

**Audited Financial Statements
And Other Supplemental Information**

Town of Poland, Maine

June 30, 2011



Proven Expertise and Integrity

RHR Smith & Company

TOWN OF POLAND, MAINE

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JUNE 30, 2011

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INDEPENDENT AUDITORS' REPORT

August 29, 2011

Board of Selectmen
Town of Poland
Poland, Maine

We have audited the accompanying financial statements of the governmental 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, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Poland's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Poland, Maine as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the

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United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Poland, Maine's financial statements as a whole. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RHR Smith & Co.

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

(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, 2011. 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 a separate column for the type of town's activity. The type of activity presented for the Town of Poland is:

- *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.

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 one category: governmental funds.

Governmental funds: All 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 "Nonmajor Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

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 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities.

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 increased by \$1,211,597 from \$6,588,855 to \$7,800,452.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for governmental activities to a balance of \$3,581,437 at the end of this year.

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

	<u>2011</u>	<u>2010</u>
Assets:		
Current and Other Assets	\$ 10,455,574	\$ 5,947,479
Capital Assets	16,318,974	17,348,185
Total Assets	<u>\$ 26,774,548</u>	<u>\$ 23,295,664</u>
Liabilities:		
Current Liabilities	\$ 2,372,298	\$ 2,703,689
Long-term Debt Outstanding	16,601,798	14,003,120
Total Liabilities	<u>\$ 18,974,096</u>	<u>\$ 16,706,809</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 2,386,597	\$ 1,684,636
Restricted for: Special revenue funds	281,378	436,714
Permanent funds	1,551,040	1,507,018
Unrestricted Net Assets	<u>3,581,437</u>	<u>2,960,487</u>
Total Net Assets	<u>\$ 7,800,452</u>	<u>\$ 6,588,855</u>

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

	<u>2011</u>	<u>2010</u>
Revenues		
Taxes:		
Property	\$ 9,660,738	\$ 9,650,003
Excise	879,910	901,186
Intergovernmental	1,851,733	828,543
Charges for services	279,619	410,764
Miscellaneous	563,251	685,473
Total Revenues	<u>13,235,251</u>	<u>12,475,969</u>
Expenses		
Current:		
General government	1,080,631	1,025,622
Public safety	994,436	963,714
Public works	601,249	597,322
Recreation and culture	463,459	432,067
Health and sanitation	175,883	192,725
TIF	536,494	552,058
Education	5,780,286	4,669,267
County tax	662,086	637,143
Overlay	12,937	49,646
Capital outlay	1,312,362	225,453
Unallocated depreciation	9,390	9,390
Interest	394,441	256,762
Total Expenses	<u>12,023,654</u>	<u>9,611,169</u>
Change in Net Assets	1,211,597	2,864,800
Transfer of assets to RSU #12	-	(7,900,504)
Net Assets - July 1	<u>6,588,855</u>	<u>11,624,559</u>
Net Assets - June 30	<u>\$ 7,800,452</u>	<u>\$ 6,588,855</u>

Revenues and Expenses

The comparability of the Town's expenses will be rather inconsistent in regards to education as in the prior year the Town became a member of the Regional School Unit #16. The previous fiscal year was the first year of operations for the Regional School Unit #16. Intergovernmental revenues increased due to money received for the Sewer / Water District project, which was also the reason for the increase in capital outlay. Most other items of revenue and expenses were consistent with the previous year.

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,

	2011	2010
Major Funds:		
General Fund		
Nonspendable	\$ 21,165	\$ 27,807
Committed	189,522	245,643
Assigned	406,712	434,013
Unassigned	2,364,594	1,875,837
Total Major Funds	\$ 2,981,993	\$ 2,583,300
Nonmajor Funds:		
Special Revenue funds		
Restricted	\$ 4,779,578	\$ 436,714
Assigned	53,124	50,111
Capital Project funds		
Assigned	465,963	60,242
Permanent funds		
Restricted	1,551,040	1,507,018
Total Nonmajor Funds	\$ 6,849,705	\$ 2,054,085

The general fund total fund balance increased by \$398,693 over the prior fiscal year. The non-major fund balances increased by \$4,795,620 over the prior fiscal year. Most of the increase in the general fund came as a result of increased revenue from the property taxes and under-spent appropriations in TIF and overlay. The increase in the non-major fund balances came as a result of debt proceeds from the Sewer and Water projects.

Budgetary Highlights

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

The general fund actual revenues exceeded the budget by \$105,070. This was a result of property taxes and other revenue.

The general fund actual expenditures were under the budget by \$358,898. The following expenditures were under budget which accounts for most of the balance:

TIF	\$271,328
Overlay	163,028

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2011, the net book value of capital assets recorded by the Town increased by \$2,342 over the prior year. This increase is the result of capital additions of \$332,217 less current year depreciation expense of \$328,310 and less net dispositions of \$1,565.

