

Audited Financial Statements and
Other Financial Information

Town of Poland, Maine

June 30, 2013



Proven Expertise and Integrity

TOWN OF POLAND, MAINE

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JUNE 30, 2013

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INDEPENDENT AUDITORS' REPORT

October 3, 2013

Board of Selectmen
Town of Poland
Poland, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Town of Poland, Maine, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Town of Poland, Maine as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and budgetary comparison information on page 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Poland, Maine's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

RHR Smith & Company

Certified Public Accountants

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

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

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

Both of the above mentioned financial statements have 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, health and sanitation and recreation and culture.

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 categorized as 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 Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund.

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental activities increased by \$2,068,345 from \$5,738,658 to \$7,807,003.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for governmental activities to a balance of \$1,324,043 at the end of this year.

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

	<u>2013</u>	<u>2012</u>
Assets:		
Current and Other Assets	\$ 8,553,320	\$ 7,215,322
Capital Assets	16,622,365	15,549,807
Total Assets	<u>\$ 25,175,685</u>	<u>\$ 22,765,129</u>
Liabilities:		
Current Liabilities	\$ 2,164,375	\$ 2,236,008
Long-term Debt Outstanding	15,204,008	14,790,228
Total Liabilities	<u>\$ 17,368,383</u>	<u>\$ 17,026,236</u>
Deferred Inflows of Resources:		
Prepaid Taxes	\$ 299	\$ 235
Total Deferred Inflows of Resources	<u>\$ 299</u>	<u>\$ 235</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	\$ 3,715,956	\$ 3,327,373
Restricted for: Special revenue funds	887,193	917,583
Permanent funds	1,879,811	1,716,745
Unrestricted (deficit)	1,324,043	(223,043)
Total Net Position	<u>\$ 7,807,003</u>	<u>\$ 5,738,658</u>

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

	<u>2013</u>	<u>2012</u>
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 446,932	\$ 442,246
Operating grants and contributions	367,773	371,780
<i>General revenues:</i>		
Taxes	10,923,383	10,605,072
Grants and contributions not restricted to specific programs	505,194	641,775
Investment income	238,553	95,116
Miscellaneous	210,013	220,064
Total Revenues	<u>12,691,848</u>	<u>12,376,053</u>
Expenses		
General government	1,087,631	996,259
Public safety	1,082,694	1,011,740
Public works	657,232	611,351
Recreation and culture	424,429	447,426
Health and sanitation	189,784	196,513
TIF	94,780	682,382
Education	5,876,106	5,865,028
County tax	670,082	644,577
Overlay	45,381	37,113
Capital outlay	70,830	3,733,409
Unallocated depreciation	24,065	20,191
Interest	400,489	379,057
Total Expenses	<u>10,623,503</u>	<u>14,625,046</u>
Change in Net Position	2,068,345	(2,248,993)
Net Position - July 1	<u>5,738,658</u>	<u>7,987,651</u>
Net Position - June 30	<u>\$ 7,807,003</u>	<u>\$ 5,738,658</u>

Revenues and Expenses

Revenues increased 2.55% from the prior year, an increase of \$315,795, primarily due to increases in property taxes and investment income. Expenses decreased 27.36% or \$4,001,543 from the prior year, primarily due to capital outlay and TIF expenditures associated with the Sewer/Water District project. Most other 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, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

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

	2013	2012
Major Funds:		
General Fund:		
Nonspendable	\$ 33,435	\$ 33,586
Committed	50,807	59,647
Assigned	345,061	372,627
Unassigned	2,548,821	2,463,386
Total Major Funds	\$ 2,978,124	\$ 2,929,246
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 887,193	\$ 917,583
Assigned	62,072	65,392
Capital Project Funds:		
Assigned	2,128,765	840,021
Permanent Funds:		
Restricted	1,879,811	1,716,745
Unassigned	(18)	-
Total Nonmajor Funds	\$ 4,957,823	\$ 3,539,741

The general fund total fund balance incurred a small increase of \$48,878 when compared to the prior fiscal year. The non-major fund balances increased by \$1,418,082 from the prior fiscal year. Most of the increase in the non-major funds was from bond proceeds for the new fire station that were recorded in full but not completely spent in the current year.

Budgetary Highlights

There was one significant difference between the original and final budget for the general fund in debt service and a property purchase, an increase of \$223,635, representing the use of fund balance from the previous year.

General fund actual revenues exceeded the budget by \$53,256. Tax revenue, other revenue and transfers from other funds all exceeded the budget while intergovernmental revenue, charges for services and investment income were under budget.

The general fund actual expenditures were under budget by \$270,357. The following expenditures accounted for most of the balance:

Overlay	\$ 63,259
Transfers to other funds	102,900

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2013, the net book value of capital assets recorded by the Town increased by \$2,079,546 over the prior year. This increase is the result of capital additions of \$2,482,044 less current year depreciation expense of \$402,498. For additional information on capital assets, refer to Note 4 of Notes to Financial Statements.

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

	2013	2012
Land and improvements	\$ 543,768	\$ 372,628
Construction in progress	1,357,789	-
Buildings and improvements	2,297,268	2,288,525
Machinery and equipment	233,830	271,860
Furniture and fixtures	5,940	6,600
Vehicles	1,366,952	1,517,349
Infrastructure	4,470,015	3,739,054
Total	\$ 10,275,562	\$ 8,196,016

Debt

At June 30, 2013, the Town had \$17.02 million in bonds outstanding versus \$16.53 million last year, an increase of \$489,524 or 2.96%, as shown in Note 5 of Notes to Financial Statements. A new bond was issued in the amount of \$2,300,000 for the construction of a new fire station.

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient unassigned 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 Maine Street, Poland, Maine 04274.

