

TOWN OF ST. AGATHA, MAINE

ANNUAL FINANCIAL REPORT
with Independent Auditors Report

For the Year Ending June 30, 2012

TOWN OF ST. AGATHA, MAINE
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2012
Table of Contents

	Statement
Independent Auditors Report	
Management's Discussion and Analysis	
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenses and Changes in Fund Balances - Governmental Funds	4
Reconciliation of Change in Fund Balances to Statement of Activities	5
Statement of Net Assets - Proprietary Fund	6
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund	7
Statement of Cash Flows - Proprietary Fund	8
Notes to the Financial Statements	
	Schedule
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	1
Reports Required for Governmental Auditing Standards	

KEEL J. HOOD

Certified Public Accountant

2 Burns Street - Fairfield, Maine 04937 - (207)453-2007

INDEPENDENT AUDITORS REPORT

Board of Selectmen
Town of St. Agatha
St. Agatha, Maine

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information, of Town of St. Agatha, Maine, as of and for the year ended June 30, 2012, 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 St. Agatha, Maine's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of St. Agatha, Maine as of June 30, 2012, 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.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 12, 2012, on my consideration of the Town of St. Agatha, Maine's internal reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

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



October 12, 2012

TOWN OF ST. AGATHA, MAINE
Statement of Net Assets
June 30, 2012

Statement 1

ASSETS	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current Assets:			
Cash	\$ 1,479,875	\$ 82,876	\$ 1,562,751
Receivables			
Taxes	21,346		21,346
Liens	35,877		35,877
Other governments	4,828		4,828
Accounts		17,851	17,851
Internal balances	(340,712)	340,712	0
Total Current Assets	<u>1,201,214</u>	<u>441,439</u>	<u>1,642,653</u>
Noncurrent Assets:			
Capital assets, net	1,543,756	6,370,752	7,914,508
Total Noncurrent Assets	<u>1,543,756</u>	<u>6,370,752</u>	<u>7,914,508</u>
Total Assets	<u>2,744,970</u>	<u>6,812,191</u>	<u>9,557,161</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	23,585		23,585
Accrued interest		3,115	3,115
Lease due within one year	17,616		17,616
Notes due within one year	20,851		20,851
Bonds due within one year	8,750	33,255	42,005
Total Current Liabilities	<u>70,802</u>	<u>36,370</u>	<u>107,172</u>
Noncurrent Liabilities:			
Notes due in more than one year	105,573		105,573
Bonds due in more than one year	17,500	1,680,188	1,697,688
Total Noncurrent Liabilities	<u>123,073</u>	<u>1,680,188</u>	<u>1,803,261</u>
Total Liabilities	<u>193,875</u>	<u>1,716,558</u>	<u>1,910,433</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,373,466	4,657,309	6,030,775
Unrestricted	1,177,629	438,324	1,615,953
Total net assets	<u>\$ 2,551,095</u>	<u>\$ 5,095,633</u>	<u>\$ 7,646,728</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF ST. AGATHA, MAINE
Statement of Activities
For the Year Ended June 30, 2012

Statement 2

Function/Programs		Program Revenues				Net (Expense) Revenues
		Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	
Governmental activities:	\$					
General government		204,600	23,502			(181,098)
Public safety		54,114	1,263			(52,851)
Public works		379,220	18,805	29,904		(330,511)
Health and sanitation		106,354				(106,354)
Leisure services		52,742	27,958			(24,784)
Social services		14,338		1,301		(13,037)
Special assessments		489,359				(489,359)
Unclassified		20,000				(20,000)
Debt service		6,857				(6,857)
Total governmental activities		1,327,584	71,528	31,205	0	(1,224,851)
Business type activities:						
Sewer		234,468	169,571		63,493	(1,404)
Total business type activities		234,468	169,571	0	63,493	(1,404)
Total		1,562,052	241,099	31,205	63,493	(1,226,255)

Changes in Net Assets:

	Governmental Activities	Business-Type Activities	Total
Net (expense) / revenue	(1,224,851)	(1,404)	(1,226,255)
General revenues:			
General property taxation			
Property taxes	902,675		902,675
Excise taxes	240,802		240,802
Interest and costs on taxes	6,729		6,729
Intergovernmental			
State revenue sharing	56,293		56,293
Homestead exemption	24,216		24,216
Snowmobile grant	27,798		27,798
Tree growth	781		781
Veterans exemption	325		325
BETE	20,521		20,521
Interest			
Interest income	5,922	2,405	8,327
Miscellaneous			
Miscellaneous	28,834		28,834
Sale of property	10,240		10,240
Operating transfers	(27,625)	27,625	0
Total general revenues	1,297,511	30,030	1,327,541
Change in Net Assets	72,660	28,626	101,286
Net Assets - beginning	2,478,435	5,067,007	7,545,442
Net Assets - ending	2,551,095	5,095,633	7,646,728

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF ST. AGATHA, MAINE
Balance Sheet
Governmental Funds
June 30, 2012

Statement 3

ASSETS	General Fund	Other Governmental Funds	Total Governmental Funds
Cash	\$ 1,479,875	\$	\$ 1,479,875
Receivables			
Taxes	21,346		21,346
Liens	35,877		35,877
Other governments	4,828		4,828
Due from other funds	(356,707)	15,995	(340,712)
Total Assets	<u>1,185,219</u>	<u>15,995</u>	<u>1,201,214</u>
LIABILITIES			
Accounts payable	23,585		23,585
Deferred property taxes	46,000		46,000
Total Liabilities	<u>69,585</u>	<u>0</u>	<u>69,585</u>
FUND BALANCES			
Fund Balances			
Restricted		15,995	15,995
Committed for Capital purchases	421,080		421,080
Assigned revenues	657		657
Assigned expenditures	4,422		4,422
Unassigned	689,475		689,475
Total Fund Equity	<u>1,115,634</u>	<u>15,995</u>	<u>1,131,629</u>
Total Liabilities and Fund Equity	\$ <u>1,185,219</u>	\$ <u>15,995</u>	\$ <u>1,201,214</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

1,543,756

Other long-term assets are not available to pay for current-periods expenditures and therefore are deferred in the funds.

46,000

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.

 Leases payable

(17,616)

 Notes payable

(126,424)

 Bonds payable

(26,250)

Net assets of governmental activities

\$ 2,551,095

TOWN OF ST. AGATHA, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 1,150,206	\$	\$ 1,150,206
Intergovernmental	161,140		161,140
Interest	5,922		5,922
Charges for services	71,527		71,527
Miscellaneous	15,934	23,142	39,076
Total Revenues	1,404,729	23,142	1,427,871
Expenditures:			
Current:			
General government	196,729	5,800	202,529
Public safety	45,518		45,518
Public works	269,960		269,960
Health and sanitation	105,633	722	106,355
Leisure services	45,427		45,427
Social services	14,338		14,338
Special assessments	489,360		489,360
Debt service	49,097		49,097
Capital outlay	173,200		173,200
Total Expenditures	1,389,262	6,522	1,395,784
Excess of Revenues Over (Under) Expenditures	15,467	16,620	32,087
Other Financing Sources (Uses)			
Debt issuance proceeds	72,500		72,500
Operating Transfers In (Out)	(27,625)		(27,625)
	44,875	0	44,875
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	60,342	16,620	76,962
Fund Balances - beginning	1,055,292	(625)	1,054,667
Fund Balances - ending	\$ 1,115,634	\$ 15,995	\$ 1,131,629

TOWN OF ST. AGATHA, 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, 2012

Net change in fund balances - total governmental funds	\$	76,962
Amounts reported for governmental activities in the Statement of Activities are different because:		

Government funds report capital outlays as expenditures.
 While governmental activities report depreciation
 expense to allocate those expenditures over the
 life of the assets:

Depreciation expense		(127,242)
Capital asset purchases capitalized		153,200

Repayment of debt principal is an expenditure in the
 governmental funds, ut the repayment reduces long-term
 liabilities in the Statement of Net Assets:

Capital lease obligation principal payments		16,932
Capital note obligation principal payments		4,558
Capital bond obligation principal payments		20,750

Debt proceeds provide current financial resources to
 Governmental funds, but issuing debt increases long-term
 Liabilities in the Statement of Net Assets:

Capital note proceeds		(72,500)
-----------------------	--	----------

Change in Net Assets of Governmental Activities	\$	72,660
---	----	--------

TOWN OF ST. AGATHA, MAINE

Statement of Net Assets

Proprietary Fund

June 30, 2012

ASSETS	Enterprise	
	<u>Sewer</u>	<u>Total</u>
Current assets:		
Cash	\$ 82,876	\$ 82,876
Receivables:		
Accounts	17,851	17,851
Internal balances	340,712	340,712
Total current assets	<u>441,439</u>	<u>441,439</u>
Noncurrent assets:		
Capital assets (net)	6,370,752	6,370,752
Total Assets	<u>6,812,191</u>	<u>6,812,191</u>
LIABILITIES		
Current liabilities:		
Accrued interest	3,115	3,115
Bond payable due in one year	33,255	33,255
Total current liabilities	<u>36,370</u>	<u>36,370</u>
Noncurrent liabilities:		
Bond anticipation note	550,000	550,000
Bonds payable in more than one year	1,130,188	1,130,188
Total noncurrent liabilities	<u>1,680,188</u>	<u>1,680,188</u>
Total Liabilities	<u>1,716,558</u>	<u>1,716,558</u>
NET ASSETS		
Investment in capital assets, net of		
related debt	4,657,309	4,657,309
Unrestricted	438,324	438,324
Total net assets	<u>\$ 5,095,633</u>	<u>\$ 5,095,633</u>

TOWN OF ST. AGATHA, MAINE
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended June 30, 2012

	<u>Enterprise Fund Sewer</u>	<u>Total</u>
Operating Revenues:		
Charges for services	\$ 169,571	\$ 169,571
Total Operating Revenues	<u>169,571</u>	<u>169,571</u>
Operating Expenses:		
Administration	47,619	47,619
Utilities	31,401	31,401
Professional fees	2,070	2,070
Repairs and maintenance	11,759	11,759
Testing	3,867	3,867
Depreciation	113,298	113,298
Total Operating Expenses	<u>210,014</u>	<u>210,014</u>
Operating Income (Loss)	<u>(40,443)</u>	<u>(40,443)</u>
Nonoperating Revenues (Expenses):		
Interest on charges	2,405	2,405
Interest expense	(24,454)	(24,454)
Operating transfers in	27,625	27,625
Net Nonoperating Revenues (Expenses)	<u>5,576</u>	<u>5,576</u>
Capital Contributions:		
Governmental grants	<u>63,493</u>	<u>63,493</u>
Change in net assets	28,626	28,626
Net Assets - beginning	<u>5,067,007</u>	<u>5,067,007</u>
Net Assets - ending	<u>\$ 5,095,633</u>	<u>\$ 5,095,633</u>

TOWN OF ST. AGATHA, MAINE
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2012

