

**Audited Financial Statements and
Other Financial Information**

Town of Acton, Maine

June 30, 2012



Proven Expertise and Integrity

TOWN OF ACTON, MAINE

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JUNE 30, 2012

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INDEPENDENT AUDITORS' REPORT

August 23, 2012

Board of Selectmen
Town of Acton
Acton, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Acton, 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 Acton's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Acton, Maine as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 36 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

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

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

RHR Smith & Company

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

(UNAUDITED)

The following management's discussion and analysis of Town of Acton, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government - Wide Financial Statements

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

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

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

Both of the above mentioned financial statements have one column for the town's activities. The type of activity presented for the Town of Acton is:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, education, buildings, recreation and other unclassified.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Acton, 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 Acton can be divided into two categories: governmental funds and fiduciary funds.

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

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

The Town of Acton presents 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 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.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Town of Acton. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Fiduciary Fund Financial Statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a 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 and the school department.

Government-Wide Financial Analysis

Our analysis below focuses on the net assets, and changes in net assets of the Town's governmental activities. The Town's total net assets for governmental activities increased by \$378,401 from \$4.75 million to \$5.13 million.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a balance of \$1,361,041 at the end of this year.

Town of Acton, Maine

Net Assets

June 30,

Assets	Governmental Activities	
	2012	2011
Current and Other Assets	\$ 2,597,005	\$ 1,996,528
Capital Assets	2,975,625	3,157,832
Total Assets	\$ 5,572,630	\$ 5,154,360
Liabilities		
Current Liabilities	\$ 208,116	\$ 116,431
Long-term Debt Outstanding	232,355	284,171
Total Liabilities	\$ 440,471	\$ 400,602
Net Assets		
Invested in Capital Assets, Net of Related Debt	2,913,370	3,118,815
Restricted net assets: General fund	755,223	485,903
Special revenue funds	2,346	18,781
Permanent funds	100,179	102,980
Unrestricted	1,361,041	1,027,279
Total Net Assets	\$ 5,132,159	\$ 4,753,758

Revenues and Expenses

Revenues for the Town's governmental activities increased by 0.14%, while total expenses increased by 0.32%.

Table 2
Town of Acton, Maine
Changes in Net Assets
For the Years Ended June 30,

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 57,634	\$ 54,277
Operating grants & contributions	1,003,308	999,142
<i>General Revenues:</i>		
Property taxes	6,104,646	6,190,992
Excise taxes	408,635	393,275
Grants and contributions not restricted to specific programs	75,740	56,722
Investment income	16,046	18,641
Other income	146,090	87,810
Total revenues	<u>7,812,099</u>	<u>7,800,859</u>
Expenses		
General government	555,708	720,341
Public safety	193,153	184,515
Public works	831,710	736,351
Building	56,756	41,987
Recreation	11,684	11,605
General assistance	5,069	22,272
Education	5,138,535	5,054,763
County tax	308,479	321,104
Other expenses	101,522	41,123
Unallocated depreciation (Note 4)	11,086	7,632
State of Maine on-behalf payments	219,996	268,463
Total expenses	<u>7,433,698</u>	<u>7,410,156</u>
Change in Net Assets	378,401	390,703
Net Assets - July 1,	<u>4,753,758</u>	<u>4,363,055</u>
Net Assets - June 30	<u>\$ 5,132,159</u>	<u>\$ 4,753,758</u>

Financial Analysis of the Town's Fund Statements

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

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

	2012	2011
General Fund:		
Nonspendable	\$ 18,215	\$ 18,039
Restricted	755,223	485,903
Committed	285,357	190,749
Assigned	39,111	74,160
Unassigned	979,713	857,908
Total General Fund	\$ 2,077,619	\$ 1,626,759
Nonmajor Funds:		
Special revenue funds:		
Restricted	\$ 2,346	\$ 18,781
Unassigned	-	(25,406)
Permanent funds:		
Restricted	100,179	102,980
Total Nonmajor Funds	\$ 102,525	\$ 96,355

The general fund total fund balance increased by \$450,860 over the prior fiscal year. The non-major fund balances increased by \$6,170 over the prior fiscal year.

Budgetary Highlights

There was a significant difference between the original and final budget for the general fund. This difference is the use of unassigned fund balance as well as applied revenues.

The general fund actual revenues exceeded the budget by \$230,871. This mainly was a result of intergovernmental and other revenue.

The general fund actual expenditures were under the budget by \$713,817. All expenditures categories were under-budget.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2012, the net book value of capital assets recorded by the Town decreased by \$182,207 from the prior year. This decrease is the result of current year depreciation of \$218,007 less capital additions of \$35,800.

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

	<u>2012</u>	<u>2011</u>
Land	\$ 110,200	\$ 110,200
Land improvements	220,923	235,961
Buildings and improvements	2,299,888	2,425,099
Machinery and equipment	212,205	226,543
Vehicles	132,409	160,029
Total	<u>\$ 2,975,625</u>	<u>\$ 3,157,832</u>

Debt

At June 30, 2012, the Town had \$0 in bonds outstanding. The town has a note with \$116,709 outstanding and a new capital lease as shown in Note 5 of the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Town's unassigned fund balance has fallen below a level sufficient to sustain government operations for a period of approximately two months, while also adding to reserves for future operations, capital and program needs. The Town is working to rebuild unassigned fund balance to a sufficient level.

Requests for Information

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 Treasurer's Office at P.O. Box 540, Acton, Maine 04001.