TOWN OF POLAND, MAINE
STATEMENT OF NET ASSETS
JUNE 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,082,558
Investments	1,651,439
Accounts receivable (net of allowance for uncollectibles):	
Taxes	465,560
Other	117,848
Prepaid expenses	14,862
Inventory	18,573
Total current assets	<u>8,553,320</u>
Noncurrent assets:	
Receivable for long-term debt obligations from RSU No. 16	6,346,803
Capital assets:	
Land, infrastructure, and other assets not being depreciated	1,901,557
Buildings and vehicles net of accumulated depreciation	8,374,005
Total noncurrent assets	<u>16,622,365</u>
TOTAL ASSETS	<u><u>\$ 25,175,685</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 152,332
Accrued Expenses	28,937
Due to other governments	26,150
Escrow accounts	50,807
Current portion of long-term obligations	1,906,149
Total current liabilities	<u>2,164,375</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	15,110,547
Accrued compensated absences	93,461
Total noncurrent liabilities	<u>15,204,008</u>
TOTAL LIABILITIES	<u><u>17,368,383</u></u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	299
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>299</u>
NET POSITION	
Invested in capital assets, net of related debt	3,715,956
Restricted for: Special Revenues	887,193
Permanent funds	1,879,811
Unrestricted (deficit)	1,324,043
TOTAL NET POSITION	<u><u>7,807,003</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 25,175,685</u></u>

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

TOWN OF POLAND, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
Governmental activities:					
General government	\$ 1,087,631	\$ 32,455	\$ -	\$ -	\$ (1,055,176)
Public safety	1,082,694	233,229	-	-	(849,465)
Public works	657,232	-	76,012	-	(581,220)
Recreation and culture	424,429	151,038	-	-	(273,391)
Health and sanitation	189,784	30,210	-	-	(159,574)
TIF	94,780	-	291,761	-	196,981
Education	5,876,106	-	-	-	(5,876,106)
County tax	670,082	-	-	-	(670,082)
Overlay	45,381	-	-	-	(45,381)
Capital outlay	70,830	-	-	-	(70,830)
Unallocated depreciation (Note 4)	24,065	-	-	-	(24,065)
Interest on long-term debt	400,489	-	-	-	(400,489)
Total government	<u>\$ 10,623,503</u>	<u>\$ 446,932</u>	<u>\$ 367,773</u>	<u>\$ -</u>	<u>(9,808,798)</u>

STATEMENT B (CONTINUED)
TOWN OF POLAND, MAINE

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

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(9,808,798)</u>
General revenues:	
Taxes	
Property taxes, levied for general purposes	9,940,170
Excise taxes	983,213
Grants and contributions not restricted to specific programs	505,194
Investment income, net of unrealized gains/(losses)	238,553
Miscellaneous	<u>210,013</u>
Total revenues	<u>11,877,143</u>
Change in net position	2,068,345
NET POSITION - JULY 1, 2012	<u>5,738,658</u>
NET POSITION - JUNE 30, 2013	<u><u>\$ 7,807,003</u></u>

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

STATEMENT C

TOWN OF POLAND, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,752,534	\$ 1,330,024	\$ 6,082,558
Investments	-	1,651,439	1,651,439
Receivables (net of allowance for uncollectibles):			
Taxes	465,560	-	465,560
Liens	151,290	51,190	202,480
Other	111,728	6,120	117,848
Inventory	18,573	-	18,573
Prepaid expenses	14,862	-	14,862
Due from other funds	228,088	2,216,583	2,444,671
TOTAL ASSETS	<u>\$ 5,742,635</u>	<u>\$ 5,255,356</u>	<u>\$ 10,997,991</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 82,887	\$ 69,445	\$ 152,332
Accrued expenses	28,937	-	28,937
Due to other governments	26,150	-	26,150
Due to other funds	2,216,583	228,088	2,444,671
Escrow accounts	50,807	-	50,807
TOTAL LIABILITIES	<u>2,405,364</u>	<u>297,533</u>	<u>2,702,897</u>
DEFERRED INFLOWS OF RESOURCES:			
Prepaid taxes	299	-	299
Deferred tax revenues	358,848	-	358,848
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>359,147</u>	<u>-</u>	<u>359,147</u>
FUND BALANCES:			
Nonspendable	33,435	-	33,435
Restricted	-	2,767,004	2,767,004
Committed	50,807	-	50,807
Assigned	345,061	2,190,837	2,535,898
Unassigned	2,548,821	(18)	2,548,803
TOTAL FUND BALANCES	<u>2,978,124</u>	<u>4,957,823</u>	<u>7,935,947</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,742,635</u>	<u>\$ 5,255,356</u>	<u>\$ 10,997,991</u>

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

TOWN OF POLAND, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2013

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 7,935,947
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	10,275,562
Long-term assets are not available in the current period and therefore are not reported as assets in the funds:	
Receivable for long-term debt obligations from RSU No. 16	6,346,803
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	358,848
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(17,016,696)
Accrued compensated absences	<u>(93,461)</u>
 Net position of governmental activities	 <u><u>\$ 7,807,003</u></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, 2013

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
General tax revenue	\$ 10,885,103	\$ -	\$ 10,885,103
Intergovernmental revenue	872,967	-	872,967
Charges for services	295,894	151,038	446,932
Investment income, net of unrealized gains/(losses)	13,585	224,968	238,553
Other revenue	137,215	72,798	210,013
TOTAL REVENUES	12,204,764	448,804	12,653,568
EXPENDITURES			
Current:			
General government	1,060,552	7,150	1,067,702
Public safety	930,995	-	930,995
Public works	500,550	-	500,550
Recreation and culture	109,600	312,802	422,402
Health and sanitation	179,392	-	179,392
TIF	-	840,635	840,635
Education	5,874,306	1,800	5,876,106
County tax	670,082	-	670,082
Overlay	45,381	-	45,381
Debt service:			
Interest	400,489	-	400,489
Capital outlay	176,140	2,376,734	2,552,874
TOTAL EXPENDITURES	9,947,487	3,539,121	13,486,608
EXCESS REVENUES OVER (UNDER) EXPENDITURES	2,257,277	(3,090,317)	(833,040)
OTHER FINANCING SOURCES (USES)			
Proceeds from debt	-	2,300,000	2,300,000
Operating transfers in	3,294	2,211,693	2,214,987
Operating transfers (out)	(2,211,693)	(3,294)	(2,214,987)
TOTAL OTHER FINANCING SOURCES (USES)	(2,208,399)	4,508,399	2,300,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	48,878	1,418,082	1,466,960
FUND BALANCES - JULY 1	2,929,246	3,539,741	6,468,987
FUND BALANCES - JUNE 30	\$ 2,978,124	\$ 4,957,823	\$ 7,935,947

