

**Financial Statements**

**Town of Madison, Maine**

**June 30, 2011**

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## Town of Madison, Maine

June 30, 2011

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## **Independent Auditors' Report**

**To the Selectboard  
Town of Madison  
Madison, Maine**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Madison, Maine, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these basic 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Madison, Maine as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund, thereof and 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 page 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. 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.

As described in Note A to the financial statements, the Town implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. Certain prior year fund balance amounts have been restated to reflect the provisions of GASB Statement No. 54.

Purdy Powus & Company  
Professional Association

Portland, Maine  
October 31, 2011

## Management's Discussion and Analysis

As management of the Town of Madison, Maine, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2011. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### Financial Highlights

- The Town's assets exceeded liabilities by approximately \$9.834 million as of June 30, 2011, compared to approximately \$9.22 million as of June 30, 2010.

For the Town as a whole changes in net assets from one year to the next is one way to measure the Town's financial health. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. The net increase of \$612,506 for this fiscal year as well as an increase of \$1,014,431 the previous year is an indication of our financial strength going forward.

- The Town's governmental funds General Fund Balance was \$2.28 million as of June 30, 2011, compared to \$1.78 million as of June 30, 2010.

Within the General Fund, actual revenues exceeded actual expenditures by \$499,963.

### Overview of the Financial Statements

The Management's Discussion and Analysis introduces the Town's basic financial statements. The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Town also includes in this report supplemental information to the basic financial statements.

### Government-wide Financial Statements

The government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements provide information about the activities of the Town as a whole and present both a long-term and short-term view of the Town's finances. Financial reporting at this level is similar to the accounting used by most private-sector companies.

## Management's Discussion and Analysis - Continued

### Town of Madison, Maine

The Statement of Net Assets includes all assets and liabilities, with the difference reported as net assets. Evaluation of the overall economic health requires other non-financial factors, such as changes in the Town's property tax base and the condition of the Town's roads, as well as many others.

The Statement of Activities reports the current year change in net assets. This statement includes all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Activities are divided into two kinds of activities:

- **Governmental activities:** Most of the Town's basic services are reported here, including general government, public safety, public works, public health, economic development, library and recreation services, and unclassified (cemetery, county tax, community service donations, and general assistance). All other governmental revenues are reported as miscellaneous. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.
- **Business-type activities:** The Town's community access television channel is reported as a business-type activity. Revenue is generated via town franchise fees and through sponsorships sold to advertisers and other users.

### Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The Town has the following fund types:

- **Governmental funds** are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. Since the government-wide focus includes the long-term view, comparisons between these two perspectives provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.
- **Proprietary funds** are reported in the fund financial statements and generally report services for which the Town charges customers or users a fee. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds.

## Management's Discussion and Analysis - Continued

### Town of Madison, Maine

#### Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

#### Financial Analysis of the Town as a Whole - Government-wide Financial Statements

The following schedule is a summary of nets assets for the years ended June 30, 2011 and 2010:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>2011</u>	<u>2010</u>	<u>Change</u>
Current and other assets	\$ 3,419,113	\$ 2,674,488	\$ 744,625	\$ 21,257	\$ 8,791	\$ 12,466
Capital assets	<u>6,527,500</u>	<u>6,683,988</u>	<u>(156,488)</u>	<u>10,587</u>	<u>240</u>	<u>10,347</u>
<b>Total Assets</b>	9,946,613	9,358,476	588,137	31,844	9,031	22,813
Long-term liabilities	17,544	18,960	(1,416)	-	-	-
Other liabilities	<u>95,180</u>	<u>118,133</u>	<u>(22,953)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	112,724	137,093	(24,369)	-	-	-
Net assets:						
Invested in capital assets, net of related debt	6,527,500	6,681,698	(154,198)	10,587	240	10,347
Restricted	749,561	28,046	721,515	-	-	-
Unrestricted	<u>2,556,828</u>	<u>2,511,639</u>	<u>45,189</u>	<u>21,257</u>	<u>8,791</u>	<u>12,466</u>
	<u>\$ 9,833,889</u>	<u>\$ 9,221,383</u>	<u>\$ 612,506</u>	<u>\$ 31,844</u>	<u>\$ 9,031</u>	<u>\$ 22,813</u>

The major increase to the current and other assets of the governmental activities relate to the actual revenues, collected and exceeding, the expenditures for the year by \$499,963. Also the amount of Tax Increment Financing revenue collected from Backyard Farms and retained for Economic Development increased by \$196,499 for the year. The depreciation of capital assets along with the lack of funding for continued road resurfacing program led to the decrease in the capital assets for 2011.

Business-type activities for Channel 11 public access has increased both in the current and other assets category, as well as the capital assets with the purchase of updated equipment.

## Management's Discussion and Analysis - Continued

### Town of Madison, Maine

The following schedule is a summary of the statement of activities for the years ended June 30, 2011 and 2010:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>2011</u>	<u>2010</u>	<u>Change</u>
Revenues:						
Program revenues:						
Charges for services	\$ 108,018	\$ 90,512	\$ 17,506	\$ 4,005	\$ 5,495	\$(1,490)
Operating grants and contributions	104,886	111,602	(6,716)	57,317	19,682	37,635
Capital grants and contributions	85,000	-	85,000	-	-	-
General revenues						
Taxes	8,374,211	8,292,302	81,909	-	-	-
Intergovernmental	900,813	727,533	173,280	-	-	-
Investment return	64,766	75,022	(10,256)	-	-	-
All others	100,263	69,969	30,294	-	-	-
<b>Total Revenues</b>	<u>9,737,957</u>	<u>9,366,940</u>	<u>371,017</u>	<u>61,322</u>	<u>25,177</u>	<u>36,145</u>
Expenses:						
General government	618,375	573,356	45,019	-	-	-
Public safety	1,004,588	833,368	171,220	-	-	-
Public works	779,146	715,345	63,801	-	-	-
Public health	391,335	359,312	32,023	-	-	-
Education	4,787,621	4,384,997	402,624	-	-	-
Library and recreation services	166,351	176,243	(9,892)	-	-	-
Economic development	106,997	93,612	13,385	-	-	-
Unclassified	1,232,137	1,198,032	34,105	-	-	-
Capital improvements	38,558	17,901	20,657	-	-	-
Interest on long-term debt	343	343	-	-	-	-
Community access television	-	-	-	38,509	29,863	8,646
<b>Total Expenses</b>	<u>9,125,451</u>	<u>8,352,509</u>	<u>772,942</u>	<u>38,509</u>	<u>29,863</u>	<u>8,646</u>
<b>Change in Net Assets</b>	<u>\$ 612,506</u>	<u>\$ 1,014,431</u>	<u>\$ (401,925)</u>	<u>\$ 22,813</u>	<u>\$ (4,686)</u>	<u>\$ 27,499</u>

The tax commitment decreased \$105,659 for the fiscal year 2011 for the following reasons: County government assessment increased \$45,997, MSAD #59 assessment increased \$402,624, Municipal appropriation decreased \$585,514, State Revenue Sharing decreased \$117,559, Homestead Reimbursement decreased \$28,404, Proprietary Fund revenues decreased \$43,070, and State Beta Reimbursement increased \$206,367.

## Management's Discussion and Analysis - Continued

### Town of Madison, Maine

Public Works highway garage received a new energy efficient roof; two solar powered flashing stop signs were installed at the intersection of Old County Rd, Ward Hill Rd and Route 148; and new LED light bulbs were installed in the downtown business district street lamps as a result of a Federal capital grant in the amount of \$85,000. "The Pines", located on Father Ralse Rd, received a Federal conservation grant in the amount of \$25,600 to restore the walking trails, improve access to the Kennebec River and to promote education of the sites historical value. Police Department received a few small grants for OUI and seat belt awareness.

