | 2,517,719 |
| TOTAL NET ASSETS | 6,588,855 | - | 6,588,855 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 23,295,664 | \$ - | \$ 23,295,664 |

See accompanying independent auditors' report and notes to financial statements

STATEMENT B

TOWN OF POLAND, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue & Changes in Net Assets | | Total |
|---------------------------------------|------------------|-------------------------|--|--------------------------------------|--|---------------------------------|--------------------|
| | | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Governmental Activities | Business- type Activities | |
| Governmental activities | | | | | | | |
| Current: | | | | | | | |
| General government | \$ 1,025,622 | \$ 86,102 | \$ - | \$ - | \$ (939,520) | \$ - | \$ (939,520) |
| Public safety | 963,714 | 123,030 | - | - | (840,684) | - | (840,684) |
| Public works | 597,322 | - | 73,788 | - | (523,534) | - | (523,534) |
| Recreation and culture | 432,067 | 151,414 | - | - | (280,653) | - | (280,653) |
| Health and sanitation | 192,725 | 50,218 | - | - | (142,507) | - | (142,507) |
| TIF | 1,092,651 | - | 174,367 | - | (918,284) | - | (918,284) |
| Education | 3,947,270 | - | - | - | (3,947,270) | - | (3,947,270) |
| County tax | 637,143 | - | - | - | (637,143) | - | (637,143) |
| Overlay | 49,646 | - | - | - | (49,646) | - | (49,646) |
| Capital outlay | 225,453 | - | - | - | (225,453) | - | (225,453) |
| Unallocated depreciation | 9,390 | - | - | - | (9,390) | - | (9,390) |
| Interest | 438,166 | - | - | - | (438,166) | - | (438,166) |
| Total governmental activities | 9,611,169 | 410,764 | 248,155 | - | (8,952,250) | - | (8,952,250) |
| Business-type activities: | | | | | | | |
| School lunch program | - | - | - | - | - | - | - |
| Total business-type activities | - | - | - | - | - | - | - |
| Total government | 9,611,169 | 410,764 | 248,155 | - | (8,952,250) | - | (8,952,250) |

STATEMENT B (CONTINUED)
TOWN OF POLAND, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

| | Governmental Activities | Business- type Activities | Total |
|---|----------------------------|---------------------------------|--------------|
| Changes in net assets: | | | |
| Net (expense) revenue | (8,952,250) | - | (8,952,250) |
| General revenue: | | | |
| Taxes | | | |
| Property taxes, levied for general purposes | 9,650,003 | - | 9,650,003 |
| Excise taxes, levied for general purposes | 901,186 | - | 901,186 |
| Grants and contributions not restricted to specific programs | 580,388 | - | 580,388 |
| Investment income | 230,973 | - | 230,973 |
| Miscellaneous | 454,500 | - | 454,500 |
| Transfers | - | - | - |
| Total revenue and transfers | 11,817,050 | - | 11,817,050 |
| Transfer of assets to RSU # | (7,900,504) | (30,822) | (7,931,326) |
| Change in net assets | (5,035,704) | (30,822) | (5,066,526) |
| NET ASSETS - JULY 1, 2009 | 11,624,559 | 30,822 | 11,655,381 |
| NET ASSETS - JUNE 30, 2010 | \$ 6,588,855 | \$ - | \$ 6,588,855 |

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

TOWN OF POLAND, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010

| | General Fund | Nonmajor Funds | Total Governmental Funds |
|---|--------------------|--------------------|--------------------------------|
| ASSETS | | | |
| Cash | \$3,344,748 | \$ 813,713 | \$ 4,158,461 |
| Investments | - | 1,233,703 | 1,233,703 |
| Receivables (net of allowance for uncollectibles) | | | |
| Taxes/liens | 440,372 | - | 440,372 |
| Due from other governments | 38,434 | 80 | 38,514 |
| Other | 48,622 | - | 48,622 |
| Inventory | 16,373 | - | 16,373 |
| Prepaid expenses | 11,434 | - | 11,434 |
| Due from other funds | 41,964 | 353,009 | 394,973 |
| TOTAL ASSETS | \$3,941,947 | \$2,400,505 | \$ 6,342,452 |
| LIABILITIES AND FUND EQUITY | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 36,952 | \$ 304,456 | \$ 341,408 |
| Accrued expenses | 19,138 | - | 19,138 |
| Due to other governments | 35,183 | - | 35,183 |
| Due to other funds | 353,009 | 41,964 | 394,973 |
| Prepaid taxes | 3,246 | - | 3,246 |
| Escrow accounts | 30,886 | - | 30,886 |
| Deferred tax revenues | 337,577 | - | 337,577 |
| Due to Poland Spring | 542,656 | - | 542,656 |
| TOTAL LIABILITIES | 1,358,647 | 346,420 | 1,705,067 |
| FUND EQUITY | | | |
| Reserved for: | | | |
| Education | 332,415 | - | 332,415 |
| Special Revenue Funds | - | 486,825 | 486,825 |
| Capital Projects Funds | - | 60,242 | 60,242 |
| Permanent Funds | - | 1,507,018 | 1,507,018 |
| Unreserved, reported in: | | | |
| General Fund: | | | |
| Designated | 274,758 | - | 274,758 |
| Undesignated | 1,976,127 | - | 1,976,127 |
| TOTAL FUND EQUITY | 2,583,300 | 2,054,085 | 4,637,385 |
| TOTAL LIABILITIES AND FUND EQUITY | \$3,941,947 | \$2,400,505 | \$ 6,342,452 |

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

STATEMENT D

TOWN OF POLAND, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

| | <u>Total Governmental Funds</u> |
|---|---|
| Total Fund Equity | \$ 4,637,385 |
| Amounts reported for governmental activities in the statement are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation | 7,955,197 |
| 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 | 337,577 |
| Other non-current assets not recognized in modified accrual statements: | |
| Amount due from school for debt | 9,392,988 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: | |
| Bonds payable | (15,663,549) |
| Capital lease payable | - |
| Accrued compensated absences | <u>(70,743)</u> |
| Net assets of governmental activities | <u>\$ 6,588,855</u> |

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

TOWN OF POLAND, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

| | General Fund | Nonmajor Funds | Total Governmental Funds |
|--|---------------------|---------------------|--------------------------------|
| REVENUES | | | |
| General tax revenue | \$ 10,549,309 | \$ - | \$ 10,549,309 |
| Intergovernmental revenue | 828,543 | - | 828,543 |
| Charges for services | 259,350 | 151,414 | 410,764 |
| Investment income | 61,013 | 169,960 | 230,973 |
| Other revenue | 308,092 | 146,408 | 454,500 |
| TOTAL REVENUES | <u>12,006,307</u> | <u>467,782</u> | <u>12,474,089</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 1,026,882 | - | 1,026,882 |
| Public safety | 879,282 | - | 879,282 |
| Public works | 477,806 | - | 477,806 |
| Recreation and culture | 137,769 | 294,298 | 432,067 |
| Health and sanitation | 184,561 | - | 184,561 |
| TIF | 1,075,087 | - | 1,075,087 |
| Education | 5,773,612 | 15,453 | 5,789,065 |
| County tax | 637,143 | - | 637,143 |
| Overlay | 49,646 | - | 49,646 |
| Debt service | 438,166 | - | 438,166 |
| Capital outlay | - | 1,329,359 | 1,329,359 |
| TOTAL EXPENDITURES | <u>10,679,954</u> | <u>1,639,110</u> | <u>12,319,064</u> |
| EXCESS REVENUES OVER (UNDER) EXPENDITURES | <u>1,326,353</u> | <u>(1,171,328)</u> | <u>155,025</u> |
| OTHER FINANCING SOURCES | | | |
| Operating transfers in | - | 981,341 | 981,341 |
| Operating transfers (out) | (971,341) | (392,652) | (1,363,993) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(971,341)</u> | <u>588,689</u> | <u>(382,652)</u> |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) | <u>355,012</u> | <u>(582,639)</u> | <u>(227,627)</u> |
| FUND BALANCES - JULY 1 | <u>2,228,288</u> | <u>2,636,724</u> | <u>4,865,012</u> |
| FUND BALANCES - JUNE 30 | <u>\$ 2,583,300</u> | <u>\$ 2,054,085</u> | <u>\$ 4,637,385</u> |