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

	2011	2010
Land and improvements	\$ 372,628	\$ 372,628
Buildings and improvements	2,361,070	2,352,403
Machinery and equipment	288,199	256,759
Vehicles	1,576,483	1,624,755
Infrastructure	3,359,159	3,348,652
Total	\$ 7,957,539	\$ 7,955,197

Debt

At June 30, 2011, the Town had \$18.4 million in bonds outstanding versus \$15.7 million last year, a net increase of \$2,767,028, 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, 2011

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash	\$ 8,633,467
Investments	1,233,670
Accounts receivable (net of allowance for uncollectibles):	
Taxes	448,449
Due from other governments	9,825
Other	108,998
Prepaid expenses	2,400
Inventory	18,765
Total current assets	<u>10,455,574</u>
Noncurrent assets:	
Amounts due from other governments for debt	8,361,435
Capital assets:	
Land, infrastructure, and other assets not being depreciated	372,628
Buildings and vehicles net of accumulated depreciation	7,584,911
Total noncurrent assets	<u>16,318,974</u>
TOTAL ASSETS	<u><u>\$ 26,774,548</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 106,925
Accrued Expenses	30,867
Due to other governments	42
Prepaid taxes	180
Escrow accounts	59,879
Due to Poland Spring	271,328
Current portion of long-term obligations	1,903,077
Total current liabilities	<u>2,372,298</u>
Noncurrent liabilities	
Noncurrent portion of long-term obligations:	
Bonds payable	16,527,500
Accrued compensated absences	74,298
Total noncurrent liabilities	<u>16,601,798</u>
TOTAL LIABILITIES	<u>18,974,096</u>
NET ASSETS	
Invested in capital assets, net of related debt	2,386,597
Restricted for: Special Revenues	281,378
Permanent funds	1,551,040
Unrestricted	3,581,437
TOTAL NET ASSETS	<u>7,800,452</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 26,774,548</u></u>

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, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenues & Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants & Contributions		Capital Grants & Contributions
Governmental activities					
Current:					
General government	\$ 1,080,631	\$ 78,355	\$ -	\$ -	(1,002,276)
Public safety	994,436	143,768	-	-	(850,668)
Public works	601,249	-	75,264	-	(525,985)
Recreation and culture	463,459	-	-	-	(463,459)
Health and sanitation	175,883	57,496	-	-	(118,387)
TIF	536,494	-	258,365	-	(278,129)
Education	5,780,286	-	-	-	(5,780,286)
County tax	662,086	-	-	-	(662,086)
Overlay	12,937	-	-	-	(12,937)
Capital outlay	1,312,362	-	-	-	(1,312,362)
Unallocated depreciation	9,390	-	-	-	(9,390)
Interest	394,441	-	-	-	(394,441)
Total governmental activities	12,023,654	279,619	333,629	-	(11,410,406)

STATEMENT B (CONTINUED)
TOWN OF POLAND, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

	Governmental Activities
Changes in net assets:	
Net (expense) revenue	(11,410,406)
General revenue:	
Taxes	
Property taxes, levied for general purposes	9,660,738
Excise taxes, levied for general purposes	879,910
Grants and contributions not restricted to specific programs	1,518,104
Investment income	183,433
Miscellaneous	379,818
Total revenue and transfers	12,622,003
Change in net assets	1,211,597
NET ASSETS - JULY 1, 2010	6,588,855
NET ASSETS - JUNE 30, 2011	\$ 7,800,452

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

STATEMENT C

TOWN OF POLAND, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash	\$ 3,368,201	\$ 5,265,266	\$ 8,633,467
Investments	-	1,233,670	1,233,670
Receivables (net of allowance for uncollectibles)			
Taxes/liens	448,449	-	448,449
Due from other governments	9,825	-	9,825
Other	108,998	-	108,998
Inventory	18,765	-	18,765
Prepaid expenses	2,400	-	2,400
Due from other funds	133,309	520,131	653,440
TOTAL ASSETS	\$ 4,089,947	\$ 7,019,067	\$ 11,109,014
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ 70,872	\$ 36,053	\$ 106,925
Accrued expenses	30,867	-	30,867
Due to other governments	42	-	42
Due to other funds	520,131	133,309	653,440
Prepaid taxes	180	-	180
Escrow accounts	59,879	-	59,879
Deferred tax revenues	154,655	-	154,655
Due to Poland Spring	271,328	-	271,328
TOTAL LIABILITIES	1,107,954	169,362	1,277,316
FUND EQUITY			
Nonspendable	21,165	-	21,165
Restricted	-	6,330,618	6,330,618
Committed	189,522	-	189,522
Assigned	406,712	519,087	925,799
Unassigned	2,364,594	-	2,364,594
TOTAL FUND EQUITY	2,981,993	6,849,705	9,831,698
TOTAL LIABILITIES AND FUND EQUITY	\$ 4,089,947	\$ 7,019,067	\$ 11,109,014

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, 2011

	<u>Total Governmental Funds</u>
Total Fund Equity	\$ 9,831,698
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	7,957,539
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	154,655
Other non-current assets not recognized in modified accrual statements:	
Amount due from school for debt	8,361,435
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(18,430,577)
Accrued compensated absences	<u>(74,298)</u>
Net assets of governmental activities	<u>\$ 7,800,452</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, 2011