The following is a statement of the changes in net assets for the year ending June 30, 2011

	<b>Governmental Activities</b>	<b>Business Activities</b>	<b>Total</b>
Beginning net assets	\$ 9,221,383	\$ 9,031	\$ 9,230,414
Increase (Decrease) in net assets	<u>612,506</u>	<u>22,813</u>	<u>635,319</u>
Ending net assets	<u>\$ 9,833,889</u>	<u>\$ 31,844</u>	<u>\$ 9,865,733</u>

#### Financial Analysis of the Town's Funds - Fund Financial Statements

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

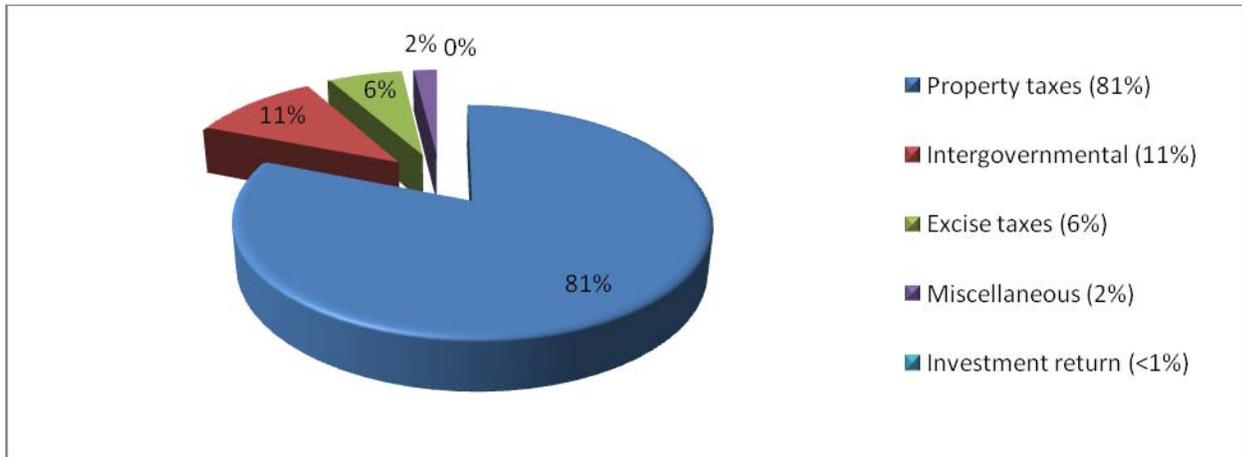
As of the end of the current fiscal year, the Town of Madison, Maine governmental funds reported combined ending fund balances at June 30, 2011 of \$3.1 million. Approximately 67% of this total constitutes unassigned fund balances, which is available for spending at the government's discretion. The remainder of fund balance is set aside to indicate that it is not available for new spending. A \$28,046 portion is labeled non-spendable in the permanent funds because it represents non-expendable principal and another \$55,330 portion is labeled non-spendable in the special revenue funds because it is the long-term portion of the loans receivable. The remaining restricted and assigned balances of \$954,726 in the permanent, special revenue, and general fund are designated for subsequent years' expenditures.

The general fund is the central operating fund of the Town of Madison, Maine. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,046,044. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 24% of the total general fund expenditures.

## Management's Discussion and Analysis - Continued

### Town of Madison, Maine

The Town's general fund operating fund revenues on a budgetary basis were as follows:

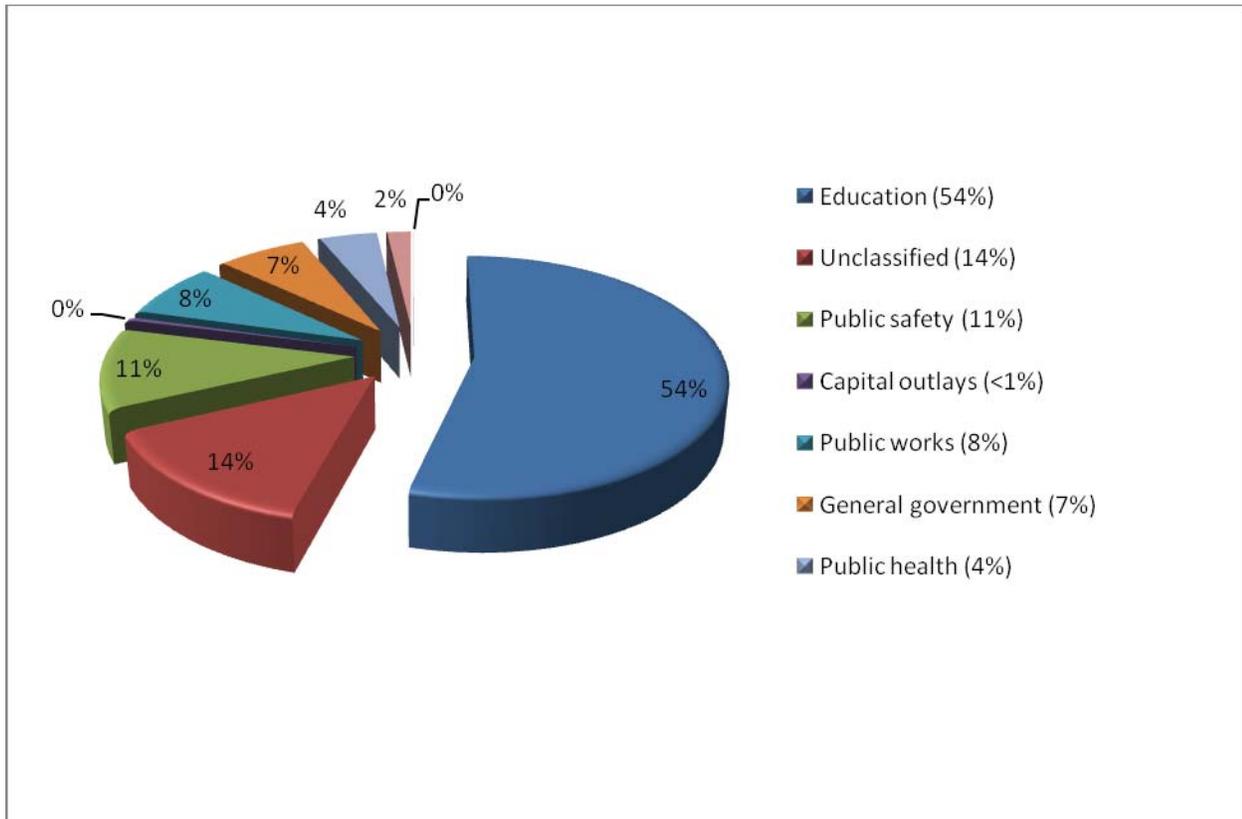


Obviously the majority of the Town's revenue comes from real estate and personal property taxes (81%). Other sources of revenue include Intergovernmental revenue (11%), which includes state revenue sharing and funds from Maine Department of Transportation for highway plowing. We receive (6%) of our revenue from excise tax primarily from automobiles. Miscellaneous revenue (2%) are the revenues such as agent fees for licensing, building permits, plumbing permits and all other user/license fees.