STATEMENT A

TOWN OF ACTON, MAINE
STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS

Current assets:	
Cash and cash equivalents	\$ 2,118,357
Investments	30,177
Accounts receivable (net of allowance for uncollectibles):	
Taxes / liens	358,732
Other	25,424
Due from other governments	48,100
Inventory	15,190
Tax acquired property	3,025
Total current assets	<u>2,597,005</u>
Noncurrent assets:	
Capital assets	
Land, infrastructure, and other assets not being depreciated	110,200
Buildings and vehicles, net of accumulated depreciation	2,865,425
Total noncurrent assets	<u>2,975,625</u>
Total assets	<u>\$ 5,572,630</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 108,235
Accrued expenses	13,217
Due to other governments	16,566
Prepaid taxes	7,843
Current portion of long-term obligations	62,255
Total current liabilities	<u>208,116</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes payable	67,487
Capital leases payable	59,645
Accrued compensated absences	105,223
Total noncurrent liabilities	<u>232,355</u>
Total liabilities	<u>440,471</u>

NET ASSETS

Invested in capital assets, net of related debt	2,913,370
Restricted: General fund	755,223
Special revenue funds	2,346
Permanent funds	100,179
Unrestricted	1,361,041
Total net assets	<u>5,132,159</u>
Total liabilities and net assets	<u>\$ 5,572,630</u>

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

STATEMENT B

TOWN OF ACTON, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
Governmental activities:					
General government	\$ 555,708	\$ 51,023	\$ -	\$ -	(504,685)
Public safety	193,153	1,444	-	-	(191,709)
Public works	831,710	-	164,587	-	(667,123)
Building	56,756	-	-	-	(56,756)
Recreation	11,684	5,167	-	-	(6,517)
General assistance	5,069	-	2,535	-	(2,534)
Education	5,138,535	-	616,190	-	(4,522,345)
County tax	308,479	-	-	-	(308,479)
Other expenses	101,522	-	-	-	(101,522)
Unallocated depreciation (Note 4)	11,086	-	-	-	(11,086)
State of Maine on-behalf payments	219,996	-	219,996	-	-
Total governmental activities	\$ 7,433,698	\$ 57,634	\$ 1,003,308	\$ -	(6,372,756)

STATEMENT B (CONTINUED)
TOWN OF ACTON, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities
Changes in net assets:	
Net (expense) revenue	(6,372,756)
General revenues:	
Taxes:	
Property taxes, levied for general purposes	6,104,646
Excise taxes, levied for general purposes	408,635
Grants and contributions not restricted to specific programs	75,740
Investment income	16,046
Other income	146,090
Total general revenues	6,751,157
Change in net assets	378,401
Net assets - July 1, 2011	4,753,758
Net assets - June 30, 2012	\$ 5,132,159

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

TOWN OF ACTON, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,042,855	\$ 75,502	\$ 2,118,357
Investments		30,177	30,177
Receivables (net of allowance for uncollectibles):			
Taxes	232,144	-	232,144
Liens	126,588	-	126,588
Other	25,424	-	25,424
Due from other governments	8,421	37,679	46,100
Inventory	15,190	-	15,190
Tax acquired property	3,025	-	3,025
Due from other funds	38,064	1,450	39,514
TOTAL ASSETS	\$ 2,491,711	\$ 144,808	\$ 2,636,519
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 104,016	\$ 4,219	\$ 108,235
Accrued expenses	13,217	-	13,217
Due to other governments	16,566	-	16,566
Due to other funds	1,450	38,064	39,514
Prepaid taxes	7,843	-	7,843
Deferred revenue	271,000	-	271,000
TOTAL LIABILITIES	414,092	42,283	456,375
Fund Balances:			
Nonspendable	18,215	-	18,215
Restricted	755,223	102,525	857,748
Committed	285,357	-	285,357
Assigned	39,111	-	39,111
Unassigned	979,713	-	979,713
TOTAL FUND BALANCES	2,077,619	102,525	2,180,144
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,491,711	\$ 144,808	\$ 2,636,519

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

STATEMENT D

TOWN OF ACTON, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,180,144
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	2,975,625
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	271,000
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Notes Payable	(116,709)
Capital lease payable	(72,678)
Accrued compensated absences	<u>(105,223)</u>
 Net assets of governmental activities	 <u><u>\$ 5,132,159</u></u>

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

STATEMENT E

TOWN OF ACTON, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 6,029,646	\$ -	\$ 6,029,646
Excise taxes	408,635	-	408,635
Intergovernmental revenues:			
State revenue sharing	101,628	-	101,628
Education subsidy	206,731	-	206,731
Homestead exemption	38,982	-	38,982
Local road assistance	68,016	-	68,016
Other education revenue	126,013	-	126,013
Grants / other	45,410	272,272	317,682
State of Maine on-behalf payments	219,996	-	219,996
Charges for services	57,634	-	57,634
Investment income	15,347	699	16,046
Other revenue	146,090	-	146,090
TOTAL REVENUES	7,464,128	272,971	7,737,099
EXPENDITURES			
Current:			
General government	555,708	-	555,708
Public safety	147,973	-	147,973
Public works	821,116	-	821,116
Social services	56,756	-	56,756
Recreation	7,194	-	7,194
General assistance	5,069	-	5,069
Education	4,792,955	263,301	5,056,256
County tax	308,479	-	308,479
Other	98,022	3,500	101,522
State of Maine on-behalf payments	219,996	-	219,996
TOTAL EXPENDITURES	7,013,268	266,801	7,280,069
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	450,860	6,170	457,030
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	2,553	2,553
Operating transfers (out)	-	(2,553)	(2,553)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	450,860	6,170	457,030
FUND BALANCES - JULY 1	1,626,759	96,355	1,723,114
FUND BALANCES - JUNE 30	\$ 2,077,619	\$ 102,525	\$ 2,180,144