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
General tax revenue	\$ 10,723,570	\$ -	\$ 10,723,570
Intergovernmental revenue	844,828	1,006,905	1,851,733
Charges for services	279,619	-	279,619
Investment income(net)	36,420	147,013	183,433
Other revenue	271,302	108,516	379,818
TOTAL REVENUES	12,155,739	1,262,434	13,418,173
EXPENDITURES			
Current:			
General government	1,057,921	19,155	1,077,076
Public safety	865,158	17,952	883,110
Public works	462,068	-	462,068
Recreation and culture	139,829	322,263	462,092
Health and sanitation	166,470	-	166,470
TIF	-	1,178,480	1,178,480
Education	5,759,816	20,470	5,780,286
County tax	662,086	-	662,086
Overlay	12,937	-	12,937
Debt service	394,441	-	394,441
Capital outlay	-	1,643,014	1,643,014
TOTAL EXPENDITURES	9,520,726	3,201,334	12,722,060
EXCESS REVENUES OVER (UNDER) EXPENDITURES	2,635,013	(1,938,900)	696,113
OTHER FINANCING SOURCES (USES)			
Proceeds from debt	-	4,498,200	4,498,200
Operating transfers in	-	2,276,140	2,276,140
Operating transfers (out)	(2,236,320)	(39,820)	(2,276,140)
TOTAL OTHER FINANCING SOURCES (USES)	(2,236,320)	6,734,520	4,498,200
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	398,693	4,795,620	5,194,313
FUND BALANCES - JULY 1	2,583,300	2,054,085	4,637,385
FUND BALANCES - JUNE 30	\$ 2,981,993	\$ 6,849,705	\$ 9,831,698

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, 2011

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 5,194,313</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	332,217
Capital assets purchased in prior year	-
Capital asset dispositions	(1,565)
Depreciation expense	<u>(328,310)</u>
	<u>2,342</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>(182,922)</u>
Proceeds of long - term debt shown on governmental funds as revenue shown as liabilities on the Statement of Net Assets	
	<u>(4,498,200)</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>699,619</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>(3,555)</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 1,211,597</u></u>

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

TOWN OF POLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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 the 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. All 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, 2011

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, 2011

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.

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, 2011

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, 2011

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 inventory is valued at cost. The cost value is determined using the first-in, first-out (FIFO) method.

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, 2011.

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, 2011

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, 2011

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. 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.

Fund Equity

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

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

TOWN OF POLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Board of Selectmen.

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

The Town is in the process of adopting a set of financial policies to guide the financial operation of the Town. Included in the policies will be guidelines for accumulating and maintaining an operating position in certain budgeted governmental funds such that annual expenditures shall not exceed annual resources, including fund balances. Other funds shall be fully self-supporting to the extent that the fund balance or retained earnings of each fund shall be zero or greater.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 27, 2010 on the assessed value listed as of April 1, 2010, for all real and personal property located in the Town. Taxes were due on in two installments on October 1, 2010 and April 1, 2011. Interest on unpaid taxes commenced on November 1, 2010 and May 1, 2011, at 7% per annum.

TOWN OF POLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$175,965 for the year ended June 30, 2011.

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, 2011

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, 2011, the Town's cash balance of \$8,633,467 was comprised of deposits amounting to \$8,636,019. This amount was comprised of \$1,663,439 which was insured by federal depository insurance and consequently was not exposed to custodial credit risk, and \$6,972,580 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	\$ 7,358,365
Certificates	1,002,152
Savings accounts	275,502
	<u>\$ 8,636,019</u>

At June 30, 2011, the Town's investments were comprised of \$1,233,670 that were not insured by federal depository insurance but were collateralized with securities held by the financial institution in the Town's name.

<u>Investment Type</u>	<u>Market Value</u>
Securities/Commodities	\$ 350,151
Certificates of deposit	70,060
Money market funds	123,862
Mutual funds / other	689,597
	<u>\$ 1,233,670</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2011 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General fund	\$ 133,309	\$ 520,131
Special revenue fund	5,090	133,309
Capital project fund	465,963	-
Permanent fund	49,078	-
	<u>\$ 653,440</u>	<u>\$ 653,440</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2011:

	<u>Balance, 7/1/10</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, 6/30/11</u>
<u>Governmental activities</u>				
<u>Non-depreciated assets:</u>				
Land	\$ 372,628	\$ -	\$ -	\$ 372,628
	<u>372,628</u>	<u>-</u>	<u>-</u>	<u>372,628</u>
<u>Depreciated assets:</u>				
Buildings and improvements	3,078,651	86,026	-	3,164,677
Machinery & equipment	599,641	56,313	(114,028)	541,926
Vehicles	2,332,627	94,330	(52,470)	2,374,487
Infrastructure	3,401,697	95,548	-	3,497,245
	9,412,616	332,217	(166,498)	9,578,335
Less: accumulated depreciation	(1,830,047)	(328,310)	164,933	(1,993,424)
	<u>7,582,569</u>	<u>3,907</u>	<u>(1,565)</u>	<u>7,584,911</u>
Net capital assets	<u>\$ 7,955,197</u>	<u>\$ 3,907</u>	<u>\$ (1,565)</u>	<u>\$ 7,957,539</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Fire	\$	98,209
Public Safety		13,117
Public Works		139,181
Library		1,367
Transfer Station		9,413
TIF		57,633
Town-wide		9,390
Total depreciation expense	\$	<u>328,310</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, 7/1/10	Additions	Deletions	Balance, 6/30/11	Due Within One Year
Governmental Activities					
Bonds payable	\$ 15,663,549	\$ 4,498,200	\$ (1,731,172)	18,430,577	\$ 1,903,077
Accrued compensated absences	70,743	3,555	-	74,298	-
Total Governmental Activities	<u>\$ 15,734,292</u>	<u>\$ 4,501,755</u>	<u>\$ (1,731,172)</u>	<u>\$ 18,504,875</u>	<u>\$ 1,903,077</u>

The following is a summary of bonds outstanding as of June 30, 2011:

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.	\$	46,500
\$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.		649,897
\$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.		1,173,336