## Management's Discussion and Analysis - Continued

### Town of Madison, Maine

The Town's general fund operating fund expenditures on a budgetary basis were as follows:



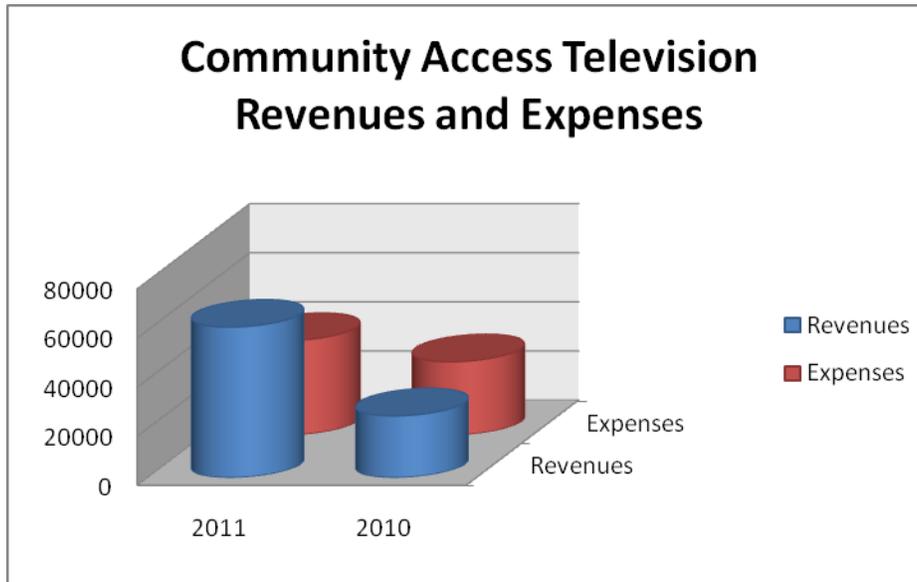
The largest expense for the Town is education at 54%. The dollar value for education is \$4,787,621. Other major expenses fall under the unclassified category and include County government, cemetery expenses and other community programs. Public safety makes up 11% of the total budget; this includes Ambulance, Police, Fire, Animal Control, street lights and fire hydrants. This year the capital outlay was less than 1% as a result of the Town meeting vote to reduce the budget by removing all road surface expenditures.

## Management's Discussion and Analysis - Continued

### Town of Madison, Maine

#### Business-type Activities

The one fund that is classified as a business-type fund is the Community Access Television fund.



Unrestricted net assets of the Community access television fund increased from \$9,031 at June 30, 2010 to \$31,844 at June 30, 2011. The increase in net assets of \$22,813 represents the operating profit from operations.

#### General Fund Budgetary Highlights

A comparison of the Town's approved budget to the actual revenues and expenditures appears on page 10.

It is difficult to estimate the actual revenue that will be received from one year to the next. In 2011 revenue from property tax received was comparable to the previous year. The excise tax revenue actually received was \$51,630 more than anticipated. Investment return revenue showed a decline of \$11,968 due to the volatility of the current economic market.

## **Management's Discussion and Analysis - Continued**

### **Town of Madison, Maine**

#### **Capital Assets**

At the end of June 30, 2011, the Town had \$10.74 million invested in capital assets including police, fire and highway equipment, buildings, roads, and park facilities. This represents a net increase of just over \$69,000 or 1% over last year.

A police cruiser was purchased for \$20,668 and added to the fleet. The new roof at the Public Works highway garage also added to the capital asset value.

#### **Debt**

The Town has no outstanding bonds or notes and no new debt was issued this year.

#### **Economic Factors and Next Year's Budgets and Rates**

The mill rate will increase slightly in the coming year as the costs to operate continue to increase. The Maine Department of Transportation's White Schoolhouse Road rebuilding project will be completed in the summer. The Town's share of the cost will be \$ 200,000 and will be funded out of the undesignated funds. The Town will be selling the old Main Street School; the prospective buyer will be developing a small hotel and restaurant on the property. Madison is considering the possibility of bonding \$ 72 million to finance a natural gas pipeline from Richmond, Maine to Madison. The question will be on the November 8, 2011 ballot seeking voter approval.

#### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, 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 Office at 26 Weston Avenue, Madison, Maine or call 696-3971.

## Statement of Net Assets

### Town of Madison, Maine

As of June 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 740,927	\$ -	\$ 740,927
Investments	2,240,233	-	2,240,233
Accounts receivable	27,655	1,107	28,762
Taxes receivable	266,545	-	266,545
Tax liens receivable	103,653	-	103,653
Loans receivable	60,250	-	60,250
Internal balances	(20,150)	20,150	-
Capital assets, net of accumulated depreciation	<u>6,527,500</u>	<u>10,587</u>	<u>6,538,087</u>
<b>Total Assets</b>	9,946,613	31,844	9,978,457
<b>Liabilities</b>			
Accounts payable	47,648	-	47,648
Taxes paid in advance	13,329	-	13,329
Long-term liabilities:			
Portion due or payable within one year:			
Accrued compensated absences	34,203	-	34,203
Portion due or payable after one year:			
Accrued compensated absences	<u>17,544</u>	<u>-</u>	<u>17,544</u>
<b>Total Liabilities</b>	<u>112,724</u>	<u>-</u>	<u>112,724</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	6,527,500	10,587	6,538,087
Restricted, expendable	721,515	-	721,515
Restricted for endowments, nonexpendable	28,046	-	28,046
Unrestricted	<u>2,556,828</u>	<u>21,257</u>	<u>2,578,085</u>
<b>Total Net Assets</b>	<u>\$ 9,833,889</u>	<u>\$ 31,844</u>	<u>\$ 9,865,733</u>

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

# Statement of Activities

## Town of Madison, Maine

For the Year Ended June 30, 2011

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 618,375	\$ 55,712	\$ -	\$ -	\$ (562,663)		\$ (562,663)
Public safety	1,004,588	8,508	10,237	-	(985,843)		(985,843)
Public works	779,146	35,125	70,584	85,000	(588,437)		(588,437)
Public health	391,335	-	-	-	(391,335)		(391,335)
Education	4,787,621	-	-	-	(4,787,621)		(4,787,621)
Library and recreation services	166,351	8,673	6,090	-	(151,588)		(151,588)
Economic development	106,997	-	-	-	(106,997)		(106,997)
Unclassified	1,232,137	-	17,975	-	(1,214,162)		(1,214,162)
Capital improvements	38,558	-	-	-	(38,558)		(38,558)
Interest on long-term debt	343	-	-	-	(343)		(343)
<b>Total Governmental Activities</b>	<b>9,125,451</b>	<b>108,018</b>	<b>104,886</b>	<b>85,000</b>	<b>(8,827,547)</b>		<b>(8,827,547)</b>
<b>Business-type Activities:</b>							
Community access television	38,509	4,005	57,317	-	-	\$ 22,813	22,813
<b>Total Business-type Activities</b>	<b>38,509</b>	<b>4,005</b>	<b>57,317</b>	<b>-</b>	<b>-</b>	<b>22,813</b>	<b>22,813</b>
<b>Total Primary Government</b>	<b>\$ 9,163,960</b>	<b>\$ 112,023</b>	<b>\$ 162,203</b>	<b>\$ 85,000</b>	<b>(8,827,547)</b>	<b>22,813</b>	<b>(8,804,734)</b>
General revenues:							
Taxes					8,374,211	-	8,374,211
Intergovernmental					900,813	-	900,813
Contributions					2,475	-	2,475
Investment return					64,766	-	64,766
Miscellaneous					104,146	-	104,146
Gain (loss) on disposal of capital assets					(6,358)	-	(6,358)
<b>Total General Revenues</b>					<b>9,440,053</b>	<b>-</b>	<b>9,440,053</b>
<b>Change in Net Assets</b>					<b>612,506</b>	<b>22,813</b>	<b>635,319</b>
Net assets at beginning of year					9,221,383	9,031	9,230,414
<b>Net Assets at End of Year</b>					<b>\$ 9,833,889</b>	<b>\$ 31,844</b>	<b>\$ 9,865,733</b>