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

TOWN OF ACTON, 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 (Statement E)	<u>\$ 457,030</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 report depreciation expense to allocate those expenditures over the life of the assets.	
Capital asset purchases capitalized	35,800
Depreciation expense	<u>(218,007)</u>
	<u>(182,207)</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>75,000</u>
Debt proceeds provide current financial resources to governmental funds, but issuing long-term liabilities in the Statement of Net Assets	
	<u>(88,447)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, reduces long-term liabilities in the Statement of Net Assets	
	<u>104,850</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>12,175</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 378,401</u></u>

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

TOWN OF ACTON, MAINE

STATEMENT OF FIDUCIARY NET ASSETS – FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 13,853</u>
Total assets	<u>\$ 13,853</u>
LIABILITIES	
Deposits held for others	<u>\$ 13,853</u>
Total liabilities	<u>\$ 13,853</u>

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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

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

Government –Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All activities of the Town are categorized as governmental.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (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. 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.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental fund's 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.
- 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. Permanent Funds are used to account for assets held by the Town in trust for specific purposes.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fiduciary Funds:

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

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

The emphasis in fund financial statements is on the major funds in the governmental activity category. 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

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

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

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments made by the State of Maine to the Maine State Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund.

Revenues per budgetary basis	\$ 7,244,132
Add: On-behalf payments	<u>219,996</u>
Total GAAP basis	<u>\$ 7,464,128</u>
Expenditures per budgetary basis	\$ 6,793,272
Add: On-behalf basis	<u>219,996</u>
Total GAAP basis	<u>\$ 7,013,268</u>

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

1. Early in the first 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.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Acton has no formal investment policy but instead follows the State of Maine Statutes.

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet, with the exception of gravel and school lunch supplies and food on hand at the end of the year, valued at cost. The cost value is determined using the first-in, first-out (FIFO) method.

Interfund Receivables and Payables

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

Transactions Between Funds

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

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2012.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets purchased or acquired with an original cost of \$3,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings	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, capital leases 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.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

Net Assets

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

Fund 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 ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 August 25, 2011 on the assessed value listed as of April 1, 2011, for all real and personal property located in the Town. Taxes were due on in two installments on October 18, 2011 and April 17, 2012. Interest on unpaid taxes commenced on October 19, 2011 and April 18, 2012, 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 \$39,389 for the year ended June 30, 2012.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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).

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's investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to 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.

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, 2012, the Town's deposits amounting to \$2,132,210 were comprised of deposits of \$2,254,688. Of these deposits, \$2,254,688 was fully covered by federal

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

depository insurance, or covered with an irrevocable stand by letter of credit and consequently was not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 2,179,185
Savings accounts	75,502
	<u>\$ 2,254,688</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. The Town's investment in common stock, for \$30,177, is not exposed to custodial credit risk because those securities are registered in the Town's name and are held by the Town.

At June 30, 2012, the Town had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>
Common stock	\$ 30,177	\$ 30,177	\$ -	\$ -
	<u>\$ 30,177</u>	<u>\$ 30,177</u>	<u>\$ -</u>	<u>\$ -</u>

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. Generally, the Town invests excess funds in savings accounts and various insured certificates of deposit.

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.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2012 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General fund	\$ 38,064	\$ 1,450
Special revenue funds	1,450	32,564
Permanent funds	-	5,500
	<u>\$ 39,514</u>	<u>\$ 39,514</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2012:

	<u>Balance 7/1/11</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6/30/12</u>
Governmental activities:				
Non-depreciated assets:				
Land	\$ 110,200	\$ -	\$ -	\$ 110,200
Art works & historical treasures	-	-	-	-
	<u>110,200</u>	<u>-</u>	<u>-</u>	<u>110,200</u>
Depreciated assets:				
Land improvements	379,983	-	-	379,983
Buildings / improvements	5,381,802	17,835	-	5,399,637
Machinery & equipment	864,801	17,965	-	882,766
Vehicles	446,011	-	-	446,011
Other	144,961	-	-	144,961
	7,217,558	35,800	-	7,253,358
Less: accumulated depreciation	(4,169,926)	(218,007)	-	(4,387,933)
	<u>3,047,632</u>	<u>(182,207)</u>	<u>-</u>	<u>2,865,425</u>
Net capital assets	<u>\$ 3,157,832</u>	<u>\$ (182,207)</u>	<u>\$ -</u>	<u>\$ 2,975,625</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:

Public safety	\$ 45,180
Highway	5,800
Education	146,657
Transfer station	4,794
Parks / recreation	4,490
Town-wide	11,086
Total depreciation expenses	<u>\$ 218,007</u>

NOTE 5 - LONG-TERM DEBT

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

	<u>Balance 7/1/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/12</u>	<u>Current Portion</u>
Notes payable	\$ 205,790	\$ -	\$ (89,081)	\$ 116,709	\$ 49,222
Capital leases payable	-	88,447	(15,769)	72,678	13,033
Accrued compensated absences	117,398	-	(12,175)	105,223	-
Totals	<u>\$ 323,188</u>	<u>\$ 88,447</u>	<u>\$ (117,025)</u>	<u>\$ 294,610</u>	<u>\$ 62,255</u>