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, 2013

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 1,466,960</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	2,482,044
Capital asset dispositions	-
Depreciation expense	<u>(402,498)</u>
	<u>2,079,546</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>38,280</u>
Proceeds of long - term debt shown on governmental funds as revenue shown as liabilities on the Statement of Net Position	
	<u>(2,300,000)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	
	<u>803,488</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>(19,929)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 2,068,345</u></u>

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, 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 position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, 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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- d. Permanent Funds are used to account for assets held by the Town 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, 2013

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, 2013

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 \$28,165 as of June 30, 2013 for rescue department receivables.

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, 2013

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, 2013

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.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on 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 Balances

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

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

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

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

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 September 4, 2012 on the assessed value listed as of April 1, 2012, for all real and personal property located in the Town. Taxes were due on in two installments on October 1, 2012 and April 1, 2013. Interest on unpaid taxes commenced on November 1, 2012 and May 1, 2013, at 7% per annum.

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

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 \$58,640 for the year ended June 30, 2013.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Program Revenues

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

Operating/Non-operating Proprietary Fund Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town 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.

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2013, the Town's cash balance of \$6,082,558 was comprised of deposits amounting to \$6,643,230. All of this amount was insured by federal depository insurance or fully insured or 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	\$ 20,753
Savings accounts	4,350
Repurchase agreement accounts	6,419,991
Money market accounts	198,136
	<u>\$ 6,643,230</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

At June 30, 2013, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>< 1 Year</u>	<u>1 - 5 Years</u>	<u>Over 5 Years</u>	<u>N/A</u>
Mutual funds - fixed income	\$ 274,844	\$ -	\$ -	\$ -	\$ 274,844
Certificates of deposit	269,417	6,796	262,621	-	-
Equities - U. S.	1,107,248	-	-	-	1,107,248
	<u>\$ 1,651,509</u>	<u>\$ 6,796</u>	<u>\$ 262,621</u>	<u>\$ -</u>	<u>\$ 1,382,092</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

In accordance with state statutes, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. As such, the Town's investments of \$1,651,509 were insured by federal depository insurance or fully covered by the Securities Investor Protection Corporation (SIPC) and consequently were not exposed to custodial credit risk.

Credit risk – Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a policy related to interest rate risk.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2013 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General fund	\$ 228,088	\$ 2,216,583
Special revenue fund	63,233	228,068
Capital project fund	2,137,202	-
Permanent fund	16,148	20
	<u>\$ 2,444,671</u>	<u>\$ 2,444,671</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2013:

	Balance, 7/1/12	Additions	Disposals	Balance, 6/30/13
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 372,628	\$ 171,140	\$ -	\$ 543,768
Construction in progress	-	1,357,789	-	1,357,789
	<u>372,628</u>	<u>1,528,929</u>	<u>-</u>	<u>1,901,557</u>
Depreciated assets:				
Buildings and improvements	3,173,925	91,462	-	3,265,387
Machinery and equipment	559,770	-	-	559,770
Furniture and fixtures	6,600	-	-	6,600
Vehicles	2,477,257	32,067	-	2,509,324
Infrastructure	3,964,095	829,586	-	4,793,681
	<u>10,181,647</u>	<u>953,115</u>	<u>-</u>	<u>11,134,762</u>
Less: accumulated depreciation	<u>(2,358,259)</u>	<u>(402,498)</u>	<u>-</u>	<u>(2,760,757)</u>
	<u>7,823,388</u>	<u>550,617</u>	<u>-</u>	<u>8,374,005</u>
Net capital assets	<u>\$ 8,196,016</u>	<u>\$ 2,079,546</u>	<u>\$ -</u>	<u>\$ 10,275,562</u>

Current year depreciation:

Fire	\$ 133,105
Public Safety	18,594
Public Works	156,682
Library	2,027
Transfer Station	10,392
TIF	57,633
Town-wide	24,065
Total depreciation expense	<u>\$ 402,498</u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 7/1/12	Additions	Deletions	Balance, 6/30/13	Due Within One Year
Governmental Activities					
Bonds payable	\$ 16,527,172	\$ 2,300,000	\$ (1,810,476)	\$ 17,016,696	\$ 1,906,149
Accrued compensated absences	73,532	19,929	-	93,461	-
Total Governmental Activities	<u>\$ 16,600,704</u>	<u>\$ 2,319,929</u>	<u>\$ (1,810,476)</u>	<u>\$ 17,110,157</u>	<u>\$ 1,906,149</u>

The following is a summary of bonds outstanding as of June 30, 2013:

Bonds Payable:

\$310,000, 1994 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2013. Interest is charged at a rate from 4.70% to 5.30% per annum.	\$ 15,500
\$3,249,483, 1994 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2014. Interest is charged at a rate from 4.013% to 6.313% per annum.	324,948
\$1,600,000, 2006C General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2021. Interest is charged at a rate from 1.8% to 6.25% per annum.	960,003
\$2,600,000, 2003 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2022. Interest is charged at a rate of 1.80% per annum.	1,440,454
\$17,263,578, 1998 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2018. Interest is charged at a rate from 4.528% to 5.378% per annum.	5,179,073
\$736,422, 2000 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2020. Interest is charged at a rate from 5.028% to 5.903% per annum.	294,570

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 - LONG-TERM DEBT (CONTINUED)