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

## Balance Sheet - Governmental Funds

### Town of Madison, Maine

As of June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash	\$ 394,399	\$ 346,528	\$ 740,927
Investments	1,878,148	362,085	2,240,233
Accounts receivable	27,655	-	27,655
Taxes receivable	266,545	-	266,545
Tax liens receivable	103,653	-	103,653
Loans receivable	-	60,250	60,250
Due from other funds	2,817	38,845	41,662
	<u>2,817</u>	<u>38,845</u>	<u>41,662</u>
<b>Total Assets</b>	<b>\$ 2,673,217</b>	<b>\$ 807,708</b>	<b>\$ 3,480,925</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 47,648	\$ -	\$ 47,648
Due to other funds	58,995	2,817	61,812
Taxes paid in advance	13,329	-	13,329
Deferred property taxes	217,000	-	217,000
Accrued compensated absences	51,747	-	51,747
	<u>51,747</u>	<u>-</u>	<u>51,747</u>
<b>Total Liabilities</b>	<b>388,719</b>	<b>2,817</b>	<b>391,536</b>
<b>Fund Balances</b>			
Nonspendable:			
Special revenue funds	-	55,330	55,330
Permanent funds	-	28,046	28,046
Restricted:			
Permanent funds	-	235,031	235,031
Special revenue funds	-	486,484	486,484
Assigned:			
General fund	238,454	-	238,454
Unassigned:			
General fund	2,046,044	-	2,046,044
	<u>2,046,044</u>	<u>-</u>	<u>2,046,044</u>
<b>Total Fund Balances</b>	<b>2,284,498</b>	<b>804,891</b>	<b>3,089,389</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,673,217</b>	<b>\$ 807,708</b>	<b>\$ 3,480,925</b>

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

**Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Assets**

**Town of Madison, Maine**

**As of June 30, 2011**

**Total Fund Balances - Governmental Funds** \$ 3,089,389

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 as assets in governmental  
funds. The cost of capital assets, net of accumulated depreciation is: 6,527,500

Property tax revenues are presented on the modified accrual basis  
of accounting in the governmental funds but in the Statement of  
Activities, property tax revenue is reported under the accrual method.  
The balance in deferred property tax revenue in the governmental  
funds as a liability is: 217,000

**Total Net Assets - Governmental Activities** \$ 9,833,889

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

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds**

**Town of Madison, Maine**

**For the Year Ended June 30, 2011**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Taxes			
Property	\$ 7,634,934	\$ 470,490	\$ 8,105,424
Excise	629,130	-	629,130
Intergovernmental	867,334	238,645	1,105,979
Contributions	-	2,475	2,475
Investment return	2,196	62,570	64,766
Miscellaneous	196,068	816	196,884
<b>Total Revenues</b>	<u>9,329,662</u>	<u>774,996</u>	<u>10,104,658</u>
<b>Expenditures</b>			
Current			
General government	602,641	-	602,641
Public safety	956,421	-	956,421
Public works	669,771	-	669,771
Public health	391,335	-	391,335
Education	4,787,621	-	4,787,621
Library and recreation services	161,192	2,860	164,052
Economic development	-	106,997	106,997
Unclassified	1,229,963	2,174	1,232,137
Tax increment financing credit	-	329,343	329,343
Debt service - principal	2,067	-	2,067
- interest	343	-	343
Capital outlays	40,824	23,402	64,226
<b>Total Expenditures</b>	<u>8,842,178</u>	<u>464,776</u>	<u>9,306,954</u>
<b>Revenues Over (Under) Expenditures</b>	487,484	310,220	797,704
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	12,479	-	12,479
Operating transfers out	-	(12,479)	(12,479)
<b>Total Other Financing Sources (Uses)</b>	<u>12,479</u>	<u>(12,479)</u>	<u>-</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	499,963	297,741	797,704
Fund balances at beginning of year	<u>1,784,535</u>	<u>507,150</u>	<u>2,291,685</u>
<b>Fund Balances at End of Year</b>	<u>\$ 2,284,498</u>	<u>\$ 804,891</u>	<u>\$ 3,089,389</u>

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

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities**

**Town of Madison, Maine**

**As of June 30, 2011**

**Net Change in Fund Balances - Total Governmental Funds** \$ 797,704

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions differed from depreciation expense in the current period:

Capital asset additions	\$ 90,168	
Depreciation expense	<u>(235,797)</u>	(145,629)

Property tax revenues are presented on the modified accrual basis of accounting in the governmental funds but in the Statement of Activities, property tax revenue is reported under the accrual method. The current year change in deferred property tax revenue reported in the governmental funds and not in the Statement of Activities is:

(31,000)

Governmental funds report the sale of capital assets as revenues. However in the Statement of Activities, the sale of those assets is recognized as a gain or loss, depending on the sale and accumulated depreciation amounts.

Proceeds from the sale of capital assets	(4,500)	
Loss on sale of capital assets	<u>(6,358)</u>	
Net book value of capital assets sold		(10,858)

Bond proceeds and entering into capital lease obligations provide current resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount of long-term debt repayments in the current period:

Reduction in capital lease obligation		<u>2,289</u>
---------------------------------------	--	--------------

**Change in Net Assets of Governmental Activities** \$ 612,506

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

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - General Fund (Budgetary Basis)**

**Town of Madison, Maine**

**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Taxes				
Property	\$ 8,074,088	\$ 8,074,088	\$ 8,105,424	\$ 31,336
Excise	577,500	577,500	629,130	51,630
Intergovernmental	940,453	1,038,594	1,078,729	40,135
Investment return	12,000	12,000	32	(11,968)
Miscellaneous	89,850	106,486	196,068	89,582
<b>Total Revenues</b>	<u>9,693,891</u>	<u>9,808,668</u>	<u>10,009,383</u>	<u>200,715</u>
<b>Expenditures</b>				
Current				
General government	589,949	603,089	602,641	448
Public safety	995,222	995,222	956,421	38,801
Public works	620,679	705,679	669,771	35,908
Public health	406,010	406,010	391,335	14,675
Education	4,787,621	4,787,621	4,787,621	-
Library and recreation services	169,126	169,126	161,192	7,934
Unclassified	1,199,533	1,216,170	1,229,963	(13,793)
Debt service - principal	2,067	2,067	2,067	-
- interest	343	343	343	-
Capital outlays	79,303	79,303	40,824	38,479
<b>Total Expenditures</b>	<u>8,849,853</u>	<u>8,964,630</u>	<u>8,842,178</u>	<u>122,452</u>
<b>Revenues Over (Under) Expenditures</b>	844,038	844,038	1,167,205	323,167
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	14,980	14,980	12,479	(2,501)
Operating transfers out	(681,885)	(681,885)	(681,885)	-
Utilization of assigned fund balance	98,485	98,485	-	(98,485)
<b>Total Other Financing Sources (Uses)</b>	<u>(568,420)</u>	<u>(568,420)</u>	<u>(669,406)</u>	<u>(100,986)</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses on the Budgetary Basis</b>	<u>\$ 275,618</u>	<u>\$ 275,618</u>	497,799	<u>\$ 222,181</u>
Budgetary fund balance at beginning of year			<u>1,610,865</u>	
<b>Budgetary Fund Balance at End of Year</b>			<u>\$ 2,108,664</u>	

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

**Statement of Net Assets**  
**Proprietary Fund - Business-type Activities - Enterprise Fund**

**Town of Madison, Maine**

**As of June 30, 2011**

	<u>Community Access Television</u>
<b>Assets</b>	
Accounts receivable	\$ 1,107
Due from other funds	<u>20,150</u>
<b>Total Current Assets</b>	21,257
<b>Capital Assets</b>	
Equipment	46,979
Accumulated depreciation	<u>(36,392)</u>
<b>Net Capital Assets</b>	<u>10,587</u>
<b>Total Assets</b>	31,844
<b>Liabilities</b>	<u>-</u>
<b>Net Assets</b>	
Invested in capital assets	10,587
Unrestricted	<u>21,257</u>
<b>Total Net Assets</b>	<u>\$ 31,844</u>

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

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Fund - Business-type Activities - Enterprise Fund**