	<u>Enterprise</u>	
	<u>Fund</u>	
	<u>Sewer</u>	<u>Total</u>
Cash Flows from Operating Activities:		
Receipts from customers	\$ 199,968	\$ 199,968
Payments to suppliers	(96,716)	(96,716)
Interfund use of services	(313,781)	(313,781)
Net Increase in Cash from Operating Activities	<u>(210,529)</u>	<u>(210,529)</u>
Cash Flows from Capital and Related Financing Activities:		
Retirement of debt	(65,380)	(65,380)
Interest expense	(24,638)	(24,638)
Debt issuance	550,000	550,000
Acquisition of fixed assets	(302,270)	(302,270)
Net Decrease in Cash from Capital and Related Financing Activities	<u>157,712</u>	<u>157,712</u>
Cash Flows from Non capital Financing Activities:		
Governmental grants	63,493	63,493
Net Increase in Cash from Investing Activities	<u>63,493</u>	<u>63,493</u>
Net Increase (Decrease) in Cash	10,676	10,676
Cash Balance - beginning	72,200	72,200
Cash Balance - ending	<u>\$ 82,876</u>	<u>\$ 82,876</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ (40,443)	\$ (40,443)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	113,298	113,298
Non utility billing	30,029	30,029
Decrease (Increase) in receivables	368	368
Increase (Decrease) in internal balances	(313,781)	(313,781)
Net Cash Provided by operating activities	<u>\$ (210,529)</u>	<u>\$ (210,529)</u>

TOWN OF ST. AGATHA, MAINE
Notes to Combined Financial Statements
June 30, 2012

1. Summary of Significant Accounting Policies

The Town of St. Agatha was incorporated under the laws of the State of Maine. The Town operates under the Town Manager/Town Meeting form of government.

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, 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 more significant accounting policies established in GAAP and used by the Town are discussed below.

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit is made by applying the criteria set forth in GAAP which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there were no potential component units required to be included in this report.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

1. Summary of Significant Accounting Policies, continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Licenses, permits, fees, excise taxes and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Interest income and charges for services are recorded as revenues when earned, since they are measurable and available.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

1. Summary of Significant Accounting Policies, continued

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Other Governmental funds account for the activity of several grant projects.

Additionally, the Town reports the following fund types:

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

1. Summary of Significant Accounting Policies, continued

D. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives ranging from 3 to 50 years.

E. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, if material, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, if material, are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

F. Fund Equity

Restricted fund equity is the portion of funds donated or granted to the town and limited in use. Committed fund balance indicates that a portion of the fund balance is constrained for a specific future use, and is indicated by the title of each purpose listed in the balance sheet. Committed fund balances are voted on at Town Meetings. Assigned fund balances indicate amounts which either are intended to be carried forward by law or contractual agreement, or which the Board of Selectmen has voted to carry forward.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and

1. Summary of Significant Accounting Policies, continued

liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Deposits

The Town's policy is to invest all available funds at the highest possible rates, in conformance with legal and administrative guidelines, while avoiding unreasonable risk.

At year end, the Town's carrying amount of deposits was \$1,562,751. The bank balances for all funds totaled \$1,625,446. Custodial credit risk is the risk that, in the event of a bank failure the District's deposits might not be recovered. As of June 30, 2012, all of the Town's deposits were insured or collateralized.

3. Operating Property

Operating and nonoperating property are recorded at cost or, in the case of contributed property, at the fair market value at the date of acquisition. Depreciation is computed on the straight line method based upon the estimated useful lives of the assets as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Sewer Department:				
Land and easements	\$ 1,061			\$ 1,061
Operating property	4,480,329			4,480,329
Construction in progress	3,166,873	302,271		3,469,144
Accumulated Depreciation	(1,466,484)	(113,298)		(1,579,782)
Total Sewer	\$ 6,181,779	\$ 188,973	\$ 0	\$ 6,370,752
Governmental Activities:				
Assets not being depreciated				
Land and easements	\$ 12,800			\$ 12,800
Assets being depreciated				
Buildings	267,299			267,299
Equipment	282,491	153,200		435,691
Vehicles	500,208			500,208
Infrastructure	3,237,362			3,237,362
	4,300,160	153,200	0	4,453,360
Less accumulated depreciation				
Buildings	146,635	5,129		151,764
Equipment	167,515	16,546		184,061
Vehicles	265,618	24,633		290,251
Infrastructure	2,202,594	80,934		2,283,528
	2,782,362	127,242	0	2,909,604
Capital Assets, net	\$ 1,517,798	\$ 25,958	\$ 0	\$ 1,543,756
Depreciation Expense:				
General government	\$ 2,071			
Public safety	8,596			
Leisure services	7,315			
Public works	109,260			
	\$ 127,242			