The following is a summary of the outstanding note payable:

\$260,000 Commercial Note due in monthly installments through
November 2016. Interest is charged at a rate from 2.47% per annum.
Level payments principal and accrued interest in the amount of \$4,296. \$ 116,709

TOWN OF ACTON, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$ 49,222	\$ 2,328	\$ 51,550
2014	50,451	1,098	51,549
2015	17,036	88	17,124
2016	-	-	-
2017	-	-	-
	<u>\$ 116,709</u>	<u>\$ 3,514</u>	<u>\$ 120,223</u>

The following is a summary of capital leases outstanding as of June 30, 2012:

\$63,766, 2011 capital lease payable to Apple Financial Services for computers due in annual installments through July 2015. Interest is charged at a rate of 5.00% per annum.

\$24,681, 2012 capital lease payable to Androscoggin Bank for copiers due in annual installments through January 2017. Interest is charged at a rate of 1% to 3% per annum.

The following is a summary of outstanding capital lease requirements for the following fiscal years ending June 30:

2013	\$ 15,793
2014	18,893
2015	20,990
2016	20,990
2017	3,972
Total minimum lease payment	<u>80,638</u>
Less amount representing interest	(7,960)
Present value of future minimum lease payments	<u>\$ 72,678</u>

All notes 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.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 6 – OPERATING LEASE

The Town leases a copier from U.S. Bank Equipment Finance under a non-cancellable lease agreement. The term of the lease is for a 5 year period ending in May 2017. Interest is charged at a rate of 6.15% per annum. Monthly payments are \$134.50.

Year Ending June 30:	
2013	\$ 1,614
2014	1,614
2015	1,614
2016	1,480
	<u>\$ 6,322</u>
Less: amount representing interest	(1,118)
Present value of minimum lease payments	<u>\$ 5,204</u>

NOTE 7 – OVERLAPPING DEBT

The Town is responsible for its proportionate share of County debt. As of June 30, 2012, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of York	\$ 9,900,000	1.96%	<u>\$ 194,040</u>

NOTE 8 – NONSPENDABLE FUND BALANCES

The town had the following nonspendable fund balance at June 30, 2012:

Inventory	\$ 15,190
Tax acquired property	3,025
	<u>\$ 18,215</u>

TOWN OF ACTON, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 9 - RESTRICTED FUND BALANCES

The town had the following restricted fund balances at June 30, 2012:

Education	\$ 565,372
Education - retirement reserve	108,357
Education capital	3,478
Education - fuel reserve	10,000
URIP	68,016
Special revenue funds (Schedule E)	2,346
Permanent funds (Schedule I)	100,179
	<u>\$ 857,748</u>

NOTE 10 – COMMITTED FUND BALANCES

The town had the following committed fund balances at June 30, 2012:

Gravel pit	\$ 28,302
Mary Grant	1,973
Cable access	47,315
Forestry reserve	24,474
Fire department donations	869
Fire department capital	100,000
Conservation committee	200
District one road repair & maintenance	43,603
District two road repair & maintenance	19,047
Town hall buildings	14,574
Dams	5,000
	<u>\$ 285,357</u>

NOTE 11 – ASSIGNED FUND BALANCES

The town had the following assigned fund balances at June 30, 2012:

Recreation	\$ 31,639
Capital improvements	7,472
	<u>\$ 39,111</u>

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 12 – 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 companies’ 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.

The Acton School Department is also a member of the Maine School Management Association – Property and Casualty Pool (“Pool”). As with the Fund above, the Pool was created to obtain lower rates for its members. The Unit 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 \$100,000,000. Under the liability portion of the Pool, coverage is provided after the deductible is met, to \$3,000,000.

NOTE 13 – DEFINED BENEFIT PENSION PLAN

All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System’s teacher retirement program. The teacher’s program is a cost-sharing plan with a special funding situation, established by the Maine State Legislature. The program requires that both employees and the Unit contribute, and provides retirement, disability and death benefits. Employees are eligible for normal retirement upon reaching the age of sixty and early retirement after completing twenty-five or more years of credited service. The authority to establish and amend benefit provisions rests with the State Legislature. The funding status and progress for the teacher retirement program may be obtained by contacting the Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling (800) 451-9800.

TOWN OF ACTON, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 13 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Program members are required to contribute 7.65% of their compensation to the retirement system. The Unit's payroll for employees covered by this program was approximately \$1,536,283 for the year ended June 30, 2012. The State of Maine is required to contribute the employer contribution which amounts to 14.32% of compensation. Contributions paid by the State were approximately \$219,996 for the year ended June 30, 2012. There is no contribution required by the Unit, except for federally funded teachers. The Unit's contributions to the plan for 2012, 2011 and 2010 were \$19,096, \$24,737 and \$27,476, respectively.

NOTE 14 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town of Acton's landfill is at 100% capacity to date. Therefore, the estimated remaining landfill life is zero years. Federal and state laws require that certain post closure care be met. The Town estimates that on an annual basis, some immaterial costs will be incurred for post closure care. The annual amount will be paid for within the Town's annual operating budget.

NOTE 15 – 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.