**Town of Madison, Maine**

**For the Year Ended June 30, 2011**

	<u>Community Access Television</u>
<b>Operating Revenues</b>	
Cable franchise fees	\$ 57,207
Sponsorships	4,005
Donations	110
	<u>61,322</u>
<b>Total Operating Revenues</b>	<b>61,322</b>
<b>Operating Expenses</b>	
Contract labor and benefits	29,112
Office supplies	2,201
Rent	2,400
Repairs	602
Utilities	2,076
Depreciation expense	2,118
	<u>38,509</u>
<b>Total Operating Expenses</b>	<b>38,509</b>
	<b>Operating Profit (Loss) 22,813</b>
Net assets at beginning of year	<u>9,031</u>
<b>Net Assets at End of Year</b>	<b><u>\$ 31,844</u></b>

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

**Statement of Cash Flows**  
**Proprietary Fund - Business-type Activities - Enterprise Fund**

**Town of Madison, Maine**

**For the Year Ended June 30, 2011**

	Community Access Television
<b>Cash Flows from Operating Activities</b>	
Receipts from franchise fees	\$ 44,741
Receipts from sponsors	4,005
Receipts from donations	110
Payments to suppliers	(7,279)
Payments for contract labor	(29,112)
<b>Net Cash Provided by Operating Activities</b>	<u>12,465</u>
<b>Cash Flows from Capital Activities</b>	
Purchase of equipment	<u>(12,465)</u>
<b>Net Cash Used by Capital Activities</b>	<u>(12,465)</u>
<b>Increase (Decrease) in Cash</b>	-
Cash at beginning of year	<u>-</u>
<b>Cash at End of Year</b>	<u><u>\$ -</u></u>
<b>Reconciliation of Operating Profit (Loss) to</b>	
<b>Net Cash Provided (Used) by Operating Activities:</b>	
Operating profit (loss)	\$ 22,813
Adjustments to reconcile operating profit (loss) to net cash provided (used) by operating activities:	
Depreciation expense	2,118
(Increase) decrease in operating assets:	
Accounts receivable	(1,107)
Due from other funds	(11,359)
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 12,465</u></u>

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

## **Notes to Financial Statements**

# **Town of Madison, Maine**

### **Note A - Summary of Significant Accounting Policies**

The Town of Madison, Maine operates under a Selectboard - Town Manager form of government. The accounting policies of the Town of Madison, Maine, conform to United States generally accepted accounting principles (GAAP). The Town applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The more significant accounting policies established in GAAP and used by the Town are discussed below.

#### **Principles Determining Scope of Reporting Entity**

The basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in GAAP include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Town holds the corporate powers of the organization
- the Town appoints a voting majority of the organization's board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is fiscal dependency by the organization on the Town

Based on the aforementioned criteria, the Town of Madison has no component units.

#### **Basis of Presentation**

##### **Government-wide Financial Statements**

The statement of net assets and statement of activities report information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. 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 services for support.

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 does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges 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 as general revenues.

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

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

##### Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures.

##### Governmental Activities

Governmental funds are identified as either general, special revenue, capital projects, or permanent funds based upon the following guidelines.

The *General Fund* is the operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* are used to account for the proceeds of specific sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

*Permanent Funds* are used to account for resources legally held in trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization as stipulated by the specific trust instrument.

##### Proprietary (Business-type) Activities

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.

*Enterprise Funds* are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that 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.

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Town's proprietary funds are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 they are needed.

#### **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 is related to the timing of the measurements made, regardless of the measurement focus applied.

#### **Accrual**

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

#### **Modified Accrual**

Governmental funds 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 within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

#### **Cash and Cash Equivalents**

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.

#### **Investments**

The Town follows GASBS No. 31, Accounting and Reporting of Certain Investments and External Investment Pools. Under GASBS No. 31, certain investments held by governments are reported at their fair value in the balance sheet. Fair value for investments are determined by quoted market values, except that fair value for the real estate investment trust investment is determined by reference to the current offer price for a new share from the issuer. Unrealized gains and losses are included in the statement of revenues, expenditures and changes in fund balance.

## **Notes to Financial Statements - Continued**

### **Town of Madison, Maine**

#### **Note A - Summary of Significant Accounting Policies - Continued**

##### **Inventories**

Inventories of supplies are considered to be expenditures at the time of purchase.

##### **Capital Assets**

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$10,000 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. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line method. Estimated useful lives are as follows: land improvements, 15 to 20 years; buildings and improvements, 20 to 50 years; infrastructure, 5 to 60 years; and vehicles and equipment, 3 to 15 years.

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

##### **Vacation and Sick Leave**

Under the terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service. The Town accrues unpaid vacation and sick leave when earned (or estimated to be earned) by the employee.

##### **Budget**

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

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

- Early in the second half of the last fiscal year the Town prepared a budget for this fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- A vote of the inhabitants of the Town was then taken for the purpose of adopting the proposed budget after public notice of the vote was given.
- The budget was adopted subsequent to passage by the inhabitants of the Town.

The Town does not adopt budgets for special revenue funds.

## **Notes to Financial Statements - Continued**

### **Town of Madison, Maine**

#### **Note A - Summary of Significant Accounting Policies - Continued**

##### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### **Interfund Activity**

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund loan receivables and payables as appropriate and are subject to elimination upon consolidation in the government-wide presentation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. Since not all funds maintain a separate cash account, cash is pooled in the General Fund cash account and activity for individual funds are recorded through the General Fund and each respective individual fund through the recognition of a "due to/due from" as appropriate. The due to/from other funds balances are subject to elimination upon consolidation in the government-wide presentation. All interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

##### **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs 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 is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### **Debt Issuance Costs**

In governmental funds, debt issuance costs are recognized in the current period. For the government-wide financial statements, governmental activity debt issuance costs are amortized over the life of the debt issue.

##### **Loans Receivable**

Amounts recorded as loans receivable represent loans made under an economic development program to local businesses. Management has determined that no allowance for loan losses is necessary at June 30, 2011. Bad debt expense for the year ended June 30, 2011 was \$27,119. The portion of the loans receivable balance expected to be collected beyond a period of one year is reported in the fund financial statements as nonspendable because those resources are unavailable for use in the near term.

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

##### **Revenue Recognition - Property Taxes**

The Town's property tax for the current year was levied August 9, 2010, on the assessed value listed as of April 1, 2010, for all real and personal property located in the Town. Taxes were due September 16, 2010, and March 16, 2011. Interest on unpaid taxes commenced on September 17, 2010 and March 17, 2011, at 6% 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 \$275,618 for the year ended June 30, 2011.

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

##### **Government-wide Fund Net Assets**

Government-wide net assets are divided into three components:

*Invested in capital assets, net of related debt* - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

*Restricted net assets* - consist of net assets that are restricted by the Town's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

*Unrestricted* - All other net assets are reported in this category.

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note A - Summary of Significant Accounting Policies - Continued

##### **Governmental Fund Balances**

In the governmental fund financial statements, fund balances are classified as follows:

*Nonspendable* - resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

*Restricted* - resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed through constitutional provisions or enabling legislation.

*Committed* - resources which are subject to limitations the government imposes upon itself at its highest level of design making, and that remain binding unless removed in the same manner.

*Assigned* - resources neither restricted nor committed for which a government has a stated intended use as established by the Selectboard or a body or official to which the Selectboard has designated the authority to assign amounts for specific purposes.

*Unassigned* - resources which cannot be properly classified in one of the other four categories.

##### **Use of Restricted Resources**

The Town has no formal fund balance policy. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

##### **New Accounting Pronouncements**

During the year ended June 30, 2011 the Town implemented Governmental Accounting Standards Board Statement (GASBS) No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. Certain prior year fund balance amounts have been restated to reflect the provisions of GASBS No. 54. See Note O for more information.

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note B - Cash and Investments

The Town conducts all its banking and investment transactions with depository bank and investment firms.