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

TOWN OF POLAND, 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, 2010

| | |
|---|-----------------------|
| Net change in fund balances - total governmental funds (Statement E) | <u>\$ (227,627)</u> |
| Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because: | |
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocated those expenditures over the life of the assets: | |
| Capital asset purchases capitalized | 1,113,009 |
| Capital assets purchased in prior year | - |
| Capital assets disposed of | (16,919,943) |
| Depreciation expense | <u>(239,066)</u> |
| | <u>(16,046,000)</u> |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported. | |
| Taxes and liens receivable | <u>1,880</u> |
| Amount due from school department to offset loans remaining in the Town of Poland's name | |
| | <u>9,392,988</u> |
| Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets | |
| | <u>1,841,795</u> |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds: | |
| Accrued compensated absences | <u>1,260</u> |
| Change in net assets of governmental activities (Statement B) | <u>\$ (5,035,704)</u> |

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

TOWN OF POLAND, MAINE

BALANCE SHEET – PROPRIETARY FUNDS
JUNE 30, 2010

| | <u>School Lunch Program</u> |
|---|---------------------------------|
| ASSETS | |
| Current assets: | |
| Cash | \$ - |
| Due from other governments | - |
| Accounts receivable | - |
| Inventory | - |
| Due from other funds | - |
| Total current assets | <u>-</u> |
| Noncurrent assets: | |
| Land and buildings | - |
| Vehicles and equipment | - |
| Plant / infrastructure | - |
| Total capital assets | <u>-</u> |
| Less: accumulated depreciation | - |
| Net capital assets | <u>-</u> |
| TOTAL ASSETS | <u>\$ -</u> |
| LIABILITIES AND NET ASSETS | |
| Current liabilities: | |
| Accounts payable | \$ - |
| Accrued payroll | - |
| Deferred revenue | - |
| Due to other funds | - |
| Current portion of long-term debt | - |
| Total current liabilities | <u>-</u> |
| Noncurrent liabilities | |
| Accrued compensated absences | - |
| Total noncurrent liabilities | <u>-</u> |
| Total Liabilities | <u>-</u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | - |
| Unrestricted | - |
| TOTAL NET ASSETS | <u>-</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ -</u> |

See accompanying independent auditors' report and notes to financial statements

TOWN OF POLAND, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

| | <u>School Lunch Program</u> |
|--|---------------------------------|
| OPERATING REVENUES | |
| Intergovernmental revenue | \$ - |
| Charges for services | - |
| Other | - |
| TOTAL OPERATING REVENUES | <u>-</u> |
| OPERATING EXPENSES | |
| Payroll and related benefits | - |
| Food expense | - |
| Supplies / other | - |
| Depreciation | - |
| TOTAL OPERATING EXPENSES | <u>-</u> |
| OPERATING INCOME (LOSS) | <u>-</u> |
| NON-OPERATING INCOME (EXPENSE) | |
| Transfers in | - |
| Transfers to RSU # 16 | (30,822) |
| Interest income | - |
| Interest expense | - |
| TOTAL NON-OPERATING INCOME (EXPENSE) | <u>(30,822)</u> |
| EXCESS OF OPERATING INCOME (LOSS) OVER NON-OPERATING INCOME (EXPENSE) | (30,822) |
| NET ASSETS - JULY 1 | <u>30,822</u> |
| NET ASSETS - JUNE 30 | <u>\$ -</u> |

See accompanying independent auditors' report and notes to financial statements

TOWN OF POLAND, MAINE

STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

| | School Lunch Program |
|---|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers | \$ - |
| Intergovernmental receipts | 10,865 |
| Other receipts | - |
| Internal activity - receipts (payments) from/to other funds | (103,881) |
| Payments to employees | - |
| Payments to suppliers | 16,570 |
| Net cash provide by operating activities | <u>(76,446)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Invested cash | - |
| Interest income | - |
| Payments for purchases of fixed assets | - |
| Net cash used by financing activities | <u>-</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Interest payments on bond payable | - |
| Principal payments on bond payable | - |
| Net cash used by financing activities | <u>-</u> |
| NET INCREASE (DECREASE) IN CASH | <u>(76,446)</u> |
| CASH - JULY 1 | <u>76,446</u> |
| CASH - JUNE 30 | <u>\$ -</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | |
| Operating income (loss) and other financing | \$ (30,822) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | |
| Depreciation expense | - |
| Changes in operating assets and liabilities: | |
| (Increase) decrease in accounts receivable | - |
| (Increase) decrease in prepaid expenses | - |
| (Increase) decrease in inventory | 17,386 |
| (Increase) decrease in due from other funds | - |
| (Increase) decrease in due from other governments | 10,865 |
| (Decrease) increase in accounts payable | (816) |
| (Decrease) increase in accrued payroll | - |
| (Decrease) increase in due to other funds | (73,059) |
| NET CASH PROVIDED (USED) BY ACTIVITIES | <u>\$ (76,446)</u> |

See accompanying independent auditors' report and notes to financial statements

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Poland was incorporated under the laws of the State of Maine. The Town operates under selectmen-manager form of government and provides the following services: general government services, public safety, public works, health and welfare, education, and recreation.

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

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

Government -Wide and Fund Financial Statements

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

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

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

The following fund types are used by the Town:

1. Governmental Funds:

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

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- d. Permanent Funds are used to account for assets held by the Town in trust for specific purposes.

2. Proprietary Funds

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

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

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The Town has removed its fiduciary funds along with the transfer of assets to the new RSU #16.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

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

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

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

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

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

The Town of Poland has no formal investment policy but instead follows the State of Maine Statutes. They are in the process of adopting a more detailed investment policy.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet. The general fund inventory consists of gas and diesel fuel. The enterprise fund inventory in the prior fiscal year consisted of school lunch supplies and food on hand at the end of the year, valued at cost. The cost value is determined using the first-in, first-out (FIFO) method. All assets of the school lunch fund were transferred to the new RSU #16.

Interfund Receivables and Payables

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

Transactions Between Funds

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

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2010.

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 is 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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 | 20 - 50 years |
| Infrastructure | 50 - 100 years |
| Machinery and equipment | 3 - 50 years |
| Vehicles | 3 - 25 years |

Long-term Obligations

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

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

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

The Town has long-term debt in its name that was incurred for school purposes. Although the assets were transferred to the new RSU the Town still maintains this debt in its name. According to the new RSU agreement the RSU will take over the payments of this debt. Hence, an offsetting receivable has been recorded in the amount of debt outstanding.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Town's policies regarding vacation and sick time do not permit employees to accumulate earned but unused vacation and sick leave. However, the school department allows certain teachers to accumulated unused sick time. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Reserves

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

Net Assets

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied September 15, 2009 on the assessed value listed as of April 1, 2009, for all real and personal property located in the Town. Taxes were due on in two installments on October 1, 2009 and April 1, 2010. Interest on unpaid taxes commenced on November 1, 2009 and May 1, 2010, at 9% per annum.

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$241,830 for the year ended June 30, 2010.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Program Revenues

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

Operating/Non-operating Proprietary Fund Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2 – DEPOSITS AND INVESTMENTS

The Town maintains a cash pool which is available for use by all funds. In addition cash and investments may be held by other funds within the government.

The Town does not have a formal investment policy but instead follows state statutes. These statutes authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town applies this to all Town funds.