\$669,259, 2003 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2020. Interest is charged at a rate from 2.078% to 5.078% per annum.	100,236
\$894,741, 2003 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2022. Interest is charged at a rate from 2.078% to 5.078% per annum.	722,925
\$2,090,000, 2003 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2023. Interest is charged at a rate from 2.085% to 5.085% per annum.	1,149,500
\$250,000, 2004 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2014. Interest is charged at a rate from 3.019% to 3.644% per annum.	50,000
\$923,000, 2006B General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2016. Interest is charged at a rate from 2.00% to 5.35% per annum.	369,200
\$4,498,200, 2011 General Obligation Water and Sewer Bond due in annual principal installments and semi-annual interest installments through November 2030. Interest is charged at a rate from .831% to 5.094% per annum.	4,110,287
\$2,300,000, 2012 General Obligation Bond due in annual principal installments and semi-annual interest installments through November 2032. Interest is charged at a rate from 1.480% to 3.706% per annum.	2,300,000
Total Bonds Payable	<u><u>\$ 17,016,696</u></u>

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>
2014	\$ 1,906,149	\$ 541,641	\$ 2,447,790
2015	1,897,139	462,356	2,359,495
2016	1,716,677	399,807	2,116,484
2017	1,724,329	301,159	2,025,488
2018	1,640,475	242,845	1,883,320
2019-2023	4,709,060	770,352	5,479,412
2024-2028	1,914,725	367,315	2,282,040
2029-2033	1,508,142	98,614	1,606,756
	<u><u>\$ 17,016,696</u></u>	<u><u>\$ 3,184,089</u></u>	<u><u>\$ 20,200,785</u></u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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, 2013 is as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of Androscoggin	\$ -	8.37%	<u>\$ -</u>
			<u><u>\$ -</u></u>

NOTE 7 - NONSPENDABLE FUND BALANCES

At June 30, 2013, the Town had the following nonspendable fund balances:

General fund:	
Inventory	\$ 18,573
Prepaid expenses	<u>14,862</u>
	<u><u>\$ 33,435</u></u>

NOTE 8 - RESTRICTED FUND BALANCES

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

Special revenue funds (Schedule D)	\$ 887,193
Permanent funds (Schedule H)	<u>1,879,811</u>
	<u><u>\$ 2,767,004</u></u>

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 9 - COMMITTED FUND BALANCES

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

General fund:	
Escrows	<u>\$ 50,807</u>

NOTE 10 - ASSIGNED FUND BALANCES

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

General fund:	
Accrued compensated absences	\$ 93,461
Education	<u>251,600</u>
	345,061
Capital project funds (Schedule F)	2,128,765
Special revenue funds (Schedule D)	<u>62,072</u>
Total	<u>\$ 2,535,898</u>

NOTE 11 - 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, 2013

NOTE 12 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

A. Plan Description

On July 1 2010, Town employees were eligible to contribute to the Participating Local Districts (PLDs) Consolidated Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Maine Public Employees Retirement System. The PLDs Consolidated Plan provides retirement and disability benefits and death benefits to plan members and beneficiaries. Fire department employees are eligible for normal retirement after completing twenty years of service. All other 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. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the PLD's Consolidated Plan Board of Trustees. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PLDs Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333 or by calling (800) 451-9800.

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the PLD's Consolidated Board of Trustees. The Town's public safety employees are part of the PLD's special plan "1N" and are required to contribute 6.8% of their annual salary, while all other employees are part of the PLD's plan "AN" and are also required to contribute 6.8% of their annual salary. The Town is required to contribute a combined 3.7% of the plan members' covered payroll annually to the system. The Town's required contributions to the PLDs Consolidated Plan for the years ended June 30, 2013 and 2012 were \$38,827 and \$41,440, respectively.

Unfunded Actuarial Accrued Liability

The Town has no actuarial accrued liability.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 13 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGERS ASSOCIATION RETIREMENT CORPORATION

A. Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the International City Management Association Retirement Corporation (ICMA-RC). The plan, available to all full time Town employees not subject to a collective bargaining agreement (should one arise), permits them to defer a portion of their salary, in addition to Town contributions, until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency.

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Board of Selectmen. The Town will contribute a maximum of 4% of annualized income on behalf of employees that participate in the Town's deferred compensation plan. A minimum employee contribution of 4.00% is required to receive the maximum employer match. The maximum employee contribution to the ICMA-RC plan is 10.00%. Employee overtime is exempt from employer matching funds. The Town's contributions to the plan for 2013, 2012, and 2011 were \$3,280, \$3,845 and \$3,040, respectively.

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 14 - 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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 15 - OVERSPENT APPROPRIATIONS

The Town had no appropriations that were exceeded by actual expenditures.

NOTE 16 - 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 17 - COMMITMENTS

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 allows 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 18 - 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.

TOWN OF POLAND, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 19 - DEFICIT FUND BALANCES

At June 30, 2013, the Town had the following fund balance showing a deficit balance:

Historical Society fund	<u>\$ 18</u>
	<u><u>\$ 18</u></u>

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, 2013

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,929,246	\$ 2,929,246	\$ 2,929,246	\$ -
Resources (Inflows):				
General tax revenue	10,798,319	10,798,319	10,885,103	86,784
Intergovernmental revenue	901,333	901,333	872,967	(28,366)
Charges for services	307,100	307,100	295,894	(11,206)
Investment income	32,000	32,000	13,585	(18,415)
Other revenue	116,050	116,050	137,215	21,165
Transfers from other funds	-	-	3,294	3,294
Amounts Available for Appropriation	<u>15,084,048</u>	<u>15,084,048</u>	<u>15,137,304</u>	<u>53,256</u>
Charges to Appropriations (Outflows):				
General government	1,073,178	1,073,178	1,060,552	12,626
Public safety	948,906	948,906	930,995	17,911
Public works	511,550	511,550	500,550	11,000
Recreation and culture	158,634	158,634	109,600	49,034
Health and sanitation	192,605	192,605	179,392	13,213
Education	5,874,306	5,874,306	5,874,306	-
County tax	670,082	670,082	670,082	-
Overlay	108,640	108,640	45,381	63,259
Debt service:				
Interest	353,408	400,903	400,489	414
Capital outlay	-	176,140	176,140	-
Transfers to other funds	<u>2,314,593</u>	<u>2,314,593</u>	<u>2,211,693</u>	<u>102,900</u>
Total Charges to Appropriations	<u>12,205,902</u>	<u>12,429,537</u>	<u>12,159,180</u>	<u>270,357</u>
Budgetary Fund Balance, June 30	<u>\$ 2,878,146</u>	<u>\$ 2,654,511</u>	<u>\$ 2,978,124</u>	<u>\$ 323,613</u>
Utilization of unassigned fund balance	\$ -	\$ -	\$ -	\$ -
Utilization of assigned fund balance	<u>51,100</u>	<u>274,735</u>	<u>-</u>	<u>(274,735)</u>
	<u>\$ 51,100</u>	<u>\$ 274,735</u>	<u>\$ -</u>	<u>\$ (274,735)</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
- 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, 2013