#### Deposits

##### Custodial Credit Risk

At June 30, 2011, the carrying amount of the Town's deposits was \$740,927 and the bank balance was \$856,682. The difference between these balances relates to deposits in transit, outstanding checks and cash on hand at year-end.

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does have a deposit policy on custodial credit risk. At June 30, 2011, \$79,374 of the Town's bank balance of \$856,682 was exposed to credit risk as follows:

Uninsured and uncollateralized: \$ 79,374

#### Investments

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, certain corporate stocks and bonds and mutual funds.

##### Interest Rate Risk

In accordance with the Town's investment policy, to the extent possible, investment maturities will be matched with anticipated cash requirements. At June 30, 2011, the Town had the following investments and maturities:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Maturity</u>		
			<u>Less than 1 year</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>
Repurchase agreement with bank	\$ 1,743,150	\$ ---	\$ 1,743,150	\$ ---	\$ ---
Real estate investment trust	34,201	34,201	---	---	---
Corporate stock	29,472	29,472	---	---	---
Mutual funds	433,410	433,410	---	---	---
	<u>\$ 2,240,233</u>	<u>\$ 497,083</u>	<u>\$ 1,743,150</u>	<u>\$ ---</u>	<u>\$ ---</u>

##### Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2011, the underlying securities held as collateral for the Town's repurchase agreement by the investment's counterparty, was not in the name of the Town.

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note B - Cash and Investments - Continued

##### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with the Town's investment policy, credit risk is minimized by diversifying investments held. At June 30, 2011 the Town had no investments subject to credit risk.

##### Concentration of Credit Risk

In accordance with the Town's investment policy, concentration of credit risk is minimized by diversifying investments held. At June 30, 2011 the Town had no investments subject to concentration of credit risk.

#### Note C - Capital Assets

A summary of capital assets transactions for the year ended June 30, 2011 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 958,590	\$ ---	\$ ---	\$ 958,590
Depreciable Assets:				
Buildings and improvements	982,103	60,000	---	1,042,103
Land improvements	6,367,805	5,000	---	6,372,805
Vehicles and equipment	<u>2,364,198</u>	<u>25,168</u>	<u>20,848</u>	<u>2,368,518</u>
Totals at historical cost	10,672,696	90,168	20,848	10,742,016
Less accumulated depreciation:				
Buildings and improvements	260,726	17,267	---	277,993
Land improvements	2,570,599	103,034	---	2,673,633
Vehicles and equipment	<u>1,157,383</u>	<u>115,496</u>	<u>9,989</u>	<u>1,262,890</u>
Total accumulated depreciation	<u>3,988,708</u>	<u>235,797</u>	<u>9,989</u>	<u>4,214,516</u>
Capital assets, Net	<u>\$ 6,683,988</u>	<u>\$ (145,629)</u>	<u>\$ 10,859</u>	<u>\$ 6,527,500</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
General government	\$ 15,956
Public safety	48,167
Public works	169,375
Library and recreation services	<u>2,299</u>
Total governmental activities depreciation expense	<u>\$ 235,797</u>

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note C - Capital Assets - Continued

Business-type Activities:

	Beginning Balance	Additions	Retirements	Ending Balance
Equipment	\$ 34,514	\$ 12,465	\$ ---	\$ 46,979
Less accumulated depreciation	<u>34,274</u>	<u>2,118</u>	<u>---</u>	<u>36,392</u>
Capital assets, Net	<u>\$ 240</u>	<u>\$ 10,347</u>	<u>\$ ---</u>	<u>\$ 10,587</u>

Depreciation expense of \$2,118 was charged to Community Access Television as an operating expense.

#### Note D - Interfund Transfers

Interfund transfers for the year ended June 30, 2011 consisted of the following amounts:

Governmental Activities	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
<u>General Fund:</u>			
<i>Other Governmental Funds:</i>			
Trust Funds:			
Cemetery	\$ <u>12,479</u>	\$ <u>---</u>	\$ 12,479
	<u>12,479</u>	<u>---</u>	
 <u>Other Governmental Funds:</u>			
<i>Trust Funds:</i>			
General Fund	<u>---</u>	<u>(12,479)</u>	<u>(12,479)</u>
	<u>---</u>	<u>(12,479)</u>	<u>(12,479)</u>
 Total Interfund Transfers	<u>\$ 12,479</u>	<u>\$ (12,479)</u>	<u>\$ ---</u>

Transfers are used to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note E - Interfund Receivables and Payables

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

	Receivables <u>Due from</u>	Payables <u>Due to</u>	Net Internal <u>Balances</u>
Governmental Activities			
<u>General Fund:</u>			
<i>Other Governmental Funds:</i>			
Special Revenue:			
Backyard Farms: Capture and Retain	\$ 2,817	\$ ---	
Revolving Loan Fund	<u>---</u>	<u>(38,845)</u>	
	2,817	(38,845)	
<i>Business-type Activities:</i>			
Enterprise Fund:			
Community Access Television	<u>---</u>	<u>(20,150)</u>	
Total General Fund	2,817	(58,995)	<u>\$ (56,178)</u>
<u>Other Governmental Funds:</u>			
<i>Special Revenue:</i>			
General Fund:			
Backyard Farms: Capture and Retain	---	(2,817)	
Revolving Loan Fund	<u>38,845</u>	<u>---</u>	
Total Other Governmental Funds	<u>38,845</u>	<u>(2,817)</u>	<u>36,028</u>
Total Governmental Activities	<u>\$ 41,662</u>	<u>\$ (61,812)</u>	<u>\$ (20,150)</u>
Business-type Activities			
<u>Enterprise Funds:</u>			
<i>Community Access Television:</i>			
General Fund	<u>\$ 20,150</u>	<u>\$ ---</u>	<u>\$ 20,150</u>
Total Business-type Activities	<u>\$ 20,150</u>	<u>\$ ---</u>	<u>\$ 20,150</u>

All interfund balances resulted from the Town pooling cash in the General Fund for other funds disclosed above, for greater efficiency and physical control, with each fund having an interest in the pooled cash account and reporting its interest in its balance sheet and statement of net asset.

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note F - Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
Capital lease obligation	\$ 2,290	\$ - - -	\$ 2,290	\$ - - -	\$ - - -
Compensated absences	<u>54,531</u>	<u>76,274</u>	<u>79,058</u>	<u>51,747</u>	<u>34,203</u>
Total Governmental	<u>\$ 56,821</u>	<u>\$ 76,274</u>	<u>\$ 81,348</u>	<u>\$ 51,747</u>	<u>\$ 34,203</u>

#### Note G - Economic Dependency

A single taxpayer, Madison Paper Industries, is assessed approximately \$3,702,000 or approximately 46% of the Town of Madison's current year tax commitment.

#### Note H - Tax Increment Financing District

##### 30% Economic Development/Infrastructure and 70% Credit Enhancement

Under Maine law, the Town has established a Tax Increment Financing District to finance a development program and a fund for economic development, assistance for job training, and public facilities improvements and infrastructure projects.

The acquisitions and improvements made by the Development Program (Backyard Farms LLC for expansion) will result in additional investment, creating additional tax base within the Town.

The Town will make available to Backyard Farms 70% of the captured tax increment revenues from the District for a period of 30 years. These revenues will be used by Backyard Farms to finance expansion and improvements. Real property additions made by Backyard Farms above the original assessed value of the District prior to the establishment of the TIF District will be subject to a 30% / 70% allocation. The tax on personal property additions made by Backyard Farms within the District over the original assessed value will be captured and retained 100% by the Town. Effective April 1, 2007 under state law, property taxes will no longer be assessed on personal property additions made after that date.