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

At June 30, 2010, the Town's cash balance of \$4,158,461 was comprised of deposits amounting to \$4,190,772. This amount was comprised of \$872,265 which was insured by federal depository insurance and consequently was not exposed to custodial credit risk, and \$3,318,507 which was collateralized with securities held in the entity's name and thus not exposed to custodial credit risk.

| <u>Account Type</u> | <u>Bank Balance</u> |
|---------------------|-------------------------|
| Checking accounts | \$ 58,552 |
| Savings | 813,713 |
| Certificates | - |
| Sweep accounts | <u>3,318,507</u> |
| | <u>\$ 4,190,772</u> |

At June 30, 2010, the Town's investments were comprised of \$1,233,703 that were not insured by federal depository insurance or collateralized with securities held by the financial institution in the Town's name.

| <u>Investment Type</u> | <u>Market Value</u> |
|------------------------|-------------------------|
| Securities/Commodities | \$ 887,502 |
| Fixed income | 250,813 |
| Cash equivalents | <u>95,387</u> |
| | <u>\$ 1,233,703</u> |

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2010 consisted of the following individual fund receivables and payables:

| | <u>Receivables</u> <u>(Due from)</u> | <u>Payables</u> <u>(Due to)</u> |
|----------------------|---|------------------------------------|
| General fund | \$ 41,964 | \$ 353,009 |
| Special revenue fund | 7,291 | 35,873 |
| Capital project fund | 325,048 | 6,091 |
| Permanent fund | 20,670 | - |
| Enterprise fund | - | - |
| | <u>\$ 394,973</u> | <u>\$ 394,973</u> |

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2010:

| | <u>Balance,</u> <u>7/1/09</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance,</u> <u>6/30/10</u> |
|--------------------------------|----------------------------------|-------------------|------------------------|-----------------------------------|
| Governmental activities | | | | |
| Non-depreciated assets: | | | | |
| Land | \$ 557,550 | \$ - | \$ (184,922) | \$ 372,628 |
| Construction in progress | - | - | - | - |
| | <u>557,550</u> | <u>-</u> | <u>(184,922)</u> | <u>372,628</u> |
| Depreciated assets: | | | | |
| Buildings and improvements | 25,801,735 | - | (22,723,084) | 3,078,651 |
| Machinery & equipment | 3,694,916 | 22,797 | (3,118,072) | 599,641 |
| Vehicles | 2,786,055 | 504,112 | (957,540) | 2,332,627 |
| Infrastructure | 3,441,378 | 586,100 | (625,781) | 3,401,697 |
| | <u>35,724,084</u> | <u>1,113,009</u> | <u>(27,424,477)</u> | <u>9,412,616</u> |
| Less: accumulated depreciation | <u>(12,280,437)</u> | <u>(239,066)</u> | <u>10,689,456</u> | <u>(1,830,047)</u> |
| | <u>23,443,647</u> | <u>873,943</u> | <u>(16,735,021)</u> | <u>7,582,569</u> |
| Net capital assets | <u>\$ 24,001,197</u> | <u>\$ 873,943</u> | <u>\$ (16,919,943)</u> | <u>\$ 7,955,197</u> |

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 - CAPITAL ASSETS (CONTINUED)

| | |
|----------------------------|-------------------|
| Fire | \$ 66,815 |
| Public Safety | 17,617 |
| Public Works | 119,516 |
| Transfer Station | 8,164 |
| TIF | 17,564 |
| Town-wide | 9,390 |
| Total depreciation expense | <u>\$ 239,066</u> |

NOTE 5 - LONG-TERM DEBT

The General Fund of the Town is used to pay for all long-term debt. A summary of long-term debt is as follows:

| | Balance, 7/1/09 | Additions | Deletions | Balance, 6/30/10 | Due Within One Year |
|-------------------------------|----------------------|-------------|----------------------|----------------------|---------------------------|
| Governmental Activities | | | | | |
| Bonds payable | \$ 17,417,099 | \$ - | \$(1,753,550) | 15,663,549 | \$ 1,731,172 |
| Capital leases payable | 88,245 | - | (88,245) | - | - |
| Accrued compensated absences | 72,003 | - | (1,260) | 70,743 | - |
| Total Governmental Activities | <u>\$ 17,577,347</u> | <u>\$ -</u> | <u>\$(1,843,055)</u> | <u>\$ 15,734,292</u> | <u>\$ 1,731,172</u> |

The following is a summary of bonds outstanding as of June 30, 2010:

Bonds Payable:

| | |
|---|-----------|
| \$310,000, 1994 General Obligation Bond due in annual installments and semiannual interest installments through November 2013. Interest is charged at a rate from 4.70% to 5.30% per annum. | \$ 62,000 |
| \$3,249,483, 1994 General Obligation Bond due in annual installments and semiannual interest installments through November 2014. Interest is charged at a rate from 4.013% to 6.313% per annum. | 812,371 |
| \$1,600,000, 2006C General Obligation Bond due in annual installments and semiannual interest installments through November 2021. Interest is charged at a rate from 1.8% to 6.25% per annum. | 1,280,002 |

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 5 - LONG-TERM DEBT (CONTINUED)

| | |
|--|----------------------|
| \$480,000, 2006B General Obligation Bond due in annual installments and semiannual interest installments through November 2011. Interest is charged at a rate from 2.05% to 4.45% per annum. | 192,000 |
| \$2,600,000, 2003 General Obligation Bond due in annual installments and semiannual interest installments through November 2022. Interest is charged at a rate of 1.80% per annum. | 1,815,089 |
| \$17,263,578, 1998 General Obligation Bond due in annual installments and semiannual interest installments through November 2018. Interest is charged at a rate from 4.528% to 5.378% per annum. | 7,768,610 |
| \$736,422, 2000 General Obligation Bond due in annual installments and semiannual interest installments through November 2020. Interest is charged at a rate from 5.028% to 5.903% per annum. | 405,033 |
| \$242,376, 2000 General Obligation Bond due in annual installments and semiannual interest installments through November 2010. Interest is charged at a rate from 5.281% to 5.406% per annum. | 24,237 |
| \$669,259, 2003 General Obligation Bond due in annual installments and semiannual interest installments through November 2020. Interest is charged at a rate from 2.078% to 5.078% per annum. | 215,532 |
| \$894,741, 2003 General Obligation Bond due in annual installments and semiannual interest installments through November 2022. Interest is charged at a rate from 2.078% to 5.078% per annum. | 854,575 |
| \$2,090,000, 2003 General Obligation Bond due in annual installments and semiannual interest installments through November 2023. Interest is charged at a rate from 2.085% to 5.085% per annum. | 1,463,000 |
| \$250,000, 2004 General Obligation Bond due in annual installments and semiannual interest installments through November 2014. Interest is charged at a rate from 3.019% to 3.644% per annum. | 125,000 |
| \$923,000, 2006B General Obligation Sewer Bond due in annual installments and semiannual interest installments through November 2016. Interest is charged at a rate from 2.00% to 5.35% per annum. | 646,100 |
| Total Bonds Payable | <u>\$ 15,663,549</u> |

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 - LONG TERM DEBT (CONTINUED)

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

Governmental Activities

| | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> |
|-----------|----------------------|---------------------|-------------------------------|
| 2011 | \$ 1,731,172 | \$ 681,949 | \$ 2,413,121 |
| 2012 | 1,709,615 | 601,293 | 2,310,908 |
| 2013 | 1,616,354 | 524,213 | 2,140,567 |
| 2014 | 1,644,148 | 441,274 | 2,085,422 |
| 2015 | 1,581,512 | 368,607 | 1,950,119 |
| 2016-2020 | 6,000,247 | 854,372 | 6,854,619 |
| 2021-2025 | 1,380,501 | 86,213 | 1,466,714 |
| | <u>\$ 15,663,549</u> | <u>\$ 3,557,921</u> | <u>\$ 19,221,470</u> |