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Administration	\$ 452,558	\$ -	\$ 452,558	\$ 443,650	\$ 8,908
Benefits	480,600	-	480,600	469,859	10,741
Contracted services	97,950	-	97,950	105,620	(7,670)
Buildings and grounds	30,485	-	30,485	30,118	367
Cable TV	11,585	-	11,585	11,305	280
	<u>1,073,178</u>	<u>-</u>	<u>1,073,178</u>	<u>1,060,552</u>	<u>12,626</u>
Public safety					
Fire/rescue	547,157		547,157	531,412	15,745
Police	224,479		224,479	225,061	(582)
Code enforcement	77,130		77,130	69,914	7,216
Insurance	40,000	-	40,000	36,433	3,567
Dispatch contract	21,500	-	21,500	26,509	(5,009)
Street lights	12,000	-	12,000	12,666	(666)
Emergency management	5,665	-	5,665	5,083	582
Animal control	9,300	-	9,300	10,830	(1,530)
Hydrants	11,675	-	11,675	13,087	(1,412)
	<u>948,906</u>	<u>-</u>	<u>948,906</u>	<u>930,995</u>	<u>17,911</u>
Public works:					
Highways	511,550	-	511,550	500,550	11,000
	<u>511,550</u>	<u>-</u>	<u>511,550</u>	<u>500,550</u>	<u>11,000</u>
Health and sanitation:					
Solid waste	192,605	-	192,605	179,392	13,213
	<u>192,605</u>	<u>-</u>	<u>192,605</u>	<u>179,392</u>	<u>13,213</u>

TOWN OF POLAND, MAINE

SHCEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Community services					
Recreation	59,904	-	59,904	61,996	(2,092)
General assistance	80,000	-	80,000	34,625	45,375
Social service agencies	4,000	-	4,000	4,000	-
Other	14,730	-	14,730	8,979	5,751
	<u>158,634</u>	<u>-</u>	<u>158,634</u>	<u>109,600</u>	<u>49,034</u>
Education	<u>5,874,306</u>	<u>-</u>	<u>5,874,306</u>	<u>5,874,306</u>	<u>-</u>
County tax	<u>670,082</u>	<u>-</u>	<u>670,082</u>	<u>670,082</u>	<u>-</u>
Debt service					
Interest	353,408	47,495	400,903	400,489	414
	<u>353,408</u>	<u>47,495</u>	<u>400,903</u>	<u>400,489</u>	<u>414</u>
Capital outlay					
Purchase of property	-	176,140	176,140	176,140	-
	<u>-</u>	<u>176,140</u>	<u>176,140</u>	<u>176,140</u>	<u>-</u>
Overlay/Emergency Article	<u>108,640</u>	<u>-</u>	<u>108,640</u>	<u>45,381</u>	<u>63,259</u>
Transfers					
Special revenue funds	1,398,274	-	1,398,274	1,398,274	-
Capital projects funds	916,319	-	916,319	813,419	102,900
	<u>2,314,593</u>	<u>-</u>	<u>2,314,593</u>	<u>2,211,693</u>	<u>102,900</u>
Total Expenditures	<u>\$ 12,205,902</u>	<u>\$ 223,635</u>	<u>\$ 12,429,537</u>	<u>\$ 12,159,180</u>	<u>\$ 270,357</u>

See accompanying independent auditors' report.

TOWN OF POLAND, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 9,936,319	\$ 9,936,319	\$ 9,901,890	\$ (34,429)
Vehicle excise taxes	850,000	850,000	971,618	121,618
Boat excise taxes	12,000	12,000	11,595	(405)
Intergovernmental revenues:				
State revenue sharing	350,000	350,000	339,978	(10,022)
BETE Reimbursement	291,741	291,741	291,761	20
Homestead exemption	116,792	116,792	116,792	-
Local road assistance	77,000	77,000	76,012	(988)
Tree growth	15,000	15,000	17,827	2,827
General assistance	40,000	40,000	21,407	(18,593)
Veteran's exemption	6,000	6,000	3,612	(2,388)
Other intergovernmental	4,800	4,800	5,578	778
Charges for services:				
Ambulance fees	146,000	146,000	154,378	8,378
Code enforcement fees	43,000	43,000	49,851	6,851
Motor vehicle fees	20,000	20,000	21,085	1,085
Solid waste revenues/fees	59,000	59,000	30,210	(28,790)
Plumbing permits	12,000	12,000	17,265	5,265
Inland fisheries agent fees	2,600	2,600	2,477	(123)
Animal control fees	4,000	4,000	3,139	(861)
Electrical permit fees	9,000	9,000	6,832	(2,168)
Customer service fees	1,200	1,200	1,764	564
Other	10,300	10,300	8,893	(1,407)
Investment income	32,000	32,000	13,585	(18,415)
Other revenue:				
Garage bay rental	8,000	8,000	9,600	1,600
Tax acquired property	-	-	12,990	12,990
Interest/fees on liens	38,800	38,800	38,848	48
Payment in lieu of taxes	750	750	-	(750)
Cable franchise fees	46,000	46,000	47,565	1,565
Town hall rental	500	500	850	350
Other miscellaneous income	22,000	22,000	27,362	5,362
Transfers in from other funds	-	-	3,294	3,294
Use of fund balance	51,100	274,735	-	(274,735)
Total revenues	\$ 12,205,902	\$ 12,429,537	\$ 12,208,058	\$ (221,479)

See accompanying independent auditors' report.