NOTE 16 – LETTER OF CREDIT

At June 30, 2012, the Town has an outstanding irrevocable stand-by letter of credit issued by the Federal Home Loan Bank of Boston serving as collateral for its deposits held at Sanford Institution for Savings. This letter of credit, which expires at the close of business on October 23, 2012, authorizes one draw only up to the amount of \$3,000,000. There were no draws for the year ended June 30, 2012.

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 ACTON, MAINE

**BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,626,759	\$ 1,626,759	\$ 1,626,759	\$ -
Resources (Inflows):				
Property taxes	6,139,539	6,139,539	6,029,646	(109,893)
Excise taxes	360,000	360,000	408,635	48,635
Intergovernmental	394,149	394,996	586,780	191,784
Charges for services	42,000	42,000	57,634	15,634
Investment income	13,000	13,000	15,347	2,347
Other revenue	22,000	63,726	146,090	82,364
Proceeds from bond issuance	-	-	-	-
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>8,597,447</u>	<u>8,640,020</u>	<u>8,870,891</u>	<u>230,871</u>
Charges to Appropriations (Outflows):				
Current:				
General government	594,453	594,453	555,708	38,745
Public safety	149,126	149,126	147,973	1,153
Public works	889,807	914,126	821,116	93,010
Social services	56,756	56,756	56,756	-
Recreation	13,060	40,390	7,194	33,196
General assistance	25,000	25,000	5,069	19,931
County tax	308,480	308,480	308,479	1
Education	4,971,076	5,006,876	4,792,955	213,921
Other	167,304	411,882	98,022	313,860
Transfers to other funds	-	-	-	-
Total Charges to Appropriation	<u>7,175,062</u>	<u>7,507,089</u>	<u>6,793,272</u>	<u>713,817</u>
Budgetary Fund Balance, June 30	<u>\$ 1,422,385</u>	<u>\$ 1,132,931</u>	<u>\$ 2,077,619</u>	<u>\$ 944,688</u>
Utilization of assigned fund balance	\$ -	\$ 74,160	\$ -	\$ (74,160)
Utilization of committed fund balance	11,255	190,749	-	-
Utilization of unassigned fund balance	193,119	228,919	-	(228,919)
	<u>\$ 204,374</u>	<u>\$ 493,828</u>	<u>\$ -</u>	<u>\$ (303,079)</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.

- Budgetary Comparison Schedule – Budget and Actual General Fund Revenues
- Schedule of Departmental Operations – General Fund
- Budgetary Comparison Schedule – School Department
- 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 Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

SCHEDULE 2

TOWN OF ACTON, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 6,139,539	\$ 6,139,539	\$ 6,029,646	\$ (109,893)
Motor vehicle excise	350,000	350,000	394,998	44,998
Boat excise	10,000	10,000	13,637	3,637
Intergovernmental revenues:				
State revenue sharing	90,000	90,000	101,628	11,628
Education subsidy	184,151	184,151	206,731	22,580
Homestead exemption	38,982	38,982	38,982	-
Local road assistance	68,016	68,016	68,016	-
School - Mainecare	-	-	30,025	30,025
School lunch revenue	-	-	95,988	95,988
Tree growth	7,000	7,000	17,622	10,622
General assistance	6,000	6,000	2,535	(3,465)
Veterans' reimbursement	-	-	2,603	2,603
Other state / federal funds	-	847	22,650	21,803
Charges for services				
Town clerk fees	10,000	10,000	11,640	1,640
Building permits	25,000	25,000	29,646	4,646
Plumbing permits	3,000	3,000	8,897	5,897
Animal control fees	1,000	1,000	1,444	444
Planning board fees	-	-	200	200
Appeals board fees	-	-	100	100
Marriage licenses	-	-	540	540
Other	3,000	3,000	5,167	2,167
Investment income				
Regular investment income	13,000	13,000	15,347	2,347
Other revenues				
Recycling income	22,000	22,000	32,093	10,093
Transfer station	-	-	273	273
Cable access	-	41,726	41,726	-
Misc. other	-	-	71,998	71,998
Proceeds from bond issuance	-	-	-	-
Operating transfer in	-	-	-	-
Amounts Available for Appropriation	\$ 6,970,688	\$ 7,013,261	\$ 7,244,132	\$ 230,871

See accompanying independent auditors' report.

SCHEDULE A

TOWN OF ACTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Balances Positive (Negative)
GENERAL GOVERNMENT					
Administration	\$ 259,575	\$ -	\$ 259,575	\$ 232,074	\$ 27,501
Tax collection / clerk	63,824	-	63,824	62,456	1,368
CEO / Insp	64,766	-	64,766	64,994	(228)
Finance / treasury	40,732	-	40,732	37,347	3,385
Assessment	92,325	-	92,325	88,983	3,342
Governing body	56,942	-	56,942	55,031	1,911
Elections	6,883	-	6,883	3,310	3,573
Registrar of voters	4,306	-	4,306	4,472	(166)
Town gym expenses	-	-	-	2,242	(2,242)
Planning/economic development	4,415	-	4,415	4,441	(26)
Other boards	685	-	685	358	327
Total	594,453	-	594,453	555,708	38,745
PUBLIC SAFETY					
Fire department	118,926	-	118,926	118,295	631
Communications	19,501	-	19,501	18,767	734
Animal control	7,706	-	7,706	8,334	(628)
EMA	1,293	-	1,293	1,280	13
Street lights	1,700	-	1,700	1,297	403
Total	149,126	-	149,126	147,973	1,153
PUBLIC WORKS					
Transfer station	265,866	-	265,866	237,779	28,087
District 1	262,520	24,319	286,839	243,237	43,602
District 2	256,000	-	256,000	236,952	19,048
Sand/Salt Stockpile	90,383	-	90,383	90,383	-
Public works buildings/equipment	15,038	-	15,038	12,765	2,273
Total	889,807	24,319	914,126	821,116	93,010