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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.	96,000
\$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.	1,692,909
\$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.	6,905,431
\$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.	368,212
\$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.	152,710
\$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.	835,082
\$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.	1,358,500
\$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.	100,000
\$4,498,200, 2011 General Obligation Water and Sewer Bond due in annual installments and semiannual interest installments through November 2030. Interest is charged at a rate from .831% to 5.094% per annum.	4,498,200
Total Bonds Payable	<u>\$ 18,430,577</u>

TOWN OF POLAND, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

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:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2012	\$ 1,903,077	\$ 693,032	\$ 2,596,109
2013	1,810,805	614,799	2,425,604
2014	1,839,914	530,340	2,370,254
2015	1,779,005	455,782	2,234,787
2016	1,621,507	386,196	2,007,703
2017-2021	6,105,951	968,798	7,074,749
2022-2026	2,056,509	300,706	2,357,215
2027-2031	1,313,809	95,908	1,409,717
	<u>\$ 18,430,577</u>	<u>\$ 4,045,561</u>	<u>\$ 22,476,138</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, 2011 is as follows:

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

TOWN OF POLAND, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 7 - RESTRICTED FUND BALANCE

The following net assets are restricted at June 30, 2011 for the following purposes:

Restricted for grants	\$ 3,294
Restricted for TIF	4,776,284
Restricted for permanent funds	1,551,040
	\$ 6,330,618

NOTE 8 – ASSIGNED FUND EQUITY

At June 30, 2011, the assigned fund equity was made up of the following account balances:

General fund:	
Accrued compensated absences	\$ 74,297
Education	332,415
	406,712
Capital Projects:	465,963
Total	\$ 872,675

NOTE 9 – GENERAL FUND COMMITTED FUND EQUITY

As of June 30, 2011 the general fund committed fund equity was made up of the following account balances:

General fund:	
Reduction of taxes	\$ 129,643
Escrows	59,879
	\$ 189,522

TOWN OF POLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – 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.

NOTE 11 – 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 2011, 2010, 2009, and 2008 were \$72,592 \$86,557, \$80,145, and \$96,540, respectively.

Unfunded Actuarial Accrued Liability

The Town has no actuarial accrued liability.

TOWN OF POLAND, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 12 – 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.

NOTE 13 – 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 14 - OVERSPENT APPROPRIATIONS

The following appropriations were exceeded by actual expenditures:

	Excess
General government	\$ 42,482
Public safety	12,495
Recreation and culture	26,659
Transfers to other funds	69,452
	\$ 151,088

TOWN OF POLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 – 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 / SUBSEQUENT EVENTS

On August 30, 2011, the Town of Poland and Nestle Waters North America, Inc. entered into agreements with the Auburn Sewer District and the Auburn Water District for the construction of certain infrastructure. The nature of the agreements allow the construction of sewer and water mains within the Town at the Town's cost. The infrastructure will not be owned by the Town, but will be owned by the respective Districts. As of June 30, 2011 the Town was obligated for \$4,498,200 worth of general obligation bonds for this project. The project was completed in December 2011. The debt service on these bonds will ultimately be paid from the Tax Increment Financing District with the Nestle Waters North America, Inc.

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, 2011

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,583,300	\$ 2,583,300	\$ 2,583,300	\$ -
Resources (Inflows):				
General tax revenue	10,575,839	10,575,839	10,723,570	147,731
Intergovernmental revenue	844,875	871,328	844,828	(26,500)
Charges for services	329,700	329,700	279,619	(50,081)
Investment income	59,500	59,500	36,420	(23,080)
Other revenue	214,302	214,302	271,302	57,000
Amounts Available for Appropriation	<u>14,607,516</u>	<u>14,633,969</u>	<u>14,739,039</u>	<u>105,070</u>
Charges to Appropriations (Outflows):				
Current:				
General government	1,008,164	1,015,439	1,057,921	(42,482)
Public safety	852,663	852,663	865,158	(12,495)
Public works	499,307	499,307	462,068	37,239
Recreation and culture	86,717	113,170	139,829	(26,659)
Health and sanitation	204,861	204,861	166,470	38,391
TIF	271,328	271,328	-	271,328
Education	5,759,816	5,759,816	5,759,816	-
County tax	662,086	662,086	662,086	-
Debt service	394,441	394,441	394,441	-
Overlay	175,965	175,965	12,937	163,028
Transfers to other funds	2,166,868	2,166,868	2,236,320	(69,452)
Total Charges to Appropriations	<u>12,082,216</u>	<u>12,115,944</u>	<u>11,757,046</u>	<u>358,898</u>
Budgetary Fund Balance, June 30	<u>\$ 2,525,300</u>	<u>\$ 2,518,025</u>	<u>\$ 2,981,993</u>	<u>\$ 463,968</u>
Utilization of undesignated fund balance	\$ -	\$ -	\$ -	\$ -
Utilization of designated fund balance	<u>58,000</u>	<u>65,275</u>	<u>-</u>	<u>(65,275)</u>
	<u>\$ 58,000</u>	<u>\$ 65,275</u>	<u>\$ -</u>	<u>\$ (65,275)</u>

See accompanying independent auditors' report.