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

NOTE 6 – OVERLAPPING DEBT

The Town is liable for its proportional share of any defaulted debt issued by entities in which it is a member. The overlapping bonded debt applicable to the Town as of June 30, 2010 is as follows:

| | <u>Outstanding Debt</u> | <u>Town's Percentage</u> | <u>Total Share</u> |
|------------------------|-----------------------------|------------------------------|------------------------|
| County of Androscoggin | \$ - | 0.00% | <u>\$ -</u> |
| | | | <u>\$ -</u> |

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7 - RESERVED FUND BALANCE

The following net assets have been reserved at June 30, 2010 for the following purposes:

| | |
|------------------------------------|---------------------|
| Reserved for education | \$ 332,415 |
| Reserved for special revenue funds | 486,825 |
| Reserved for capital project funds | 60,242 |
| Reserved for permanent funds | 1,507,018 |
| | <u>\$ 2,386,500</u> |

NOTE 8 – GENERAL FUND DESIGNATED FUND EQUITY

At June 30, 2010, the general fund designated fund balance was made up of the following account balances carried forward into the subsequent year's budget.

| | |
|------------------------------|-------------------|
| Inventory | \$ 16,373 |
| Accrued compensated absences | 70,742 |
| Reduction of future taxes | 187,643 |
| Education | 332,415 |
| | <u>\$ 607,173</u> |

NOTE 9 – RISK MANAGEMENT

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

The Town is also a member of the Maine Municipal Association – Property and Casualty Pool (“Pool”). As with the Fund above, the Pool was created to obtain lower rates for its members. The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the Pool, coverage is provided after the deductible is met, to \$26,000,000. Under the liability portion of the Pool, coverage is provided after the deductible is met, to \$1,000,000.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 10 – DEFINED BENEFIT PENSION PLAN

Plan Description

The Town participates in the ICMA Retirement System, a cost sharing multi-employer defined benefit pension plan which covers employees who work at least 40 hours per week. The system requires that both employees and the Town contribute, and provides retirement, disability and death benefits.

Funding Policy

Employees are eligible for normal retirement upon reaching the age of sixty and early retirement after completing twenty-five or more years of credited service. The Town's contributions to the plan including employee contributions for 2010, 2009, 2008, 2007, and 2006 were \$72,592 \$86,557, \$80,145, and \$96,540, respectively.

Unfunded Actuarial Accrued Liability

The Town has no actuarial accrued liability.

NOTE 11 – DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. 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 POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town of Poland'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 13 - OVERSPENT APPROPRIATIONS

The following appropriations were exceeded by actual expenditures:

| | <u>Excess</u> |
|------------------------|------------------|
| General government | \$ 28,713 |
| Recreation and culture | 41,552 |
| | <u>\$ 70,265</u> |

NOTE 14 – INTERLOCAL AGREEMENT

As of June 15, 2004 the Town entered into an agreement with the Town of Mechanic Falls and Minot for ownership and operations of a new building to house office space for School Union No. 29 functions. Ownership of the land will remain with the Town. Ownership of spaces within the building designated to be shared by the bus dispatch function of the Town and the School Union 29 offices will be shared 50% to the Town and 50% to the three School Administrative Units of School Union 29 according to the cost-sharing formula in place for the 2004-2005 school year. The agreement provides for the sharing of operation cost, compensation upon withdrawal, potential changes in School Union 29 structure and dissolution of School Union 29.

NOTE 15 – COMMITMENTS

As of July 1, 2009 the Town of Poland's School Department became a member of the Poland, Mechanic Falls and Minot Regional School Unit. Under the agreement the Town has an obligation to pay any and all outstanding accounts payable and accrued payroll in relation to the school department. The remaining fund balance will remain with the Town. Any applicable scholarship and grant fund balances will also be turned over to the new RSU. During the year ending June 30, 2010 there will be several issues that will need to be addressed including but not limited to: capital asset transfer, debt administration and contract issues.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 16 – CONTINGENCIES

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

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

Required Supplementary Information

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

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

TOWN OF POLAND, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2010

| | Budgeted Amounts | | Actual Amounts | Variance Positive (Negative) |
|--|-------------------|-------------------|---------------------|------------------------------------|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 64,500 | \$ 64,500 | \$ 2,228,288 | \$ 2,163,788 |
| Resources (Inflows): | | | | |
| General tax revenue | 10,597,442 | 10,597,442 | 10,549,309 | (48,133) |
| Intergovernmental revenue | 884,790 | 884,790 | 828,543 | (56,247) |
| Charges for services | 280,050 | 280,050 | 259,350 | (20,700) |
| Investment income | 86,000 | 86,000 | 61,013 | (24,987) |
| Other revenue | 253,300 | 253,300 | 308,092 | 54,792 |
| Amounts Available for Appropriation | <u>12,166,082</u> | <u>12,166,082</u> | <u>14,234,595</u> | <u>2,068,513</u> |
| Charges to Appropriation (Outflows): | | | | |
| Current: | | | | |
| General government | 998,169 | 998,169 | 1,026,882 | (28,713) |
| Public safety | 886,484 | 886,484 | 879,282 | 7,202 |
| Public works | 540,534 | 540,534 | 477,806 | 62,728 |
| Recreation and culture | 96,217 | 96,217 | 137,769 | (41,552) |
| Health and sanitation | 204,279 | 204,279 | 184,561 | 19,718 |
| TIF | 1,077,082 | 1,077,082 | 1,075,087 | 1,995 |
| Education | 5,773,612 | 5,773,612 | 5,773,612 | - |
| County tax | 637,143 | 637,143 | 637,143 | - |
| Debt service | 468,062 | 468,062 | 438,166 | 29,896 |
| Overlay | 241,830 | 241,830 | 49,646 | 192,184 |
| Transfers to other funds | 971,341 | 971,341 | 971,341 | - |
| Total Charges to Appropriations | <u>11,894,753</u> | <u>11,894,753</u> | <u>11,651,295</u> | <u>243,458</u> |
| Budgetary Fund Balance, June 30 | <u>\$ 271,329</u> | <u>\$ 271,329</u> | <u>\$ 2,583,300</u> | <u>\$ 2,311,971</u> |
| Utilization of undesignated fund balance | \$ - | \$ - | \$ - | \$ - |
| Utilization of designated fund balance | <u>64,500</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 64,500</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See accompanying independent auditors' report.