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,113,514	\$ -	\$ 216,510	\$ 1,330,024
Investments	-	-	1,651,439	1,651,439
Due from other funds	63,233	2,137,202	16,148	2,216,583
Total assets	<u>\$ 1,227,937</u>	<u>\$ 2,137,202</u>	<u>\$ 1,890,217</u>	<u>\$ 5,255,356</u>
LIABILITIES				
Accounts payable	\$ 50,604	\$ 8,437	\$ 10,404	\$ 69,445
Accrued expenses	-	-	-	-
Due to other funds	228,068	-	20	228,088
Total liabilities	<u>278,672</u>	<u>8,437</u>	<u>10,424</u>	<u>297,533</u>
FUND BALANCES				
Restricted	887,193	-	1,879,811	2,767,004
Committed	-	-	-	-
Assigned	62,072	2,128,765	-	2,190,837
Unassigned	-	-	(18)	(18)
Total fund balances	<u>949,265</u>	<u>2,128,765</u>	<u>1,879,793</u>	<u>4,957,823</u>
Total liabilities and fund balances	<u>\$ 1,227,937</u>	<u>\$ 2,137,202</u>	<u>\$ 1,890,217</u>	<u>\$ 5,255,356</u>

See accompanying independent auditors' report.

TOWN OF POLAND, MAINE

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Charges for services	151,038	-	-	151,038
Investment income, net of unrealized gains/(losses)	-	-	224,968	224,968
Other income	2,819	-	69,979	72,798
Total revenues	<u>153,857</u>	<u>-</u>	<u>294,947</u>	<u>448,804</u>
EXPENDITURES				
Current:				
Cemetery	-	-	-	-
Library	-	-	158,426	158,426
Education	-	-	1,800	1,800
General government	-	7,150	-	7,150
Public Safety	-	-	-	-
Debt service/TIF	840,635	-	-	840,635
Recreation	154,376	-	-	154,376
Capital outlay	510,971	1,827,525	38,238	2,376,734
Total expenditures	<u>1,505,982</u>	<u>1,834,675</u>	<u>198,464</u>	<u>3,539,121</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,352,125)</u>	<u>(1,834,675)</u>	<u>96,483</u>	<u>(3,090,317)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds From Debt	-	2,300,000	-	2,300,000
Operating Transfers In	1,321,709	823,419	66,565	2,211,693
Operating Transfers (Out)	(3,294)	-	-	(3,294)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,318,415</u>	<u>3,123,419</u>	<u>66,565</u>	<u>4,508,399</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>(33,710)</u>	<u>1,288,744</u>	<u>163,048</u>	<u>1,418,082</u>
FUND BALANCES - JULY 1	<u>982,975</u>	<u>840,021</u>	<u>1,716,745</u>	<u>3,539,741</u>
FUND BALANCES - JUNE 30	<u>\$ 949,265</u>	<u>\$ 2,128,765</u>	<u>\$ 1,879,793</u>	<u>\$ 4,957,823</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.

TOWN OF POLAND, MAINE

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

	AVSWCD Grant	Recreation Fees Reserve	TIF	Totals
ASSETS				
Cash and cash equivalents	\$ -	\$ 400	\$ 1,113,114	\$ 1,113,514
Due from other governments	-	-	51,190	51,190
Due from other funds	-	63,233	-	63,233
Total assets	<u>\$ -</u>	<u>\$ 63,633</u>	<u>\$ 1,164,304</u>	<u>\$ 1,227,937</u>
LIABILITIES				
Accounts payable	\$ -	\$ 1,561	\$ 49,043	\$ 50,604
Accrued expenses	-	-	-	-
Due to other funds	-	-	228,068	228,068
Total liabilities	<u>-</u>	<u>1,561</u>	<u>277,111</u>	<u>278,672</u>
FUND BALANCES				
Restricted	-	-	887,193	887,193
Committed	-	-	-	-
Assigned	-	62,072	-	62,072
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>62,072</u>	<u>887,193</u>	<u>949,265</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 63,633</u>	<u>\$ 1,164,304</u>	<u>\$ 1,227,937</u>

See accompanying independent auditors' report.

TOWN OF POLAND, MAINE

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

	AVSWCD Grant	Recreation Fees Reserve	TIF	Totals
REVENUES				
Charges for services	\$ -	\$ 151,038	\$ -	\$ 151,038
Investment income, net of unrealized gains/(losses)	-	18	2,801	2,819
Total revenues	-	151,056	2,801	153,857
EXPENDITURES				
General government	-	-	-	-
Recreation	-	154,376	-	154,376
Public safety	-	-	-	-
Other	-	-	-	-
Debt service / TIF	-	-	840,635	840,635
Capital outlay	-	-	510,971	510,971
Total expenditures	-	154,376	1,351,606	1,505,982
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(3,320)	(1,348,805)	(1,352,125)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	1,321,709	1,321,709
Operating Transfers (Out)	(3,294)	-	-	(3,294)
TOTAL OTHER FINANCING SOURCES (USES)	(3,294)	-	1,321,709	1,318,415
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	(3,294)	(3,320)	(27,096)	(33,710)
FUND BALANCES - JULY 1	3,294	65,392	914,289	982,975
FUND BALANCES - JUNE 30	\$ -	\$ 62,072	\$ 887,193	\$ 949,265

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.