## **Notes to Financial Statements - Continued**

### **Town of Madison, Maine**

#### **Note I - Tax Increment Financing District - Continued**

Fiscal year ending June 30, 2011 is the fourth year tax revenues were retained and made available to Backyard Farms. The amount of captured tax increment revenues was \$470,490. The amount of retained captured tax increment revenues returned to Backyard Farms LLC \$329,343; representing 70% of the captured tax increment revenues. The remaining 30% (\$141,147) was captured and held by the Town for economic development and infrastructure initiatives. In addition, the BETE reimbursement from the State (\$211,395) related to the property added in this TIF district is also captured and retained for the noted designated purpose for a total of \$352,542.

If certain hiring thresholds are achieved by Backyard Farms at any point during the 30 year period, the percentage of captured tax increment revenues captured and returned to Backyard Farms LLC would increase from 70% to 75%. As such, the percentage of captured tax increment revenues captured and retained by the Town would decrease from 30% to 25%.

#### **Note J - Deferred Compensation Plan**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by the International City Management Association Retirement Corporation (ICMARC).

The plan, available to all full-time and permanent part-time Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the Town and from any use by the Town other than paying benefits to employees and their beneficiaries in accordance with the plan.

The Towns' deferred compensation plan contribution for the employees for the year ended June 30, 2011, was approximately \$53,000 which was charged to the general fund. The amount withheld from the Town's employees' as deferred compensation which was contributed to the plan was approximately \$50,000 which was charged to the general fund as wages. In addition, Madison Electric Works is allowed to participate in the plan. The amount contributed to the plan from Madison Electric Works (both employee and employer positions) was approximately \$75,000 for the year ended June 30, 2011, which was reimbursed in full by the Electric Works.

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note K - Commitment

The Town has entered into an agreement for recycling pick-up services through June 30, 2014. Future required payments under the agreement are as follows:

<u>Year ending June 30,</u>	
2012	\$ 38,000
2013	39,000
2014	<u>40,000</u>
	<u>\$ 117,000</u>

#### Note L - Budget to Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Budgetary basis revenues and other sources over (under) expenditures and other uses \$ 497,799

#### *Sources/inflows of resources - reconciling items*

The Town budgets property taxes on a gross basis but a portion of the property taxes levied are recognized in special revenue funds under generally accepted accounting principles (470,490)

The Town budgets certain intergovernmental revenues in its general fund that are recognized in special revenue funds under generally accepted accounting principles (211,395)

The Town budgets certain investment returns outside of its general fund that are recognized in the general fund under generally accepted accounting principles 2,164

#### *Uses/outflows of resources - reconciling items*

Transfers to other funds are outflows of budgetary resources but are not transfers under generally accepted accounting principles 681,885

Generally accepted accounting principles basis revenues and other sources over (under) expenditures and other uses \$ 499,963

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note L - Budget to Actual Reconciliation - Continued

The difference between the general fund balance reported according to generally accepted accounting principles and the general fund balance reported according to the budgetary basis of accounting is accounted by the ending balances (shown in Note M) of the Debt Retirement, Water Access/Beach Area, Revaluation, and Legal Deductible assigned fund balances. These balances were those amounts reclassified upon the implementation of GASBS No. 54 (see Note O).

#### Note M - Assigned Fund Balance

At June 30, 2011, the assigned general fund balance consisted of the following:

	Balance at <u>7/1/2010</u>	<u>Appropriations</u>	<u>Revenues</u>	<u>Expenditures</u>	Balance at <u>6/30/2011</u>
Public works - supplies diesel	\$ 28,510	\$ ---	\$ ---	\$ 28,510	\$ ---
Public works - winter road salt	13,571	---	---	13,571	---
Public safety - police payroll underage drinking detail	2,300	---	---	2,300	---
Recreation - equipment purchase	1,000	1,500	---	---	2,500
Capital improvement - culverts	5,916	---	---	5,916	---
Capital improvement - hot top	8,618	---	---	8,618	---
Capital improvement - sidewalks	24,103	---	---	---	24,103
Capital improvement - Winter Street	2,120	---	---	---	2,120
Capital improvement - watershed	2,914	---	---	---	2,914
Capital improvement - municipal building	1,028	---	---	1,028	---
Capital improvement - admin computers/ballot counter	6,500	---	---	---	6,500
Capital improvement - gen code book	1,905	---	---	1,905	---
Public safety - police training	---	7,000	---	---	7,000
General government - Channel 11	---	---	17,483	---	17,483
Debt retirement	33,903	---	---	---	33,903
Water access/beach area	6,932	---	---	---	6,932
Revaluation	110,026	---	333	---	110,359
Legal deductible	22,809	---	1,831	---	24,640
	<u>\$ 272,155</u>	<u>\$ 8,500</u>	<u>\$ 19,647</u>	<u>\$ 61,848</u>	<u>\$ 238,454</u>

## Notes to Financial Statements - Continued

### Town of Madison, Maine

#### Note N - Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town either carries commercial insurance, or is effectively self-insured. Currently, the Town carries commercial insurance for any risks of loss to which it may be exposed.

Based on the coverage provided by commercial insurance, the Town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2011.

#### Note O - Restatement of General Fund Beginning Fund Balance

On July 1, 2010, the Town adopted the provisions of Government Accounting Standards Board Statement 54, *Fund Balance Reporting and Government Fund Type Definitions*. Beginning general fund balance has been restated as follows:

General fund balance as reported June 30, 2010	\$ 1,610,865
Funds formerly reported as Special Revenue funds collapsed into the General Fund as a result of GASBS No. 54 implementation:	
Debt Retirement	33,903
Water Access/Beach Area	6,932
Revaluation	110,026
Legal Deductible	<u>22,809</u>
General fund beginning balance as restated	<u>\$ 1,784,535</u>

#### Note P - Expenditures Over Appropriations

The following appropriations were exceeded by actual expenditures:

<u>Appropriations</u>	<u>Excess</u>
General assistance	\$14,258

A portion of excess expenditures over appropriations was offset by revenues received from the State of Maine.

## **Notes to Financial Statements - Continued**

### **Town of Madison, Maine**

#### **Note Q - Subsequent Event**

Subsequent to year-end, instability in the global financial system has resulted in substantial volatility in financial markets. These economic events have had a significant adverse impact on investment portfolios. As a result, the Town's investments have likely incurred a significant decline in fair value since June 30, 2011.

**Combining Balance Sheet  
Nonmajor Governmental Funds - Other Governmental Funds**

**Town of Madison, Maine**

**As of June 30, 2011**

	Special Revenue	Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash	\$ 331,339	\$ 15,189	\$ 346,528
Investments	114,197	247,888	362,085
Loans receivable	60,250	-	60,250
Due from other funds	38,845	-	38,845
	<u>544,631</u>	<u>263,077</u>	<u>807,708</u>
<b>Total Assets</b>	<b>\$ 544,631</b>	<b>\$ 263,077</b>	<b>\$ 807,708</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	2,817	-	2,817
	<u>2,817</u>	<u>-</u>	<u>2,817</u>
<b>Total Liabilities</b>	<b>2,817</b>	<b>-</b>	<b>2,817</b>
<b>Fund Balances</b>			
Nonspendable	55,330	28,046	83,376
Restricted	486,484	235,031	721,515
	<u>541,814</u>	<u>263,077</u>	<u>804,891</u>
<b>Total Fund Balances</b>	<b>541,814</b>	<b>263,077</b>	<b>804,891</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 544,631</b>	<b>\$ 263,077</b>	<b>\$ 807,708</b>

See accompanying independent auditors' report.