SCHEDULE 2

TOWN OF POLAND, MAINE

SCHEDULE OF REVENUES BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

| | <u>Original Budget</u> | <u>Adjusted Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|----------------------------------|----------------------------|----------------------------|----------------------|---|
| REVENUES | | | | |
| General tax revenues | | | | |
| Property taxes | \$ 9,647,442 | \$ 9,647,442 | \$ 9,648,123 | \$ 681 |
| Vehicle excise taxes | 939,000 | 939,000 | 888,507 | (50,493) |
| Boat excise taxes | 11,000 | 11,000 | 12,679 | 1,679 |
| Intergovernmental revenues | | | | |
| State revenue sharing | 470,000 | 470,000 | 401,760 | (68,240) |
| BETE Reimbursement | 174,367 | 174,367 | 174,367 | - |
| Homestead exemption | 140,523 | 140,523 | 140,523 | - |
| Local road assistance | 80,000 | 80,000 | 73,788 | (6,212) |
| Tree growth | 5,000 | 5,000 | 3,060 | (1,940) |
| General assistance | 12,500 | 12,500 | 25,151 | 12,651 |
| Veteran's exemption | 2,400 | 2,400 | 6,315 | 3,915 |
| Other intergovernmental | - | - | 3,579 | 3,579 |
| Charges for services | | | | |
| Ambulance fees | 149,250 | 149,250 | 118,249 | (31,001) |
| Code enforcement fees | 60,000 | 60,000 | 50,772 | (9,228) |
| Motor vehicle fees | 20,000 | 20,000 | 21,194 | 1,194 |
| Solid waste revenues | 28,000 | 28,000 | 44,437 | 16,437 |
| Other agent fees | 1,200 | 1,200 | 1,050 | (150) |
| Plumbing permits | 9,000 | 9,000 | 8,107 | (893) |
| Inland fisheries agent fees | 3,500 | 3,500 | 2,921 | (579) |
| Animal control fees | 2,000 | 2,000 | 4,731 | 2,731 |
| Electrical permit fees | 1,700 | 1,700 | 1,568 | (132) |
| Customer service fees | 4,400 | 4,400 | 4,781 | 381 |
| Other | 1,000 | 1,000 | 1,540 | 540 |
| Investment income | 86,000 | 86,000 | 61,013 | (24,987) |
| Other revenue | | | | |
| Bus mechanic reimbursements | 125,000 | 125,000 | 73,358 | (51,642) |
| Other education revenue | - | - | - | - |
| Interest / fees on liens | 41,200 | 41,200 | 56,188 | 14,988 |
| Payment in lieu of taxes | 1,200 | 1,200 | 750 | (450) |
| MMWAC member distribution | 40,000 | 40,000 | - | (40,000) |
| Cable franchise fees | 25,000 | 25,000 | 36,124 | 11,124 |
| Town hall rental | 4,000 | 4,000 | 790 | (3,210) |
| Insurance / other reimbursements | - | - | 399 | 399 |
| Other miscellaneous income | 16,900 | 16,900 | 140,483 | 123,583 |
| Use of fund balance | 64,500 | - | - | (64,500) |
| Total revenues | <u>\$ 12,166,082</u> | <u>\$ 12,101,582</u> | <u>\$ 12,006,307</u> | <u>\$ (159,775)</u> |

See accompanying independent auditors' report.

Other Supplementary Information

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

- Schedule of Departmental Operations – General Fund
- Schedule of Revenues Budget and Actual – General Fund
- Schedule of School Revenues, Expenditures and changes in Fund Balance – Budget to Actual
- 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 Project Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF POLAND, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2010

| | <u>Budget</u> | <u>Budget Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|-------------------------------|------------------|-------------------------------|-------------------------|------------------|---|
| General government | | | | | |
| Administration | \$ 539,792 | \$ - | \$ 539,792 | \$ 557,866 | \$ (18,074) |
| Benefits | 458,377 | - | 458,377 | 469,016 | (10,639) |
| | <u>998,169</u> | <u>-</u> | <u>998,169</u> | <u>1,026,882</u> | <u>(28,713)</u> |
| Public safety | | | | | |
| Fire rescue | 516,270 | - | 516,270 | 507,472 | 8,798 |
| Police | 201,669 | - | 201,669 | 197,745 | 3,924 |
| Code enforcement | 71,860 | - | 71,860 | 68,650 | 3,210 |
| Insurance | 39,000 | - | 39,000 | 39,126 | (126) |
| Dispatch contract | 19,500 | - | 19,500 | 24,631 | (5,131) |
| Street lights | 11,300 | - | 11,300 | 14,202 | (2,902) |
| Emergency management | 5,775 | - | 5,775 | 5,479 | 296 |
| Animal control | 5,100 | - | 5,100 | 4,942 | 158 |
| Hydrants | 16,010 | - | 16,010 | 17,035 | (1,025) |
| | <u>886,484</u> | <u>-</u> | <u>886,484</u> | <u>879,282</u> | <u>7,202</u> |
| Public works: | | | | | |
| Highways | 540,534 | - | 540,534 | 477,806 | 62,728 |
| | <u>540,534</u> | <u>-</u> | <u>540,534</u> | <u>477,806</u> | <u>62,728</u> |
| Health and sanitation: | | | | | |
| Solid waste | 204,279 | - | 204,279 | 184,561 | 19,718 |
| | <u>204,279</u> | <u>-</u> | <u>204,279</u> | <u>184,561</u> | <u>19,718</u> |
| TIF | | | | | |
| Paid to TIF District | 408,147 | - | 408,147 | 406,155 | 1,992 |
| Debt service | 643,935 | - | 643,935 | 643,932 | 3 |
| Economic development | 25,000 | - | 25,000 | 25,000 | - |
| | <u>1,077,082</u> | <u>-</u> | <u>1,077,082</u> | <u>1,075,087</u> | <u>1,995</u> |

TOWN OF POLAND, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2010

| | Budget | Budget Adjustments | Final Budget | Actual | Variance Positive (Negative) |
|-------------------------------|----------------------|-----------------------|----------------------|----------------------|------------------------------------|
| Recreation / social | | | | | |
| Recreation administration | 62,192 | - | 62,192 | 63,226 | (1,034) |
| General asst / social service | 28,025 | - | 28,025 | 68,637 | (40,612) |
| Beach maintenance / lake prot | 6,000 | - | 6,000 | 5,906 | 94 |
| | <u>96,217</u> | <u>-</u> | <u>96,217</u> | <u>137,769</u> | <u>(41,552)</u> |
| Education | <u>5,773,612</u> | <u>-</u> | <u>5,773,612</u> | <u>5,773,612</u> | <u>-</u> |
| County tax | <u>637,143</u> | <u>-</u> | <u>637,143</u> | <u>637,143</u> | <u>-</u> |
| Debt service | | | | | |
| Principal and interest | 468,062 | - | 468,062 | 438,166 | 29,896 |
| | <u>468,062</u> | <u>-</u> | <u>468,062</u> | <u>438,166</u> | <u>29,896</u> |
| Overlay | <u>241,830</u> | <u>-</u> | <u>241,830</u> | <u>49,646</u> | <u>192,184</u> |
| Transfers | | | | | |
| Special revenue funds | 117,841 | - | 117,841 | 117,841 | - |
| Capital projects funds | 787,500 | - | 787,500 | 787,500 | - |
| Permanent funds | 66,000 | - | 66,000 | 66,000 | - |
| | <u>971,341</u> | <u>-</u> | <u>971,341</u> | <u>971,341</u> | <u>-</u> |
| Total Expenditures | <u>\$ 11,894,753</u> | <u>\$ -</u> | <u>\$ 11,894,753</u> | <u>\$ 11,651,295</u> | <u>\$ 243,458</u> |

See accompanying independent auditors' report.

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

| | Special Revenue Funds | Capital Project Funds | Permanent Funds | Total Nonmajor Governmental Funds |
|---|-----------------------------|-----------------------------|---------------------|---|
| ASSETS | | | | |
| Cash | \$ 551,066 | \$ - | \$ 262,647 | \$ 813,713 |
| Investments | - | - | 1,233,703 | 1,233,703 |
| Due from other governments | 80 | - | - | 80 |
| Due from other funds | 7,291 | 325,048 | 20,670 | 353,009 |
| Total assets | <u>\$ 558,437</u> | <u>\$ 325,048</u> | <u>\$ 1,517,020</u> | <u>\$ 2,400,505</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 35,739 | \$ 258,715 | \$ 10,002 | \$ 304,456 |
| Accrued expenses | - | - | - | - |
| Due to other funds | 35,873 | 6,091 | - | 41,964 |
| Total liabilities | <u>71,612</u> | <u>264,806</u> | <u>10,002</u> | <u>346,420</u> |
| FUND EQUITY | | | | |
| Fund balance: | | | | |
| Reserved: | | | | |
| Designated for subsequent years' expenditures | 486,825 | 60,242 | 1,507,018 | 2,054,085 |
| Total fund equity | <u>486,825</u> | <u>60,242</u> | <u>1,507,018</u> | <u>2,054,085</u> |
| Total liabilities and fund equity | <u>\$ 558,437</u> | <u>\$ 325,048</u> | <u>\$ 1,517,020</u> | <u>\$ 2,400,505</u> |

See accompanying independent auditors' report.