TOWN OF POLAND, MAINE

SCHEDULE OF REVENUES BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues				
Property taxes	\$ 9,652,839	\$ 9,652,839	\$ 9,843,660	\$ 190,821
Vehicle excise taxes	911,000	911,000	867,561	(43,439)
Boat excise taxes	12,000	12,000	12,349	349
Intergovernmental revenues				
State revenue sharing	367,000	367,000	331,316	(35,684)
BETE Reimbursement	258,345	258,345	258,365	20
Homestead exemption	113,863	113,863	113,863	-
Local road assistance	73,788	73,788	75,264	1,476
Tree growth	4,000	4,000	8,322	4,322
General assistance	15,000	41,453	41,452	(1)
Veteran's exemption	6,000	6,000	7,224	1,224
Other intergovernmental	6,879	6,879	9,022	2,143
Charges for services				
Ambulance fees	160,000	160,000	142,480	(17,520)
Code enforcement fees	62,500	62,500	44,858	(17,642)
Motor vehicle fees	21,000	21,000	21,144	144
Solid waste revenues / fees	62,300	62,300	49,749	(12,551)
Other agent fees	3,500	3,500	3,572	72
Plumbing permits	10,000	10,000	6,422	(3,578)
Inland fisheries agent fees	3,000	3,000	2,677	(323)
Animal control fees	2,400	2,400	4,175	1,775
Electrical permit fees	1,800	1,800	1,454	(346)
Customer service fees	2,000	2,000	1,288	(712)
Other	1,200	1,200	1,800	600
Investment income	59,500	59,500	36,420	(23,080)
Other revenue				
Garage bay rental	49,600	49,600	9,600	(40,000)
Tax acquired property	45,000	45,000	-	(45,000)
Interest / fees on liens	49,500	49,500	44,597	(4,903)
Payment in lieu of taxes	1,200	1,200	761	(439)
TIF fees	-	-	126,357	126,357
Cable franchise fees	30,000	30,000	46,230	16,230
Town hall rental	2,500	2,500	15	(2,485)
Sale of timber	9,000	9,000	18,211	9,211
Other miscellaneous income	27,502	27,502	25,531	(1,971)
Use of fund balance	58,000	65,275	-	(65,275)
Total revenues	\$ 12,082,216	\$ 12,115,944	\$ 12,155,739	\$ 39,795

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

SCHEDULE A

TOWN OF POLAND, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Administration	\$ 523,929	\$ 7,275	\$ 531,204	\$ 570,100	\$ (38,896)
Benefits	484,235	-	484,235	487,821	(3,586)
	<u>1,008,164</u>	<u>7,275</u>	<u>1,015,439</u>	<u>1,057,921</u>	<u>(42,482)</u>
Public safety					
Fire rescue	499,504	-	499,504	508,978	(9,474)
Police	199,069	-	199,069	196,593	2,476
Code enforcement	69,782	-	69,782	71,928	(2,146)
Insurance	39,273	-	39,273	36,795	2,478
Dispatch contract	18,000	-	18,000	26,111	(8,111)
Street lights	15,100	-	15,100	12,850	2,250
Emergency management	5,360	-	5,360	5,627	(267)
Animal control	5,100	-	5,100	4,801	299
Hydrants	1,475	-	1,475	1,475	-
	<u>852,663</u>	<u>-</u>	<u>852,663</u>	<u>865,158</u>	<u>(12,495)</u>
Public works:					
Highways	499,307	-	499,307	462,068	37,239
	<u>499,307</u>	<u>-</u>	<u>499,307</u>	<u>462,068</u>	<u>37,239</u>
Health and sanitation:					
Solid waste	204,861	-	204,861	166,470	38,391
	<u>204,861</u>	<u>-</u>	<u>204,861</u>	<u>166,470</u>	<u>38,391</u>
TIF					
Paid to TIF District	271,328	-	271,328	-	271,328
	<u>271,328</u>	<u>-</u>	<u>271,328</u>	<u>-</u>	<u>271,328</u>

SCHEDULE A (CONTINUED)

TOWN OF POLAND, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Community services					
Recreation	56,442	-	56,442	56,652	(210)
General assistance	20,000	26,453	46,453	73,427	(26,974)
Other	10,275	-	10,275	9,750	525
	<u>86,717</u>	<u>26,453</u>	<u>113,170</u>	<u>139,829</u>	<u>(26,659)</u>
Education	5,759,816	-	5,759,816	5,759,816	-
County tax	662,086	-	662,086	662,086	-
Debt service					
Principal and interest	394,441	-	394,441	394,441	-
	<u>394,441</u>	<u>-</u>	<u>394,441</u>	<u>394,441</u>	<u>-</u>
Overlay	175,965	-	175,965	12,937	163,028
Transfers					
Special revenue funds	1,346,868	-	1,346,868	1,416,320	(69,452)
Capital projects funds	760,500	-	760,500	760,500	-
Permanent funds	59,500	-	59,500	59,500	-
	<u>2,166,868</u>	<u>-</u>	<u>2,166,868</u>	<u>2,236,320</u>	<u>(69,452)</u>
Total Expenditures	<u>\$ 12,082,216</u>	<u>\$ 33,728</u>	<u>\$ 12,115,944</u>	<u>\$ 11,757,046</u>	<u>\$ 358,898</u>

See accompanying independent auditors' report.