4. Property Tax

Property taxes for the year were committed on July 20, 2011, on the assessed value listed as of April 1, 2011, for all taxable real and

4. Property Tax, continued

personal property located in the Town. Payment of taxes was due in equal installments on October 31, 2011 and April 30, 2012 with interest at 7% on all tax bills unpaid as of that date. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. The assessed value for the list of April 1, 2011 upon which the levy for the year ended June 30, 2012, was based, was \$48,793,227. This assessed value was 80% of the estimated market value.

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.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.

5. Long-term Debt

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2012:

	Proprietary Fund Type <u>Enterprise Fund</u>	General <u>Long-term Debt</u>
Long-term debt payable at July 1, 2011	\$ 1,228,823	\$ 140,030
Debt Retired	(65,380)	(42,240)
Debt issued	550,000	72,500
Long-term debt payable at June 30, 2012	<u>\$ 1,713,443</u>	<u>\$ 170,290</u>
Interest Paid	<u>\$ 24,638</u>	<u>\$ 6,857</u>

Long-term debt payable at June 30, 2012 is comprised of the following:

	Interest rate	Final maturity date	Balance end of year
<u>General Long-term Debt</u>			
2011 Municipal note	2.99%	2017	\$ 72,500
2006 Municipal note	5.17%	2014	26,250
2012 Municipal note	5.0%	2010	53,924
Lease:			
2007 Truck lease	4.04%	2013	17,616
			<u>\$ 170,290</u>
<u>Enterprise Fund</u>			
<u>Sewer</u>			
Maine Municipal Bond Bank	1.0%	2029	658,819
Maine Municipal Bond Bank	4.5%	2026	97,500
Maine Municipal Bond Bank	2.02%	2027	249,197
Maine Municipal Bond Bank	1.86%	2022	157,927
Bond Anticipation Note			550,000
			<u>\$ 1,713,443</u>

5. Long-term Debt, continued

The annual requirement to amortize all long-term debt outstanding as of June 30, 2012 are as follows:

<u>Year</u>	<u>Enterprise Fund</u>		<u>General Long-term Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 616,259	\$ 18,704	\$ 47,217	\$ 7,095
2013	67,151	17,528	30,391	5,141
2014	68,059	16,338	31,213	3,867
2015	68,982	15,133	46,103	2,561
2016	69,921	13,913	15,367	459
2017-2021	364,260	50,744		
2022-2026	322,636	19,806		
2027-2031	136,175	1,780		
Total	<u>\$ 1,713,443</u>	<u>\$ 153,946</u>	<u>\$ 170,291</u>	<u>\$ 19,123</u>

6. Committed

The Town has set aside certain balances for accumulation until expenditure in future years. These accounts were as follows at June 30, 2012:

Economic develop	\$ 17,481
Payloader reserve	20,857
LRA Reserve	156,157
Community development reserve	38,633
Capital equipment	6,109
Fitness Center	2,062
Community	6,563
Revaluation reserve	67,970
Public works truck	46,808
Ambulance building	28,121
Lawn mower	3,688
Grader	170
Sidewalk reserve	2,176
Pickup reserve	4,024
Recreation equipment	20,261
Total	<u>\$ 421,080</u>

7. Unassigned General Fund Fund Equity

The unassigned General Fund fund equity reflected a change for the current year as follows:

Balance - July 1, 2011	\$ 590,529
Increase (Decrease):	
Actual over budgeted revenues	80,057
Actual over budgeted expenditures	18,889
Net Increase (Decrease)	<u>98,946</u>
Balance - June 30, 2012	<u>\$ 689,475</u>