SCHEDULE C

TOWN OF POLAND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

| | Special Revenue Funds | Capital Projects Funds | Permanent Funds | Total Nonmajor Governmental Funds |
|---|-----------------------------|------------------------------|---------------------|---|
| REVENUES | | | | |
| Intergovernmental revenue | \$ - | \$ - | \$ - | \$ - |
| Charges for services | 151,414 | - | - | 151,414 |
| Investment income | - | - | 169,960 | 169,960 |
| Other income | 7,494 | - | 138,914 | 146,408 |
| Total revenues | <u>158,908</u> | <u>-</u> | <u>308,874</u> | <u>467,782</u> |
| EXPENDITURES | | | | |
| Cemetery | - | - | 2,681 | 2,681 |
| Library | - | - | 153,819 | 153,819 |
| Education | - | - | 15,453 | 15,453 |
| General government | - | - | - | - |
| Public Safety | - | - | - | - |
| Public works | - | - | - | - |
| Recreation | 137,798 | - | - | 137,798 |
| Capital outlay | 98,071 | 1,201,444 | 29,844 | 1,329,359 |
| Total expenditures | <u>235,869</u> | <u>1,201,444</u> | <u>201,797</u> | <u>1,639,110</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(76,961)</u> | <u>(1,201,444)</u> | <u>107,077</u> | <u>(1,171,328)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers In | 117,841 | 797,500 | 66,000 | 981,341 |
| Operating Transfers Out | (215,167) | (177,485) | - | (392,652) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(97,326)</u> | <u>620,015</u> | <u>66,000</u> | <u>588,689</u> |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) | (174,287) | (581,429) | 173,077 | (582,639) |
| FUND BALANCE, JULY 1 | <u>661,112</u> | <u>641,671</u> | <u>1,333,941</u> | <u>2,636,724</u> |
| FUND BALANCE, JUNE 30 | <u>\$ 486,825</u> | <u>\$ 60,242</u> | <u>\$ 1,507,018</u> | <u>\$ 2,054,085</u> |

See accompanying independent auditors' report.

Special Revenue Funds

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

SCHEDULE D

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

| | School Grants | AVSWCD Grant | Recreation Fees Reserve | TIF | Totals |
|---|---------------|-----------------|-------------------------|-------------------|-------------------|
| ASSETS | | | | | |
| Cash | \$ - | \$ - | \$ 56,597 | \$ 494,469 | \$ 551,066 |
| Due from other governments | - | - | 80 | - | 80 |
| Due from other funds | - | 3,294 | 3,997 | - | 7,291 |
| Total assets | \$ - | \$ 3,294 | \$ 60,674 | \$ 494,469 | \$ 558,437 |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | \$ 10,563 | \$ 25,176 | \$ 35,739 |
| Accrued expenses | - | - | - | - | - |
| Due to other funds | - | - | - | 35,873 | 35,873 |
| Total liabilities | - | - | 10,563 | 61,049 | 71,612 |
| FUND EQUITY | | | | | |
| Fund balance: | | | | | |
| Unreserved: | | | | | |
| Designated for subsequent years' expenditures | - | 3,294 | 50,111 | 433,420 | 486,825 |
| Total fund equity | - | 3,294 | 50,111 | 433,420 | 486,825 |
| Total liabilities and fund equity | \$ - | \$ 3,294 | \$ 60,674 | \$ 494,469 | \$ 558,437 |

See accompanying independent auditors' report.

SCHEDULE E

TOWN OF POLAND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS FOR YEAR ENDED JUNE 30, 2010

| | School Grants | AVSWCD Grant | Recreation | | TIF | Totals |
|--|---------------|--------------|------------|------------|------|------------|
| | | | Fees | Reserve | | |
| REVENUES | | | | | | |
| Intergovernmental revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charges for services | - | - | 151,414 | - | - | 151,414 |
| Investment income | - | - | 54 | 7,440 | - | 7,494 |
| Total revenues | - | - | 151,468 | 7,440 | - | 158,908 |
| EXPENDITURES | | | | | | |
| Recreation | - | - | 137,798 | - | - | 137,798 |
| Public works | - | - | - | - | - | - |
| Education | - | - | - | - | - | - |
| Capital outlay | - | - | - | 98,071 | - | 98,071 |
| Total expenditures | - | - | 137,798 | 98,071 | - | 235,869 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | | | | | | |
| | - | - | 13,670 | (90,631) | - | (76,961) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Operating Transfers In | - | - | - | 117,841 | - | 117,841 |
| Operating Transfers Out | (215,167) | - | - | - | - | (215,167) |
| TOTAL OTHER FINANCING SOURCES (USES) | (215,167) | - | - | 117,841 | - | (97,326) |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) | | | | | | |
| | (215,167) | - | 13,670 | 27,210 | - | (174,287) |
| FUND BALANCE, JULY 1 | 215,167 | 3,294 | 36,441 | 406,210 | - | 661,112 |
| FUND BALANCE, JUNE 30 | \$ - | \$ 3,294 | \$ 50,111 | \$ 433,420 | \$ - | \$ 486,825 |

See accompanying independent auditors' report.

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 fund.

SCHEDULE F

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2010

| | Recreation Facility Reserve | Contingency Reserve | Police Vehicle | Revaluation Reserve |
|--|-----------------------------------|------------------------|-------------------|------------------------|
| ASSETS | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - |
| Investments | - | - | - | - |
| Accounts receivable (net of allowance) | - | - | - | - |
| Due from other funds | 9,717 | 16,000 | 29,590 | - |
| Total assets | <u>\$ 9,717</u> | <u>\$ 16,000</u> | <u>\$ 29,590</u> | <u>\$ -</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND EQUITY | | | | |
| Fund balance: | | | | |
| Designated for subsequent years' expenditures | 9,717 | 16,000 | 29,590 | - |
| Total fund equity | <u>9,717</u> | <u>16,000</u> | <u>29,590</u> | <u>-</u> |
| Total liabilities and fund equity | <u>\$ 9,717</u> | <u>\$ 16,000</u> | <u>\$ 29,590</u> | <u>\$ -</u> |

TOWN OF POLAND, MAINE

SCHEDULE F (CONTINUED)

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2010

| | Sweeper Truck | Town Capital Improvements | Town Roads | Solid Waste |
|--|------------------|---------------------------------|-------------------|-----------------|
| ASSETS | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - |
| Investments | - | - | - | - |
| Accounts receivable (net of allowance) | - | - | - | - |
| Due from other funds | 29,620 | - | 199,246 | 9,168 |
| Total assets | <u>\$ 29,620</u> | <u>\$ -</u> | <u>\$ 199,246</u> | <u>\$ 9,168</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 1,276 | \$ - | \$ 257,439 | \$ - |
| Due to other funds | - | 6,091 | - | - |
| Total liabilities | <u>1,276</u> | <u>6,091</u> | <u>257,439</u> | <u>-</u> |
| FUND EQUITY | | | | |
| Fund balance: | | | | |
| Designated for subsequent years' expenditures | 28,344 | (6,091) | (58,193) | 9,168 |
| Total fund equity | <u>28,344</u> | <u>(6,091)</u> | <u>(58,193)</u> | <u>9,168</u> |
| Total liabilities and fund equity | <u>\$ 29,620</u> | <u>\$ -</u> | <u>\$ 199,246</u> | <u>\$ 9,168</u> |

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2010

| | Building Improvements | School CIP | School Technology/ Equipment | Totals |
|--|--------------------------|---------------|------------------------------------|-------------------|
| ASSETS | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - |
| Investments | - | - | - | - |
| Accounts receivable (net of allowance) | - | - | - | - |
| Due from other funds | 31,707 | - | - | 325,048 |
| Total assets | <u>\$ 31,707</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 325,048</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | 258,715 |
| Due to other funds | - | - | - | 6,091 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>264,806</u> |
| FUND EQUITY | | | | |
| Fund balance: | | | | |
| Designated for subsequent years' expenditures | 31,707 | - | - | 60,242 |
| Total fund equity | <u>31,707</u> | <u>-</u> | <u>-</u> | <u>60,242</u> |
| Total liabilities and fund equity | <u>\$ 31,707</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 325,048</u> |

See accompanying independent auditors' report.