TOWN OF POLAND, MAINE

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

	Public Works Vehicle	Fire/ Rescue Vehicle	Town Roads	Solid Waste	Recreation Facility Reserve
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	342,157	599,072	165,590	10,318	3,523
Total assets	<u>\$ 342,157</u>	<u>\$ 599,072</u>	<u>\$ 165,590</u>	<u>\$ 10,318</u>	<u>\$ 3,523</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 4,700	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>4,700</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Committed	-	-	-	-	-
Assigned	342,157	599,072	160,890	10,318	3,523
Unassigned	-	-	-	-	-
Total fund balances	<u>342,157</u>	<u>599,072</u>	<u>160,890</u>	<u>10,318</u>	<u>3,523</u>
Total liabilities and fund balances	<u>\$ 342,157</u>	<u>\$ 599,072</u>	<u>\$ 165,590</u>	<u>\$ 10,318</u>	<u>\$ 3,523</u>

TOWN OF POLAND, MAINE

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

	Building Improvements	Contingency Reserve	Police Vehicle	Revaluation Reserve	Fire Station Reserve	Totals
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	5,202	24,319	17,425	25,000	944,596	2,137,202
Total assets	<u>\$ 5,202</u>	<u>\$ 24,319</u>	<u>\$ 17,425</u>	<u>\$ 25,000</u>	<u>\$ 944,596</u>	<u>\$ 2,137,202</u>
LIABILITIES						
Accounts payable	\$ -	\$ 1,352	\$ -	\$ -	\$ 2,385	\$ 8,437
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>1,352</u>	<u>-</u>	<u>-</u>	<u>2,385</u>	<u>8,437</u>
FUND BALANCES						
Committed	-	-	-	-	-	-
Assigned	5,202	22,967	17,425	25,000	942,211	2,128,765
Unassigned	-	-	-	-	-	-
Total fund balances	<u>5,202</u>	<u>22,967</u>	<u>17,425</u>	<u>25,000</u>	<u>942,211</u>	<u>2,128,765</u>
Total liabilities and fund balances	<u>\$ 5,202</u>	<u>\$ 24,319</u>	<u>\$ 17,425</u>	<u>\$ 25,000</u>	<u>\$ 944,596</u>	<u>\$ 2,137,202</u>

See accompanying independent auditors' report.

TOWN OF POLAND, MAINE

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

	Public Works Vehicle	Fire/ Rescue Vehicle	Town Roads	Solid Waste	Recreation Facility Reserve
REVENUES					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income, net of unrealized gains/(losses)	-	-	-	-	-
Other income	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	52,605	318,614	-	5,517
Total expenditures	<u>-</u>	<u>52,605</u>	<u>318,614</u>	<u>-</u>	<u>5,517</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(52,605)</u>	<u>(318,614)</u>	<u>-</u>	<u>(5,517)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from bond issuance	-	-	-	-	-
Operating Transfers In	123,375	324,944	330,000	3,500	-
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>123,375</u>	<u>324,944</u>	<u>330,000</u>	<u>3,500</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	123,375	272,339	11,386	3,500	(5,517)
FUND BALANCES - JULY 1	<u>218,782</u>	<u>326,733</u>	<u>149,504</u>	<u>6,818</u>	<u>9,040</u>
FUND BALANCES - JUNE 30	<u>\$ 342,157</u>	<u>\$ 599,072</u>	<u>\$ 160,890</u>	<u>\$ 10,318</u>	<u>\$ 3,523</u>

TOWN OF POLAND, MAINE

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

	Building Improvements	Contingency Reserve	Police Vehicle	Revaluation Reserve	Fire Station Reserve	Totals
REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
EXPENDITURES						
General government	-	7,150	-	-	-	7,150
Public safety	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital outlay	93,000	-	-	-	1,357,789	1,827,525
Total expenditures	93,000	7,150	-	-	1,357,789	1,834,675
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(93,000)	(7,150)	-	-	(1,357,789)	(1,834,675)
OTHER FINANCING SOURCES (USES)						
Proceeds from bond issuance	-	-	-	-	2,300,000	2,300,000
Operating Transfers In	6,600	10,000	-	25,000	-	823,419
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	6,600	10,000	-	25,000	2,300,000	3,123,419
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	(86,400)	2,850	-	25,000	942,211	1,288,744
FUND BALANCES - JULY 1	91,602	20,117	17,425	-	-	840,021
FUND BALANCES - JUNE 30	\$ 5,202	\$ 22,967	\$ 17,425	\$ 25,000	\$ 942,211	\$ 2,128,765

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.

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2013

	<u>Hackett Trust</u>	<u>Hackett Relief Fund</u>	<u>Empire Cemetery</u>	<u>White Oak Hill Cemetery</u>	<u>Highland Cemetery</u>	<u>AB Ricker</u>	<u>Lane Cemetery</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 3,121	\$ -	\$ -
Investments	10,966	-	6,499	8,453	72,060	11,528	1,289
Due from other funds	-	9,200	-	-	-	-	-
TOTAL ASSETS	<u><u>\$ 10,966</u></u>	<u><u>\$ 9,200</u></u>	<u><u>\$ 6,499</u></u>	<u><u>\$ 8,453</u></u>	<u><u>\$ 75,181</u></u>	<u><u>\$ 11,528</u></u>	<u><u>\$ 1,289</u></u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
FUND BALANCES							
Restricted	10,966	9,200	6,499	8,453	75,181	11,528	1,289
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u><u>10,966</u></u>	<u><u>9,200</u></u>	<u><u>6,499</u></u>	<u><u>8,453</u></u>	<u><u>75,181</u></u>	<u><u>11,528</u></u>	<u><u>1,289</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 10,966</u></u>	<u><u>\$ 9,200</u></u>	<u><u>\$ 6,499</u></u>	<u><u>\$ 8,453</u></u>	<u><u>\$ 75,181</u></u>	<u><u>\$ 11,528</u></u>	<u><u>\$ 1,289</u></u>