SCHEDULE A (CONTINUED)

TOWN OF ACTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Balances Positive (Negative)
RECREATION	13,060	27,330	40,390	7,194	33,196
GENERAL ASSISTANCE	25,000	-	25,000	5,069	19,931
COUNTY TAX	308,480	-	308,480	308,479	1
EDUCATION					
General education	4,971,076	35,800	5,006,876	4,792,955	213,921
Total	4,971,076	35,800	5,006,876	4,792,955	213,921
SOCIAL SERVICES					
Other donations	56,756	-	56,756	56,756	-
Total	56,756	-	56,756	56,756	-
OTHER					
Sand/salt reserve	50,000	3,395	53,395	3,395	50,000
Health officer	108	-	108	108	-
Mary Grant	-	2,318	2,318	346	1,972
Revaluation	-	46,000	46,000	46,000	-
Cemeteries	1,650	-	1,650	347	1,303
Cable access	-	82,401	82,401	35,085	47,316
Forestry reserve	538	29,474	30,012	5,538	24,474
Gym donations	-	930	930	930	-
Fire dept donations	-	911	911	42	869
Fire Capital	50,000	50,000	100,000	-	100,000
Dams	7,500	-	7,500	2,500	5,000
Overlay	39,389	-	39,389	2,884	36,505
Gravel Pit	-	28,302	28,302	-	28,302
Cover overdrifts	3,119	-	3,119	-	3,119
Equipment	15,000	-	15,000	-	15,000
Snowmobile club	-	847	847	847	-
Total	167,304	244,578	411,882	98,022	313,860
TOTAL EXPENDITURES	\$ 7,175,062	\$ 332,027	\$ 7,507,089	\$ 6,793,272	\$ 713,817

See accompanying independent auditors' report.

SCHEDULE B

TOWN OF ACTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – SCHOOL
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
State subsidy	\$ 184,151	\$ 184,151	\$ 206,731	\$ 22,580
Local appropriation	4,721,925	4,721,925	4,721,925	
School lunch revenue	65,000	65,000	95,988	30,988
Mainecare	-	-	30,025	30,025
Investment income	-	-	757	757
Other	-	-	6,849	6,849
Operating transfers in	-	-	-	-
Total revenues	<u>4,971,076</u>	<u>4,971,076</u>	<u>5,062,275</u>	<u>91,199</u>
EXPENDITURES				
Regular instruction (Article 2)	2,610,018	2,610,018	2,518,872	91,146
Special education (Article 3)	932,567	932,567	837,076	95,491
Career & technical education (Article 4)	-	-	-	-
Other instruction (Article 5)	27,664	27,664	21,539	6,125
Student & staff support (Article 6)	254,633	254,633	245,074	9,559
System administration (Article 7)	197,782	197,782	202,253	(4,471)
School administration (Article 8)	148,846	148,846	141,262	7,584
Transportation (Article 9)	240,983	240,983	236,509	4,474
Facilities maintenance (Article 10)	432,126	432,126	411,743	20,383
Debt service (Article 11)				
Principal	-	-	-	-
Interest	-	-	-	-
All other expenditures (Article 12)	126,457	126,457	117,771	8,686
Retirement payoff	-	-	25,056	-
Capital expenditures paid by the town	-	35,800	35,800	-
Operating transfers (out)	-	-	-	-
Total expenditures	<u>4,971,076</u>	<u>5,006,876</u>	<u>4,792,955</u>	<u>238,977</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (35,800)</u>	<u>269,320</u>	<u>\$ 330,176</u>
BUDGETED FROM FUND BALANCE				
Use of unassigned fund balance	<u>\$ -</u>	<u>\$ 35,800</u>	<u>-</u>	<u>\$ (35,800)</u>
FUND BALANCE - JULY 1			<u>417,887</u>	
FUND BALANCE - JUNE 30			<u>\$ 687,207</u>	

See accompanying independent auditors' report.

TOWN OF ACTON, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Special Revenue Funds</u>	<u>Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 75,502	\$ 75,502
Investments	-	30,177	30,177
Due from other governments	37,679	-	37,679
Due from other funds	1,450	-	1,450
Total assets	<u>\$ 39,129</u>	<u>\$ 105,679</u>	<u>\$ 144,808</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 4,219	\$ -	\$ 4,219
Accrued expenses	-	-	-
Due to other funds	32,564	5,500	38,064
Total liabilities	<u>36,783</u>	<u>5,500</u>	<u>42,283</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	2,346	100,179	102,525
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>2,346</u>	<u>100,179</u>	<u>102,525</u>
Total liabilities and fund balances	<u>\$ 39,129</u>	<u>\$ 105,679</u>	<u>\$ 144,808</u>

See accompanying independent auditors' report.