SCHEDULE G

TOWN OF POLAND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

| | Recreation Facility Reserve | Contingency Reserve | Police Vehicle | Revaluation Reserve |
|--|-----------------------------------|------------------------|-------------------|------------------------|
| REVENUES | | | | |
| Charges for services | \$ - | \$ - | \$ - | \$ - |
| Investment income | - | - | - | - |
| Other income | - | - | - | - |
| Total revenues | - | - | - | - |
| EXPENDITURES | | | | |
| General government | - | - | - | - |
| Recreation | - | - | - | - |
| Education | - | - | - | - |
| Other | 1,050 | - | 17,374 | 60,500 |
| Total expenditures | 1,050 | - | 17,374 | 60,500 |
| EXCESS OF REVENUES OVER (UNDER) | (1,050) | - | (17,374) | (60,500) |
| EXPENDITURES | | | | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers In | 5,000 | 10,000 | - | 50,000 |
| Operating Transfers Out | - | (10,000) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 5,000 | - | - | 50,000 |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) | 3,950 | - | (17,374) | (10,500) |
| EXPENDITURES AND OTHER (USES) | | | | |
| FUND BALANCE, JULY 1 | 5,767 | 16,000 | 46,964 | 10,500 |
| FUND BALANCE, JUNE 30 | \$ 9,717 | \$ 16,000 | \$ 29,590 | \$ - |

TOWN OF POLAND, MAINE

SCHEDULE G (CONTINUED)

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR
 CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

| | Public Works Vehicle | Fire / Rescue Vehicle | Town Roads | Solid Waste |
|--|----------------------|-----------------------|--------------------|-----------------|
| REVENUES | | | | |
| Charges for services | \$ - | \$ - | \$ - | \$ - |
| Investment income | - | - | - | - |
| Other income | - | - | - | - |
| Total revenues | - | - | - | - |
| EXPENDITURES | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Education | - | - | - | - |
| Other | 202,385 | 289,976 | 585,114 | - |
| Total expenditures | <u>202,385</u> | <u>289,976</u> | <u>585,114</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (202,385) | (289,976) | (585,114) | - |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers In | 155,000 | 125,000 | 440,000 | 5,000 |
| Operating Transfers Out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>155,000</u> | <u>125,000</u> | <u>440,000</u> | <u>5,000</u> |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) | (47,385) | (164,976) | (145,114) | 5,000 |
| FUND BALANCE, JULY 1 | <u>75,729</u> | <u>158,885</u> | <u>86,921</u> | <u>4,168</u> |
| FUND BALANCE, JUNE 30 | <u>\$ 28,344</u> | <u>\$ (6,091)</u> | <u>\$ (58,193)</u> | <u>\$ 9,168</u> |

SCHEDULE G (CONTINUED)

TOWN OF POLAND, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

| | Building Improvements | School CIP | School Technology/ Equipment | Totals |
|--|--------------------------|---------------|------------------------------------|-------------|
| REVENUES | | | | |
| Charges for services | \$ - | \$ - | \$ - | \$ - |
| Investment income | - | - | - | - |
| Other income | - | - | - | - |
| Total revenues | - | - | - | - |
| EXPENDITURES | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Education | - | - | - | - |
| Other | 45,045 | - | - | 1,201,444 |
| Total expenditures | 45,045 | - | - | 1,201,444 |
| EXCESS OF REVENUES OVER (UNDER) | | | | |
| EXPENDITURES | (45,045) | - | - | (1,201,444) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers In | 7,500 | - | - | 797,500 |
| Operating Transfers Out | - | (111,596) | (55,889) | (177,485) |
| TOTAL OTHER FINANCING SOURCES (USES) | 7,500 | (111,596) | (55,889) | 620,015 |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) | | | | |
| EXPENDITURES AND OTHER (USES) | (37,545) | (111,596) | (55,889) | (581,429) |
| FUND BALANCE, JULY 1 | 69,252 | 111,596 | 55,889 | 641,671 |
| FUND BALANCE, JUNE 30 | \$ 31,707 | \$ - | \$ - | \$ 60,242 |

See accompanying independent auditors' report.

Permanent Funds

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

SCHEDULE H

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2010

| | Highland AT&T Stock | Hackett Trust | Hackett Relief Fund | Empire Cemetery | White Oak Hill Cemetery | Highland Cemetery | Highland IBM Stock | AB Ricker |
|---|---------------------------|------------------|------------------------|--------------------|-------------------------------|----------------------|--------------------------|------------------|
| ASSETS | | | | | | | | |
| Cash | \$ - | \$ 10,780 | \$ - | \$ 6,388 | \$ 8,310 | \$ 1,200 | \$ - | \$ 11,333 |
| Investments | 13,356 | - | - | - | - | 36,325 | 19,757 | - |
| Accounts receivable (net of allowance) | - | - | - | - | - | - | - | - |
| Due from other funds | 1,653 | - | 4,166 | - | - | - | 616 | - |
| TOTAL ASSETS | \$ 15,009 | \$ 10,780 | \$ 4,166 | \$ 6,388 | \$ 8,310 | \$ 37,525 | \$ 20,373 | \$ 11,333 |
| LIABILITIES AND FUND EQUITY | | | | | | | | |
| LIABILITIES | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | - | - | - | - | - | - | - |
| TOTAL LIABILITIES | - | - | - | - | - | - | - | - |
| FUND EQUITY | | | | | | | | |
| Fund balance: | | | | | | | | |
| Designated for subsequent years' expenditures | 15,009 | 10,780 | 4,166 | 6,388 | 8,310 | 37,525 | 20,373 | 11,333 |
| TOTAL FUND EQUITY | 15,009 | 10,780 | 4,166 | 6,388 | 8,310 | 37,525 | 20,373 | 11,333 |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 15,009 | \$ 10,780 | \$ 4,166 | \$ 6,388 | \$ 8,310 | \$ 37,525 | \$ 20,373 | \$ 11,333 |

SCHEDULE H (CONTINUED)

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2010

| | Lane Cemetery | Ricker Cemetery | Scholarship Funds | Operations | | Endowment | | Ministerial | Totals |
|--|------------------|--------------------|----------------------|-------------------|-------------------|-------------------|---------------------|-------------|--------|
| | | | | Ricker Library | Ricker Library | Ricker Library | Ricker Library | | |
| ASSETS | | | | | | | | | |
| Cash | \$ 1,267 | \$ 2,029 | \$ 188,540 | \$ 4,710 | \$ - | \$ 28,090 | \$ 262,647 | | |
| Investments | - | - | - | 279,815 | 884,450 | - | 1,233,703 | | |
| Accounts receivable (net of allowance) | - | - | - | - | - | - | - | | |
| Due from other funds | - | - | - | 14,235 | - | - | 20,670 | | |
| TOTAL ASSETS | \$ 1,267 | \$ 2,029 | \$ 188,540 | \$ 298,760 | \$ 884,450 | \$ 28,090 | \$ 1,517,020 | | |

LIABILITIES AND FUND EQUITY

| | | | | | | | | | |
|--------------------------|----------|----------|----------|---------------|----------|----------|---------------|--|--|
| LIABILITIES | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 10,002 | \$ - | \$ - | \$ 10,002 | | |
| Due to other funds | - | - | - | - | - | - | - | | |
| TOTAL LIABILITIES | - | - | - | 10,002 | - | - | 10,002 | | |

FUND EQUITY

| | | | | | | | | | |
|---|-----------------|-----------------|-------------------|-------------------|-------------------|------------------|---------------------|--|--|
| Fund balance: | | | | | | | | | |
| Designated for subsequent years' expenditures | 1,267 | 2,029 | 188,540 | 288,758 | 884,450 | 28,090 | 1,507,018 | | |
| TOTAL FUND EQUITY | 1,267 | 2,029 | 188,540 | 288,758 | 884,450 | 28,090 | 1,507,018 | | |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 1,267 | \$ 2,029 | \$ 188,540 | \$ 298,760 | \$ 884,450 | \$ 28,090 | \$ 1,517,020 | | |

See accompanying independent auditors' report.