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds - Other Governmental Funds**

**Town of Madison, Maine**

**For the Year Ended June 30, 2011**

	Special Revenue	Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property taxes	\$ 470,490	\$ -	\$ 470,490
Intergovernmental	238,645	-	238,645
Contributions	75	2,400	2,475
Investment return	19,733	42,837	62,570
Miscellaneous	816	-	816
<b>Total Revenues</b>	<u>729,759</u>	<u>45,237</u>	<u>774,996</u>
<b>Expenditures</b>			
Current			
Library and recreation services	2,860	-	2,860
Bad debt	27,119	-	27,119
Economic development	79,878	-	79,878
Unclassified	2,074	100	2,174
Tax increment financing credit	329,343	-	329,343
Debt service - principal	-	-	-
- interest	-	-	-
Capital outlays	23,402	-	23,402
<b>Total Expenditures</b>	<u>464,676</u>	<u>100</u>	<u>464,776</u>
<b>Revenues Over (Under) Expenditures</b>	265,083	45,137	310,220
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	-	-	-
Operating transfers out	-	(12,479)	(12,479)
<b>Total Other Sources (Uses)</b>	<u>-</u>	<u>(12,479)</u>	<u>(12,479)</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	265,083	32,658	297,741
Fund balances at beginning of year	<u>276,731</u>	<u>230,419</u>	<u>507,150</u>
<b>Fund Balances at End of Year</b>	<u>\$ 541,814</u>	<u>\$ 263,077</u>	<u>\$ 804,891</u>

See accompanying independent auditors' report.

Combining Balance Sheet - Special Revenue Funds

**Town of Madison, Maine**

As of June 30, 2011

	Public Library Expendable Trust Fund	Dorothy Brown Expendable Trust Fund	Backyard Farms Capture and Retain TIF	Backyard Farms Capture and Return TIF	Revolving Loan Fund	Total
<b>Assets</b>						
Cash	\$ 13,293	\$ -	\$ 317,972	\$ 74	\$ -	\$ 331,339
Investments	38,000	76,197	-	-	-	114,197
Loans receivable	-	-	-	-	60,250	60,250
Due from other funds	-	-	-	-	38,845	38,845
<b>Total Assets</b>	<u>\$ 51,293</u>	<u>\$ 76,197</u>	<u>\$ 317,972</u>	<u>\$ 74</u>	<u>\$ 99,095</u>	<u>\$ 544,631</u>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	2,817	-	-	2,817
<b>Total Liabilities</b>	-	-	2,817	-	-	2,817
<b>Fund Balance</b>						
Nonspendable	-	-	-	-	55,330	55,330
Restricted	51,293	76,197	315,155	74	43,765	486,484
<b>Total Fund Balance</b>	<u>51,293</u>	<u>76,197</u>	<u>315,155</u>	<u>74</u>	<u>99,095</u>	<u>541,814</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 51,293</u>	<u>\$ 76,197</u>	<u>\$ 317,972</u>	<u>\$ 74</u>	<u>\$ 99,095</u>	<u>\$ 544,631</u>

See accompanying independent auditors' report.

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Special Revenue Funds**

**Town of Madison, Maine**

**For the Year Ended June 30, 2011**

	Public Library Expendable Trust Fund	Dorothy Brown Expendable Trust Fund	Backyard Farms Capture and Retain TIF	Backyard Farms Capture and Return TIF	Revolving Loan Fund	Total
<b>Revenues</b>						
Property taxes	\$ -	\$ -	\$ 141,147	\$ 329,343	\$ -	\$ 470,490
Intergovernmental	-	-	211,395	-	27,250	238,645
Contributions	75	-	-	-	-	75
Investment return	6,914	12,819	-	-	-	19,733
Miscellaneous	237	-	525	74	(20)	816
<b>Total Revenues</b>	<u>7,226</u>	<u>12,819</u>	<u>353,067</u>	<u>329,417</u>	<u>27,230</u>	<u>729,759</u>
<b>Expenditures</b>						
Current						
Library and recreation services	2,860	-	-	-	-	2,860
Bad debt	-	-	-	-	27,119	27,119
Economic development	-	-	78,978	-	900	79,878
Unclassified	-	2,074	-	-	-	2,074
Tax increment financing credit	-	-	-	329,343	-	329,343
Debt service - principal	-	-	-	-	-	-
- interest	-	-	-	-	-	-
Capital outlays	-	-	23,402	-	-	23,402
<b>Total Expenditures</b>	<u>2,860</u>	<u>2,074</u>	<u>102,380</u>	<u>329,343</u>	<u>28,019</u>	<u>464,676</u>
<b>Revenues Over (Under) Expenditures</b>	4,366	10,745	250,687	74	(789)	265,083
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
<b>Total Other Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	4,366	10,745	250,687	74	(789)	265,083
Fund balances at beginning of year	<u>46,927</u>	<u>65,452</u>	<u>64,468</u>	<u>-</u>	<u>99,884</u>	<u>276,731</u>
<b>Fund Balances at End of Year</b>	<u>\$ 51,293</u>	<u>\$ 76,197</u>	<u>\$ 315,155</u>	<u>\$ 74</u>	<u>\$ 99,095</u>	<u>\$ 541,814</u>

See accompanying independent auditors' report.

**Combining Balance Sheet  
Permanent Funds - Trust Funds**

**Town of Madison, Maine**

**As of June 30, 2011**

	<u>Cemetery</u>	Jacobs <u>Scholarship</u>	<u>School</u>	<u>Total</u>
<b>Assets</b>				
Cash	\$ 3,870	\$ -	\$ 11,319	\$ 15,189
Investments	<u>241,625</u>	<u>6,263</u>	<u>-</u>	<u>247,888</u>
<b>Total Assets</b>	<u>\$ 245,495</u>	<u>\$ 6,263</u>	<u>\$ 11,319</u>	<u>\$ 263,077</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balances</b>				
Nonspendable	23,046	5,000	-	28,046
Restricted	<u>222,449</u>	<u>1,263</u>	<u>11,319</u>	<u>235,031</u>
<b>Total Fund Balances</b>	<u>245,495</u>	<u>6,263</u>	<u>11,319</u>	<u>263,077</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 245,495</u>	<u>\$ 6,263</u>	<u>\$ 11,319</u>	<u>\$ 263,077</u>

See accompanying independent auditors' report.

**Combining Schedule of Revenues, Expenses and Changes in Fund Balances  
Permanent Funds - Trust Funds**

**Town of Madison, Maine**

**For the Year Ended June 30, 2011**

	Cemetery	Jacobs Scholarship	School	Total
<b>Revenues</b>				
Contributions	\$ 2,400	\$ -	\$ -	\$ 2,400
Investment return	41,685	1,121	31	42,837
<b>Total Revenues</b>	44,085	1,121	31	45,237
<b>Expenses</b>				
Current				
Unclassified	-	100	-	100
<b>Total Expenses</b>	-	100	-	100
<b>Revenues Over (Under) Expenses</b>	44,085	1,021	31	45,137
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	(12,479)	-	-	(12,479)
<b>Total Other Financing Sources (Uses)</b>	(12,479)	-	-	(12,479)
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	31,606	1,021	31	32,658
Fund balances at beginning of year	213,889	5,242	11,288	230,419
<b>Fund Balances at End of Year</b>	<u>\$ 245,495</u>	<u>\$ 6,263</u>	<u>\$ 11,319</u>	<u>\$ 263,077</u>

See accompanying independent auditors' report.

# Schedule of Valuation, Assessment and Collection of Taxes

## Town of Madison, Maine

For the Year Ended June 30, 2011

### Valuation

Real estate	\$	301,148,600
Personal property		<u>203,481,900</u>
<b>Total Valuation</b>	<b>\$</b>	<b><u>504,630,500</u></b>

### Assessment

Valuation x Rate	\$504,630,500 x .01600	\$	8,074,088
Supplemental taxes			<u>336</u>

**Total Assessment Charged to Collector** \$ 8,074,424

### Collection and Credits

Cash collections	\$	7,778,664
Tax abatements		<u>18,603</u>

**Total Collection and Credits** 7,797,267

**2011 Taxes Receivable - June 30, 2011** \$ 277,157

See accompanying independent auditors' report.