TOWN OF ACTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Special Revenue Funds</u>	<u>Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Intergovernmental income	\$ 272,272	\$ -	\$ 272,272
Investment income	-	699	699
Total revenues	<u>272,272</u>	<u>699</u>	<u>272,971</u>
Expenditures			
Education	263,301	-	263,301
Other	-	3,500	3,500
Total expenditures	<u>263,301</u>	<u>3,500</u>	<u>266,801</u>
Excess of revenues over (under) expenditures	8,971	(2,801)	6,170
Other financing sources (uses)			
Operating transfers in	2,553	-	2,553
Operating transfers (out)	(2,553)	-	(2,553)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	8,971	(2,801)	6,170
Fund balances - July 1	<u>(6,625)</u>	<u>102,980</u>	<u>96,355</u>
Fund balances - June 30	<u>\$ 2,346</u>	<u>\$ 100,179</u>	<u>\$ 102,525</u>

See accompanying independent auditors' report.

Special Revenue Funds Description

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

SCHEDULE E

TOWN OF ACTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Local Entitlement	Title IA	Title IIA	Rural Education Achievement	Local Entitlement Preschool	Federal Ed Jobs Bill
ASSETS						
Due from other governments	\$ 9,058	\$ 18,367	\$ 241	\$ 1,157	\$ -	\$ 8,856
Due from other funds	-	-	1,450	-	-	-
Total assets	<u>\$ 9,058</u>	<u>\$ 18,367</u>	<u>\$ 1,691</u>	<u>\$ 1,157</u>	<u>\$ -</u>	<u>\$ 8,856</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 1,062	\$ 2,035	\$ 277	\$ -	\$ -	\$ 845
Accrued expenses	-	-	-	-	-	-
Due to other funds	7,996	16,332	-	225	-	8,011
Total liabilities	<u>9,058</u>	<u>18,367</u>	<u>277</u>	<u>225</u>	<u>-</u>	<u>8,856</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	1,414	932	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	-	-	<u>1,414</u>	<u>932</u>	-	-
Total liabilities and fund balances	<u>\$ 9,058</u>	<u>\$ 18,367</u>	<u>\$ 1,691</u>	<u>\$ 1,157</u>	<u>\$ -</u>	<u>\$ 8,856</u>

TOWN OF ACTON, MAINE

SCHEDULE E (CONTINUED)

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	State Stabilization	ARRA Local Entitlement		ARRA Preschool	Totals
		Entitlement	Preschool		
ASSETS					
Due from other governments	\$ -	\$ -	\$ -	\$ -	\$ 37,679
Due from other funds	-	-	-	-	1,450
Total assets	\$ -	\$ -	\$ -	\$ -	\$ 39,129
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,219
Accrued expenses	-	-	-	-	-
Due to other funds	-	-	-	-	32,564
Total liabilities	-	-	-	-	36,783
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	2,346
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	-	-	-	-	2,346
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ -	\$ 39,129

See accompanying independent auditors' report.

SCHEDULE F

TOWN OF ACTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Local Entitlement	Title IA	Title IIA	Rural Education Achievement	Local Entitlement Preschool	Federal Ed Jobs Bill
Revenues						
Intergovernmental revenue	\$ 102,127	\$ 61,565	\$ 12,518	\$ 1,157	\$ 895	\$ 51,096
Total revenues	102,127	61,565	12,518	1,157	895	51,096
Expenditures						
Education	88,512	61,590	10,990	1,157	895	52,292
Total expenditures	88,512	61,590	10,990	1,157	895	52,292
Excess of revenues over (under) expenditures	13,615	(25)	1,528	-	-	(1,196)
Other financing sources (uses)						
Operating transfers in	1,434	-	-	-	-	628
Operating transfers (out)	-	(2)	(1,642)	-	(574)	-
Total other financing sources (uses)	1,434	(2)	(1,642)	-	(574)	628
Excess of revenues and other sources over (under) expenditures and other (uses)	15,049	(27)	(114)	-	(574)	(568)
Fund balances - July 1	(15,049)	27	1,528	932	574	568
Fund balances - June 30	\$ -	\$ -	\$ 1,414	\$ 932	\$ -	\$ -

SCHEDULE F (CONTINUED)

TOWN OF ACTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	State Stabilization	ARRA Local Entitlement	ARRA Preschool	Totals
Revenues				
Intergovernmental revenue	\$ 42,914	\$ -	\$ -	\$ 272,272
Total revenues	<u>42,914</u>	<u>-</u>	<u>-</u>	<u>272,272</u>
Expenditures				
Education	32,222	14,662	981	263,301
Total expenditures	<u>32,222</u>	<u>14,662</u>	<u>981</u>	<u>263,301</u>
Excess of revenues over (under) expenditures	<u>10,692</u>	<u>(14,662)</u>	<u>(981)</u>	<u>8,971</u>
Other financing sources (uses)				
Operating transfers in	-	491	-	2,553
Operating transfers (out)	(335)	-	-	(2,553)
Total other financing sources (uses)	<u>(335)</u>	<u>491</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other (uses);	10,357	(14,171)	(981)	8,971
Fund balances - July 1	(10,357)	14,171	981	(6,625)
Fund balances - June 30	\$ -	\$ -	\$ -	\$ 2,346

See accompanying independent auditors' report.

Permanent Funds Description

To account for assets held by Town of Acton, Maine in trust or as an agent for individuals, private organizations, other governmental units and/or other funds.