SCHEDULE I

TOWN OF POLAND, MAINE

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, CHANGES IN FUND
BALANCES - NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

| | AT&T Stock | Hackett Trust | Hackett Relief Fund | Empire Cemetery | White Oak Hill Cemetery | Highland Cemetery | IBM Stock | AB Ricker |
|--|-----------------|------------------|------------------------|--------------------|-------------------------------|----------------------|-----------------|-----------------|
| REVENUES | | | | | | | | |
| Investment income | \$ 1,346 | \$ - | \$ - | \$ 64 | \$ 84 | \$ 6,912 | \$ 3,418 | \$ 115 |
| Other income | - | - | 26,149 | - | - | - | - | - |
| Total revenues | <u>1,346</u> | <u>109</u> | <u>26,149</u> | <u>64</u> | <u>84</u> | <u>6,912</u> | <u>3,418</u> | <u>115</u> |
| EXPENDITURES | | | | | | | | |
| Cemetery | - | - | - | - | - | 2,625 | - | - |
| Library | - | - | - | - | - | - | - | - |
| Education | - | - | - | - | - | - | - | - |
| Other | - | - | 29,844 | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>29,844</u> | <u>-</u> | <u>-</u> | <u>2,625</u> | <u>-</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>1,346</u> | <u>109</u> | <u>(3,695)</u> | <u>64</u> | <u>84</u> | <u>4,287</u> | <u>3,418</u> | <u>115</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Operating Transfers In | - | - | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) | <u>1,346</u> | <u>109</u> | <u>(3,695)</u> | <u>64</u> | <u>84</u> | <u>4,287</u> | <u>3,418</u> | <u>115</u> |
| FUND BALANCE, JULY 1 | <u>13,663</u> | <u>10,671</u> | <u>7,861</u> | <u>6,324</u> | <u>8,226</u> | <u>33,238</u> | <u>16,955</u> | <u>11,218</u> |
| FUND BALANCE, JUNE 30 | <u>\$15,009</u> | <u>\$10,780</u> | <u>\$ 4,166</u> | <u>\$ 6,388</u> | <u>\$ 8,310</u> | <u>\$ 37,525</u> | <u>\$20,373</u> | <u>\$11,333</u> |

SCHEDULE I (CONTINUED)

TOWN OF POLAND, MAINE

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, CHANGES IN FUND
BALANCES - NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

| | Lane Cemetery | Ricker Cemetery | Scholarship Funds | Operations Ricker Library | Endowment Ricker Library | Ministerial | Totals |
|--|------------------|--------------------|----------------------|---------------------------------|--------------------------------|------------------|---------------------|
| REVENUES | | | | | | | |
| Investment income | \$ 13 | \$ 21 | \$ 5,109 | \$ 50,931 | \$ 101,555 | \$ 283 | \$ 169,960 |
| Other income | - | - | 16,102 | 96,663 | - | - | 138,914 |
| Total revenues | <u>13</u> | <u>21</u> | <u>21,211</u> | <u>147,594</u> | <u>101,555</u> | <u>283</u> | <u>308,874</u> |
| EXPENDITURES | | | | | | | |
| Cemetery | - | 56 | - | - | - | - | 2,681 |
| Library | - | - | - | 109,343 | 44,476 | - | 153,819 |
| Education | - | - | 15,453 | - | - | - | 15,453 |
| Other | - | - | - | - | - | - | 29,844 |
| Total expenditures | <u>-</u> | <u>56</u> | <u>15,453</u> | <u>109,343</u> | <u>44,476</u> | <u>-</u> | <u>201,797</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>13</u> | <u>(35)</u> | <u>5,758</u> | <u>38,251</u> | <u>57,079</u> | <u>283</u> | <u>107,077</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Operating Transfers In | - | - | - | 66,000 | - | - | 66,000 |
| Operating Transfers Out | - | - | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> | <u>66,000</u> | <u>-</u> | <u>-</u> | <u>66,000</u> |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) | <u>13</u> | <u>(35)</u> | <u>5,758</u> | <u>104,251</u> | <u>57,079</u> | <u>283</u> | <u>173,077</u> |
| FUND BALANCE, JULY 1 | <u>1,254</u> | <u>2,064</u> | <u>182,782</u> | <u>184,507</u> | <u>827,371</u> | <u>27,807</u> | <u>1,333,941</u> |
| FUND BALANCE, JUNE 30 | <u>\$ 1,267</u> | <u>\$ 2,029</u> | <u>\$ 188,540</u> | <u>\$ 288,758</u> | <u>\$ 884,450</u> | <u>\$ 28,090</u> | <u>\$ 1,507,018</u> |

See accompanying independent auditors' report.

General Capital Assets

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

TOWN OF POLAND, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2010

| | Land and Non-depreciable Assets | Buildings, Building Improvements & Land Improvements | Furniture, Fixtures, Equipment & Vehicles | Infrastructure | Total |
|---------------------------------------|---------------------------------------|--|--|---------------------|---------------------|
| Fire department | \$ 6,300 | \$ 360,814 | \$ 1,575,397 | \$ - | \$ 1,942,511 |
| Public safety | - | 275,087 | 85,248 | - | 360,335 |
| Public works department | 216,928 | 1,844,011 | 1,155,781 | 1,111,652 | 4,328,372 |
| Transfer station | 120,000 | 310,000 | 22,832 | - | 452,832 |
| TIF | - | - | 9,528 | 2,290,045 | 2,299,573 |
| Library | - | - | 6,835 | - | 6,835 |
| Town-wide | 29,400 | 288,739 | 76,647 | - | 394,786 |
| Total General Capital Assets | 372,628 | 3,078,651 | 2,932,268 | 3,401,697 | 9,785,244 |
| Less: Accumulated Depreciation | - | (726,248) | (1,050,754) | (53,045) | (1,830,047) |
| Net General Capital Assets | \$ 372,628 | \$ 2,352,403 | \$ 1,881,514 | \$ 3,348,652 | \$ 7,955,197 |

See accompanying independent auditors' report.

SCHEDULE K

TOWN OF POLAND, MAINE

SCHEDULE OF CHANGES
IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2010

| | General Assets 7/1/09 | Additions | Deletions | General Capital Assets 6/30/10 |
|--------------------------------|-----------------------------|------------|-----------------|---|
| Fire department | \$ 1,636,573 | \$ 305,938 | \$ - | \$ 1,942,511 |
| Public safety | 342,961 | 17,374 | - | 360,335 |
| Public works department | 3,708,328 | 782,862 | (162,818) | 4,328,372 |
| Transfer station | 452,832 | - | - | 452,832 |
| Education | 27,446,581 | - | (27,446,581) | - |
| TIF | 2,299,573 | - | - | 2,299,573 |
| Library | - | 6,835 | - | 6,835 |
| Town-wide | 394,786 | - | - | 394,786 |
| Total General Capital Assets | 36,281,634 | 1,113,009 | (27,609,399) | 9,785,244 |
| Less: Accumulated Depreciation | (12,280,437) | (239,066) | 10,689,456 | (1,830,047) |
| Net General Capital Assets | \$ 24,001,197 | \$ 873,943 | \$ (16,919,943) | \$ 7,955,197 |

See accompanying independent auditors' report.