TOWN OF POLAND, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2013

	<u>Ricker Cemetery</u>	<u>Scholarship Funds</u>	<u>Operations Ricker Library</u>	<u>Endowment Ricker Library</u>	<u>Ministerial</u>	<u>Historical Society</u>	<u>Totals</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ 4,350	\$ 35,240	\$ 173,797	\$ -	\$ 2	\$ 216,510
Investments	2,064	200,044	357,592	952,370	28,574	-	1,651,439
Accounts receivable (net of allowance)	-	-	6,120	-	-	-	6,120
Due from other funds	-	-	6,948	-	-	-	16,148
TOTAL ASSETS	<u>\$ 2,064</u>	<u>\$ 204,394</u>	<u>\$ 405,900</u>	<u>\$ 1,126,167</u>	<u>\$ 28,574</u>	<u>\$ 2</u>	<u>\$ 1,890,217</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 10,404	\$ -	\$ -	\$ -	\$ 10,404
Due to other funds	-	-	-	-	-	20	20
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>10,404</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>10,424</u>
FUND BALANCES							
Restricted	2,064	204,394	395,496	1,126,167	28,574	-	1,879,811
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(18)	(18)
TOTAL FUND BALANCES	<u>2,064</u>	<u>204,394</u>	<u>395,496</u>	<u>1,126,167</u>	<u>28,574</u>	<u>(18)</u>	<u>1,879,793</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,064</u>	<u>\$ 204,394</u>	<u>\$ 405,900</u>	<u>\$ 1,126,167</u>	<u>\$ 28,574</u>	<u>\$ 2</u>	<u>\$ 1,890,217</u>

See accompanying independent auditors' report.

TOWN OF POLAND, MAINE

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

	Hackett Trust	Hackett Relief Fund	Empire Cemetery	White Oak Hill Cemetery	Highland Cemetery	AB Ricker	Lane Cemetery
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 39	\$ -	\$ 23	\$ 29	\$ 11,563	\$ 40	\$ 4
Other income	-	12,967	-	-	21,088	-	-
Total revenues	<u>39</u>	<u>12,967</u>	<u>23</u>	<u>29</u>	<u>32,651</u>	<u>40</u>	<u>4</u>
EXPENDITURES							
Cemetery	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Other	-	11,924	-	-	-	-	-
Total expenditures	<u>-</u>	<u>11,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>39</u>	<u>1,043</u>	<u>23</u>	<u>29</u>	<u>32,651</u>	<u>40</u>	<u>4</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>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	39	1,043	23	29	32,651	40	4
FUND BALANCES - JULY 1	<u>10,927</u>	<u>8,157</u>	<u>6,476</u>	<u>8,424</u>	<u>42,530</u>	<u>11,488</u>	<u>1,285</u>
FUND BALANCES - JUNE 30	<u>\$ 10,966</u>	<u>\$ 9,200</u>	<u>\$ 6,499</u>	<u>\$ 8,453</u>	<u>\$ 75,181</u>	<u>\$ 11,528</u>	<u>\$ 1,289</u>

TOWN OF POLAND, MAINE

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

	<u>Ricker Cemetery</u>	<u>Scholarship Funds</u>	<u>Operations Ricker Library</u>	<u>Endowment Ricker Library</u>	<u>Ministerial</u>	<u>Historical Society</u>	<u>Totals</u>
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 7	\$ 2,062	\$ 82,600	\$ 128,491	\$ 101	\$ 9	\$ 224,968
Other income	-	2,500	7,137	-	-	26,287	69,979
Total revenues	<u>7</u>	<u>4,562</u>	<u>89,737</u>	<u>128,491</u>	<u>101</u>	<u>26,296</u>	<u>294,947</u>
EXPENDITURES							
Cemetery	-	-	-	-	-	-	-
Library	-	-	118,971	39,455	-	-	158,426
Education	-	1,800	-	-	-	-	1,800
Other	-	-	-	-	-	26,314	38,238
Total expenditures	<u>-</u>	<u>1,800</u>	<u>118,971</u>	<u>39,455</u>	<u>-</u>	<u>26,314</u>	<u>198,464</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>7</u>	<u>2,762</u>	<u>(29,234)</u>	<u>89,036</u>	<u>101</u>	<u>(18)</u>	<u>62,654</u>
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	-	-	66,565	-	-	-	66,565
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>66,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,565</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	7	2,762	37,331	89,036	101	(18)	163,048
FUND BALANCES - JULY 1	<u>2,057</u>	<u>201,632</u>	<u>358,165</u>	<u>1,037,131</u>	<u>28,473</u>	<u>-</u>	<u>1,716,745</u>
FUND BALANCES - JUNE 30	<u>\$ 2,064</u>	<u>\$ 204,394</u>	<u>\$ 395,496</u>	<u>\$ 1,126,167</u>	<u>\$ 28,574</u>	<u>\$ (18)</u>	<u>\$ 1,879,793</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 position.

TOWN OF POLAND, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
 JUNE 30, 2013

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Fire department	\$ 1,364,089	\$ 384,980	\$ 1,773,889	\$ -	\$ 3,522,958
Public safety	-	275,087	112,631	-	387,718
Public works department	216,928	1,844,011	1,016,070	1,992,665	5,069,674
Transfer station	120,000	310,000	29,682	-	459,682
TIF	-	-	9,528	2,801,016	2,810,544
Library	-	-	13,435	-	13,435
Town-wide	200,540	451,309	120,459	-	772,308
Total General Capital Assets	1,901,557	3,265,387	3,075,694	4,793,681	13,036,319
Less: Accumulated Depreciation	-	(968,119)	(1,468,972)	(323,666)	(2,760,757)
Net General Capital Assets	\$ 1,901,557	\$ 2,297,268	\$ 1,606,722	\$ 4,470,015	\$ 10,275,562

See accompanying independent auditors' report.

TOWN OF POLAND, MAINE

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

	General Capital Assets 7/1/12	Additions	Deletions	General Capital Assets 6/30/13
Fire department	\$ 2,133,102	\$ 1,389,856	\$ -	\$ 3,522,958
Public safety	387,718	-	-	387,718
Public works department	4,751,059	318,615	-	5,069,674
Transfer station	459,682	-	-	459,682
TIF	2,299,573	510,971	-	2,810,544
Library	13,435	-	-	13,435
Town-wide	509,706	262,602	-	772,308
Total General Capital Assets	10,554,275	2,482,044	-	13,036,319
Less: Accumulated Depreciation	(2,358,259)	(402,498)	-	(2,760,757)
Net General Capital Assets	<u>\$ 8,196,016</u>	<u>\$ 2,079,546</u>	<u>\$ -</u>	<u>\$ 10,275,562</u>

See accompanying independent auditors' report.