SCHEDULE B

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash	\$ 4,996,974	\$ -	\$ 268,292	\$ 5,265,266
Investments	-	-	1,233,670	1,233,670
Due from other governments	-	-	-	-
Due from other funds	5,090	465,963	49,078	520,131
Total assets	<u>\$ 5,002,064</u>	<u>\$ 465,963</u>	<u>\$ 1,551,040</u>	<u>\$ 7,019,067</u>
LIABILITIES				
Accounts payable	\$ 36,053	\$ -	\$ -	\$ 36,053
Accrued expenses	-	-	-	-
Due to other funds	133,309	-	-	133,309
Total liabilities	<u>169,362</u>	<u>-</u>	<u>-</u>	<u>169,362</u>
FUND EQUITY				
Restricted	4,779,578	-	1,551,040	6,330,618
Committed	-	-	-	-
Assigned	53,124	465,963	-	519,087
Unassigned	-	-	-	-
Total fund equity	<u>4,832,702</u>	<u>465,963</u>	<u>1,551,040</u>	<u>6,849,705</u>
Total liabilities and fund equity	<u>\$ 5,002,064</u>	<u>\$ 465,963</u>	<u>\$ 1,551,040</u>	<u>\$ 7,019,067</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, 2011

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 1,006,905	\$ -	\$ -	\$ 1,006,905
Charges for services	-	-	-	-
Investment income	-	-	142,575	142,575
Capital gains (losses)	-	-	4,438	4,438
Other income	30,609	-	77,907	108,516
Total revenues	<u>1,037,514</u>	<u>-</u>	<u>224,920</u>	<u>1,262,434</u>
EXPENDITURES				
Cemetery	-	-	1,322	1,322
Library	-	-	178,479	178,479
Education	-	-	20,470	20,470
General government	19,155	-	-	19,155
Public Safety	17,952	-	-	17,952
Debt service / TIF	1,178,480	-	-	1,178,480
Recreation	142,462	-	-	142,462
Capital outlay	1,248,108	354,779	40,127	1,643,014
Total expenditures	<u>2,606,157</u>	<u>354,779</u>	<u>240,398</u>	<u>3,201,334</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,568,643)</u>	<u>(354,779)</u>	<u>(15,478)</u>	<u>(1,938,900)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds From Debt	4,498,200	-	-	4,498,200
Operating Transfers In	1,416,320	760,500	99,320	2,276,140
Operating Transfers (Out)	-	-	(39,820)	(39,820)
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,914,520</u>	<u>760,500</u>	<u>59,500</u>	<u>6,734,520</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>4,345,877</u>	<u>405,721</u>	<u>44,022</u>	<u>4,795,620</u>
FUND BALANCE, JULY 1	<u>486,825</u>	<u>60,242</u>	<u>1,507,018</u>	<u>2,054,085</u>
FUND BALANCE, JUNE 30	<u>\$ 4,832,702</u>	<u>\$ 465,963</u>	<u>\$ 1,551,040</u>	<u>\$ 6,849,705</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, 2011

	AVSWCD Grant	Recreation Fees Reserve	TIF	MEMA Homeland Security	Efficiency Maine	MMA Safety Grant	Totals
ASSETS							
Cash	\$ -	\$ 61,103	\$ 4,935,871	\$ -	\$ -	\$ -	\$ 4,996,974
Due from other governments	-	-	-	-	-	-	-
Due from other funds	3,294	1,796	-	-	-	-	5,090
Total assets	<u>\$ 3,294</u>	<u>\$ 62,899</u>	<u>\$ 4,935,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,002,064</u>
LIABILITIES							
Accounts payable	\$ -	\$ 9,775	\$ 26,278	\$ -	\$ -	\$ -	\$ 36,053
Accrued expenses	-	-	-	-	-	-	-
Due to other funds	-	-	133,309	-	-	-	133,309
Total liabilities	<u>-</u>	<u>9,775</u>	<u>159,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,362</u>
FUND EQUITY							
Restricted	3,294	-	4,776,284	-	-	-	4,779,578
Committed	-	-	-	-	-	-	-
Assigned	-	53,124	-	-	-	-	53,124
Unassigned	-	-	-	-	-	-	-
Total fund equity	<u>3,294</u>	<u>53,124</u>	<u>4,776,284</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,832,702</u>
Total liabilities and fund equity	<u>\$ 3,294</u>	<u>\$ 62,899</u>	<u>\$ 4,935,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,002,064</u>

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 THE YEAR ENDED JUNE 30, 2011

	AVSWCD Grant	Recreation Fees Reserve	TIF	MEMA Homeland Security	Efficiency Maine	MMA Safety Grant	Totals
REVENUES							
Intergovernmental revenue	\$ -	\$ 140,498	\$ 829,300	\$ 17,952	\$ 17,575	\$ 1,580	\$ 1,006,905
Charges for services	-	4,977	25,632	-	-	-	30,609
Investment income	-	145,475	854,932	17,952	17,575	1,580	1,037,514
EXPENDITURES							
General government	-	-	-	-	-	-	-
Recreation	-	142,462	-	-	-	-	142,462
Public safety	-	-	-	17,952	-	-	17,952
Other	-	-	-	-	17,575	1,580	19,155
Debt service / TIF	-	-	1,178,480	-	-	-	1,178,480
Capital outlay	-	-	1,248,108	-	-	-	1,248,108
Total expenditures	-	142,462	2,426,588	17,952	17,575	1,580	2,606,157
EXCESS OF REVENUES OVER (UNDER)	-	3,013	(1,571,656)	-	-	-	(1,568,643)
OTHER FINANCING SOURCES (USES)							
Proceeds From Debt	-	-	4,498,200	-	-	-	4,498,200
Operating Transfers In	-	-	1,416,320	-	-	-	1,416,320
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	5,914,520	-	-	-	5,914,520
EXCESS OF REVENUES AND OTHER	-	3,013	4,342,864	-	-	-	4,345,877
FUND BALANCE, JULY 1	3,294	50,111	433,420	-	-	-	486,825
FUND BALANCE, JUNE 30	\$ 3,294	\$ 53,124	\$ 4,776,284	\$ -	\$ -	\$ -	\$ 4,832,702