TOWN OF ACTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2012

	Cemetery Fund	Holdsworth Scholarship	Lawrence Family Trust	Dorothy Dunnells	Holdsworth Trust	Totals
ASSETS						
Cash and cash equivalents	\$ 9,598	\$ 53,683	\$ 3,171	\$ 9,050	\$ -	\$ 75,502
Investments	-	-	-	-	30,177	30,177
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 9,598</u>	<u>\$ 53,683</u>	<u>\$ 3,171</u>	<u>\$ 9,050</u>	<u>\$ 30,177</u>	<u>\$ 105,679</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Due to other funds	\$ -	\$ 4,000	\$ 1,200	\$ 300	\$ -	\$ 5,500
Total liabilities	<u>-</u>	<u>4,000</u>	<u>1,200</u>	<u>300</u>	<u>-</u>	<u>5,500</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	9,598	49,683	1,971	8,750	30,177	100,179
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>9,598</u>	<u>49,683</u>	<u>1,971</u>	<u>8,750</u>	<u>30,177</u>	<u>100,179</u>
Total liabilities and fund balances	<u>\$ 9,598</u>	<u>\$ 53,683</u>	<u>\$ 3,171</u>	<u>\$ 9,050</u>	<u>\$ 30,177</u>	<u>\$ 105,679</u>

See accompanying independent auditors' report.

SCHEDULE J

TOWN OF ACTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Cemetery Fund	Holdsworth Scholarship	Lawrence Family Trust	Dorothy Dunnells	Holdsworth Trust	Totals
Revenues						
Investment income	\$ 15	\$ 591	\$ 5	\$ 16	\$ 72	\$ 699
Other income	-	-	-	-	-	-
Total revenues	<u>15</u>	<u>591</u>	<u>5</u>	<u>16</u>	<u>72</u>	<u>699</u>
Expenditures						
Cemetery expenses	-	-	-	-	-	-
Scholarship / other	-	2,000	1,200	300	-	3,500
Total expenditures	-	<u>2,000</u>	<u>1,200</u>	<u>300</u>	-	<u>3,500</u>
Excess of revenues over (under) expenditures	15	(1,409)	(1,195)	(284)	72	(2,801)
Other financing sources (uses)						
Operating transfers (out)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other (uses)	15	(1,409)	(1,195)	(284)	72	(2,801)
Fund balances - July 1	9,583	51,092	3,166	9,034	30,105	102,980
Fund balances - June 30	<u>\$ 9,598</u>	<u>\$ 49,683</u>	<u>\$ 1,971</u>	<u>\$ 8,750</u>	<u>\$ 30,177</u>	<u>\$ 100,179</u>

See accompanying independent auditors' report.

General Capital Assets

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

SCHEDULE K

TOWN OF ACTON, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2012

	Land, Non- Depreciable Infrastructure and Construction in Progress	Buildings Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Total
Public safety	\$ 37,500	\$ 591,500	\$ 555,126	\$ 1,184,126
Highway	-	145,000	22,800	167,800
Education	-	4,538,610	797,474	5,336,084
Transfer station	-	124,515	49,905	174,420
Parks / recreation	29,000	128,100	-	157,100
Town-wide	43,700	251,895	48,433	344,028
Total General Capital Assets	110,200	5,779,620	1,473,738	7,363,558
Less: Accumulated Depreciation	-	(3,258,809)	(1,129,124)	(4,387,933)
Net General Capital Assets	\$ 110,200	\$ 2,520,811	\$ 344,614	\$ 2,975,625

See accompanying independent auditors' report.

TOWN OF ACTON, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2012

	General Capital Assets 7/1/11	Additions	Deletions	General Capital Assets 6/30/12
Public safety	\$ 1,184,126	\$ -	-	\$ 1,184,126
Highway	167,800	-	-	167,800
Education	5,300,284	35,800	-	5,336,084
Transfer station	174,420	-	-	174,420
Parks / recreation	157,100	-	-	157,100
Town-wide	<u>344,028</u>	<u>-</u>	<u>-</u>	<u>344,028</u>
Total General Capital Assets	7,327,758	35,800	-	7,363,558
Less: Accumulated Depreciation	<u>(4,169,926)</u>	<u>(218,007)</u>	<u>-</u>	<u>(4,387,933)</u>
Net General Capital Assets	<u>\$ 3,157,832</u>	<u>\$ (182,207)</u>	<u>\$ -</u>	<u>\$ 2,975,625</u>

See accompanying independent auditors' report.



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

August 23, 2012

Board of Selectmen
Town of Acton
Acton, Maine

We have audited the financial statements of the Town of Acton, Maine for the year ended June 30, 2012 and have issued our report thereon dated August 23, 2012. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place, and have reviewed the annual financial report that was submitted to the Department for accuracy. In addition we have reviewed quarterly EF-U-415 reports for the year ended June 30, 2012 and the Town's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, the Town of Acton, Maine, complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Acton, Maine was in noncompliance with, or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Town and have attached the following schedule as it relates to the reconciliation of audit adjustments to the initial annual financial data submitted to the MEDMS financial system maintained at the Town.

This report is intended solely for the information of the Board of Selectmen, management and the Department of Education. This report is not intended to be and should not be used by anyone other than the specified parties.

RHR Smith & Company

Certified Public Accountants

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TOWN OF ACTON, MAINE

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED
 TO THE MEDMS FINANCIAL SYSTEM
 FOR THE YEAR ENDED JUNE 30, 2012

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Fund (3000)	Totals
June 30 Balance per MEDMS financial System	\$ 687,207	\$ 2,346	\$ -	\$ 689,553
Revenue Adjustments:				
Expenditure Adjustments:				
Audited GAAP Basis Fund balance June 30	<u>\$ 687,207</u>	<u>\$ 2,346</u>	<u>\$ -</u>	<u>\$ 689,553</u>