8. Assigned Revenues and Expenditures

The portion of the General Fund fund equity which has been designated for subsequent year's revenues represents amounts received during the current accounting period that are to be budgeted as revenues in the subsequent year. Historically, the townspeople vote to carry certain departmental unexpended balances forward to the following year for expenditure. This is usually in lieu of additional appropriations in any particular accounts. These accounts, were as follows at June 30, 2012:

<u>Subsequent Years</u>	<u>Revenues</u>	<u>Expenditures</u>
Lake shore permits	\$ 31	\$
Dog shelter	626	
Property tax relief		4,422
Total	\$ 657	\$ 4,422

9. Joint Venture - Northern Aroostook Regional Airport Authority

The Northern Aroostook Regional Airport is owned jointly by its eight member towns. The Town of St. Agatha, Maine owns 8% of the facility. Ownership is based on a formula using population and state valuation figures at the time of inception. Ownership percentage will not always be the same over the life of the joint venture. The Facility is administered by an eight member executive committee each town appoints 1 voting member to serve. No summary is available from the Authority's annual financial report, prepared on the accrual basis for the fiscal year ended December 31, 2012.

TOWN OF ST. AGATHA, MAINE
Budget Comparison Schedule
General Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with final budget positive (negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:	\$	\$	\$	\$
Taxes	1,114,775	1,114,775	1,150,206	35,431
Intergovernmental	100,496	127,321	161,140	33,819
Charges for services	51,400	52,226	71,527	19,301
Interest			5,922	5,922
Miscellaneous	2,750	2,750	15,934	13,184
Total revenues	<u>1,269,421</u>	<u>1,297,072</u>	<u>1,404,729</u>	<u>107,657</u>
Expenditures:				
Current:				
General government	180,653	185,533	196,729	(11,196)
Public safety	44,621	45,447	45,518	(71)
Public works	212,468	269,968	269,960	8
Health and sanitation	106,913	106,913	105,633	1,280
Leisure services	26,312	53,137	45,427	7,710
Social services	14,339	14,339	14,338	1
Special assessments	533,289	533,289	489,360	43,929
Debt service	27,626	46,323	49,097	(2,774)
Capital outlay	123,200	276,400	173,200	103,200
Total expenditures	<u>1,269,421</u>	<u>1,531,349</u>	<u>1,389,262</u>	<u>142,087</u>
Excess (deficiency) of revenues over (under) expenditures	0	(234,277)	15,467	249,744
Other Financing Sources (Uses):				
Debt issuance proceeds		72,500	72,500	0
Operating transfers out	(27,626)	(27,626)	(27,625)	1
Total Other Financing Sources (Uses)	<u>(27,626)</u>	<u>44,874</u>	<u>44,875</u>	<u>1</u>
Excess (deficiency) of revenues over under other financing uses	(27,626)	(189,403)	60,342	249,745
Fund Balance - beginning	1,055,292	1,055,292	1,055,292	0
Fund Balance - ending	<u>\$ 1,027,666</u>	<u>\$ 865,889</u>	<u>\$ 1,115,634</u>	<u>\$ 249,745</u>

The accompanying notes to the financial statements are an integral part of this statement.

KEEL J. HOOD

Certified Public Accountant

2 Burns Street - Fairfield, Maine 04937 - (207)453-2006

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

Board of Selectmen
Town of St. Agatha, Maine
St. Agatha, Maine

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of St. Agatha as of and for the year ended June 30, 2012, which collectively comprise Town of St. Agatha's basic financial statements and have issued my report thereon dated October 12, 2012. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audits, I considered Town of St. Agatha's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements but for the purpose of expressing an opinion on the effectiveness of Town of St. Agatha's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Town of St. Agatha's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Town of St. Agatha's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Town of St. Agatha's financial statements that is more than inconsequential will not be prevented or detected by Town of St. Agatha's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Town of St. Agatha's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of St. Agatha's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing

an opinion on compliance with those provisions was not an objective of my audits, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Selectmen, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature of Karl J. Hood, CPA.

October 12, 2012