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, 2011

	Public Works Vehicle	Fire / Rescue Vehicle	Town Roads	Solid Waste	Recreation Facility Reserve
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable (net of allowance)	-	-	-	-	-
Due from other funds	84,184	98,704	193,761	2,318	5,555
Total assets	\$ 84,184	\$ 98,704	\$ 193,761	\$ 2,318	\$ 5,555
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
FUND EQUITY					
Committed	-	-	-	-	-
Assigned	84,184	98,704	193,761	2,318	5,555
Unassigned	-	-	-	-	-
Total fund equity	84,184	98,704	193,761	2,318	5,555
Total liabilities and fund equity	\$ 84,184	\$ 98,704	\$ 193,761	\$ 2,318	\$ 5,555

SCHEDULE F (CONTINUED)

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2011

	Building Improvements	Contingency Reserve	Police Vehicle	Totals
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable (net of allowance)	-	-	-	-
Due from other funds	29,516	15,117	36,808	465,963
Total assets	<u>\$ 29,516</u>	<u>\$ 15,117</u>	<u>\$ 36,808</u>	<u>\$ 465,963</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
FUND EQUITY				
Committed	-	-	-	-
Assigned	29,516	15,117	36,808	465,963
Unassigned	-	-	-	-
Total fund equity	<u>29,516</u>	<u>15,117</u>	<u>36,808</u>	<u>465,963</u>
Total liabilities and fund equity	<u>\$ 29,516</u>	<u>\$ 15,117</u>	<u>\$ 36,808</u>	<u>\$ 465,963</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, 2011

	Public Works Vehicle	Fire / Rescue Vehicle	Town Roads	Solid Waste	Recreation Facility Reserve
REVENUES					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-
Other income	-	-	-	-	-
Total revenues	-	-	-	-	-
EXPENDITURES					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	20,160	115,205	95,546	6,850	8,662
Total expenditures	<u>20,160</u>	<u>115,205</u>	<u>95,546</u>	<u>6,850</u>	<u>8,662</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(20,160)</u>	<u>(115,205)</u>	<u>(95,546)</u>	<u>(6,850)</u>	<u>(8,662)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	76,000	220,000	347,500	-	4,500
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>76,000</u>	<u>220,000</u>	<u>347,500</u>	<u>-</u>	<u>4,500</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	55,840	104,795	251,954	(6,850)	(4,162)
FUND BALANCE, JULY 1	<u>28,344</u>	<u>(6,091)</u>	<u>(58,193)</u>	<u>9,168</u>	<u>9,717</u>
FUND BALANCE, JUNE 30	<u>\$ 84,184</u>	<u>\$ 98,704</u>	<u>\$ 193,761</u>	<u>\$ 2,318</u>	<u>\$ 5,555</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, 2011

	Building Improvements	Contingency Reserve	Police Vehicle	Totals
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Other income	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Education	-	-	-	-
Capital outlay	101,691	5,883	782	354,779
Total expenditures	101,691	5,883	782	354,779
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(101,691)	(5,883)	(782)	(354,779)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	99,500	5,000	8,000	760,500
Operating Transfers (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	99,500	5,000	8,000	760,500
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	(2,191)	(883)	7,218	405,721
FUND BALANCE, JULY 1	31,707	16,000	29,590	60,242
FUND BALANCE, JUNE 30	\$ 29,516	\$ 15,117	\$ 36,808	\$ 465,963

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, 2011

	Highland AT&T Stock	Hackett Trust	Hackett Relief Fund	Empire Cemetery	White Oak Hill Cemetery	Highland Cemetery	Highland IBM Stock	AB Ricker
ASSETS								
Cash	\$ -	\$ 10,883	-	\$ 6,450	\$ 8,389	\$ -	\$ -	\$ 11,441
Investments	-	-	-	-	-	39,601	-	-
Accounts receivable (net of allowance)	-	-	-	-	-	-	-	-
Due from other funds	-	-	35,982	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ 10,883	\$ 35,982	\$ 6,450	\$ 8,389	\$ 39,601	\$ -	\$ 11,441
LIABILITIES AND FUND EQUITY								
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND EQUITY								
Restricted	-	10,883	35,982	6,450	8,389	39,601	-	11,441
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND EQUITY	\$ -	\$ 10,883	\$ 35,982	\$ 6,450	\$ 8,389	\$ 39,601	\$ -	\$ 11,441
TOTAL LIABILITIES AND FUND EQUITY	\$ -	\$ 10,883	\$ 35,982	\$ 6,450	\$ 8,389	\$ 39,601	\$ -	\$ 11,441

SCHEDULE H (CONTINUED)

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2011

	Lane Cemetery	Ricker Cemetery	Scholarship Funds	Operations Ricker Library	Endowment Ricker Library	Ministerial	Totals
ASSETS							
Cash	\$ 1,280	\$ 2,048	\$ 199,443	\$ -	\$ -	\$ 28,358	\$ 268,292
Investments	-	-	-	356,577	837,492	-	1,233,670
Accounts receivable (net of allowance)	-	-	-	-	-	-	-
Due from other funds	-	-	-	13,096	-	-	49,078
TOTAL ASSETS	\$ 1,280	\$ 2,048	\$ 199,443	\$ 369,673	\$ 837,492	\$ 28,358	\$ 1,551,040
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND EQUITY							
Restricted	1,280	2,048	199,443	369,673	837,492	28,358	1,551,040
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND EQUITY	1,280	2,048	199,443	369,673	837,492	28,358	1,551,040
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,280	\$ 2,048	\$ 199,443	\$ 369,673	\$ 837,492	\$ 28,358	\$ 1,551,040

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, 2011

	AT&T Stock	Hackett Trust	Hackett Relief Fund	Empire Cemetery	Oak Hill Cemetery	Highland Cemetery	IBM Stock	AB Ricker
REVENUES								
Investment income	\$ -	\$ 103	\$ -	\$ 62	\$ 79	\$ 3,398	\$ -	\$ 108
Capital gains (losses)	(794)	-	-	-	-	-	5,232	-
Other income	-	-	32,123	-	-	-	-	-
Total revenues	<u>(794)</u>	<u>103</u>	<u>32,123</u>	<u>62</u>	<u>79</u>	<u>3,398</u>	<u>5,232</u>	<u>108</u>
EXPENDITURES								
Cemetery	-	-	-	-	-	1,322	-	-
Library	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Other	-	-	40,127	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>40,127</u>	<u>-</u>	<u>-</u>	<u>1,322</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(794)</u>	<u>103</u>	<u>(8,004)</u>	<u>62</u>	<u>79</u>	<u>2,076</u>	<u>5,232</u>	<u>108</u>
OTHER FINANCING SOURCES (USES)								
Operating Transfers In	-	-	39,820	-	-	-	-	-
Operating Transfers (Out)	(14,215)	-	-	-	-	-	(25,605)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(14,215)</u>	<u>-</u>	<u>39,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,605)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>(15,009)</u>	<u>103</u>	<u>31,816</u>	<u>62</u>	<u>79</u>	<u>2,076</u>	<u>(20,373)</u>	<u>108</u>
FUND BALANCE, JULY 1	<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>
FUND BALANCE, JUNE 30	<u>\$ -</u>	<u>\$ 10,883</u>	<u>\$ 35,982</u>	<u>\$ 6,450</u>	<u>\$ 8,389</u>	<u>\$ 39,601</u>	<u>\$ -</u>	<u>\$ 11,441</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, 2011

	Lane Cemetery	Ricker Cemetery	Scholarship Funds	Operations Ricker Library	Endowment Ricker Library	Ministerial	Totals
REVENUES							
Investment income	\$ 13	\$ 19	\$ 5,373	\$ 109,204	\$ 23,948	\$ 268	\$ 142,575
Capital gains (losses)	-	-	-	-	-	-	4,438
Other income	-	-	26,000	19,784	-	-	77,907
Total revenues	13	19	31,373	128,988	23,948	268	224,920
EXPENDITURES							
Cemetery	-	-	-	-	-	-	1,322
Library	-	-	-	107,573	70,906	-	178,479
Education	-	-	20,470	-	-	-	20,470
Other	-	-	-	-	-	-	40,127
Total expenditures	-	-	20,470	107,573	70,906	-	240,398
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	13	19	10,903	21,415	(46,958)	268	(15,478)
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	-	-	-	59,500	-	-	99,320
Operating Transfers (Out)	-	-	-	-	-	-	(39,820)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	59,500	-	-	59,500
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	13	19	10,903	80,915	(46,958)	268	44,022
FUND BALANCE, JULY 1	1,267	2,029	188,540	288,758	884,450	28,090	1,507,018
FUND BALANCE, JUNE 30	\$ 1,280	\$ 2,048	\$ 199,443	\$ 369,673	\$ 837,492	\$ 28,358	\$ 1,551,040

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.

SCHEDULE J

TOWN OF POLAND, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2011

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Fire department	\$ 6,300	\$ 384,980	\$ 1,666,435	\$ -	\$ 2,057,715
Public safety	-	275,087	85,248	-	360,335
Public works department	216,928	1,844,011	1,007,043	1,207,200	4,275,182
Transfer station	120,000	310,000	29,682	-	459,682
TIF	-	-	9,528	2,290,045	2,299,573
Library	-	-	6,835	-	6,835
Town-wide	29,400	350,599	111,642	-	491,641
Total General Capital Assets	372,628	3,164,677	2,916,413	3,497,245	9,950,963
Less: Accumulated Depreciation	-	(803,607)	(1,051,731)	(138,086)	(1,993,424)
Net General Capital Assets	\$ 372,628	\$ 2,361,070	\$ 1,864,682	\$ 3,359,159	\$ 7,957,539

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, 2011

	General Capital Assets 7/1/10	Additions	Deletions	General Capital Assets 6/30/11
Fire department	\$ 1,942,511	\$ 115,204	\$ -	\$ 2,057,715
Public safety	360,335	-	-	360,335
Public works department	4,328,372	113,308	(166,498)	4,275,182
Transfer station	452,832	6,850	-	459,682
TIF	2,299,573	-	-	2,299,573
Library	6,835	-	-	6,835
Town-wide	394,786	96,855	-	491,641
Total General Capital Assets	9,785,244	332,217	(166,498)	9,950,963
Less: Accumulated Depreciation	(1,830,047)	(328,310)	164,933	(1,993,424)
Net General Capital Assets	\$ 7,955,197	\$ 3,907	\$ (1,565)	\$ 7,957,539

See accompanying independent auditors' report.