TOWN OF ST. AGATHA, MAINE

ANNUAL FINANCIAL REPORT
with Independent Auditors Report

For the Year Ending June 30, 2011

TOWN OF ST. AGATHA, MAINE

ANNUAL FINANCIAL REPORT

Year Ended June 30, 2011

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KEEL J. HOOD

Certified Public Accountant

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INDEPENDENT AUDITORS REPORT

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

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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated March 26, 2012, on my consideration of the Town of St. Agatha, Maine's internal reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

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

Keel J. Hood, CPA

March 26, 2012

Statement 1

TOWN OF ST. AGATHA, MAINE
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash	$ 1,078,506	$ 72,200	$ 1,150,706
Receivables			
Taxes	44,027	18,219	62,246
Liens	21,191		21,191
Internal balances	(26,931)	26,931	0
Total Current Assets	1,116,793	117,350	1,234,143
Noncurrent Assets:			
Capital assets, net	1,517,798	6,181,779	7,699,577
Total Noncurrent Assets	1,517,798	6,181,779	7,699,577
Total Assets	2,634,591	6,299,129	8,933,720
LIABILITIES			
Current Liabilities:			
Accounts payable	16,126		16,126
Accrued interest		3,299	3,299
Lease due within one year	12,000		12,000
Notes due within one year	7,108		7,108
Bonds due within one year	25,024	65,380	90,404
Total Current Liabilities	60,258	68,679	128,937
Noncurrent Liabilities:			
Lease due in more than one year	22,548		22,548
Notes due in more than one year	51,374		51,374
Bonds due in more than one year	21,976	1,163,443	1,185,419
Total Noncurrent Liabilities	95,898	1,163,443	1,259,341
Total Liabilities	156,156	1,232,122	1,388,278
NET ASSETS			
Invested in capital assets, net of related debt	1,377,768	4,952,956	6,330,724
Unrestricted	1,100,667	114,051	1,214,718
Total net assets	$ 2,478,435	$ 5,067,007	$ 7,545,442

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

Statement 2

TOWN OF ST. AGATHA, MAINE
Statement of Activities
For the Year Ended June 30, 2011

Function/Programs	Expenses	Program Revenues: Charges for services	Program Revenues: Operating grants and contributions	Program Revenues: Capital grants and contributions	Net (Expense) Revenues
Governmental activities:	$				
General government	166,334	14,538			(151,796)
Public safety	49,520				(49,520)
Public works	290,081	15,472	20,565		(254,044)
Health and sanitation	217,181	19,447	101,889		(95,845)
Leisure services	32,820	32,648			(172)
Social services	14,313		348		(13,965)
Special assessments	474,475				(474,475)
Unclassified	26,417				(26,417)
Debt service	8,314				(8,314)
Total governmental activities	1,279,455	82,105	122,802	0	(1,074,548)
Business type activities:					
Sewer	226,341	166,493			(59,848)
Total business type activities	226,341	166,493	0	0	(59,848)
Total	1,505,796	248,598	122,802	0	(1,134,396)

Changes in Net Assets:

	Governmental Activities	Business-Type Activities	Total
Net (expense) / revenue	(1,074,548)	(59,848)	(1,134,396)
General revenues:			
General property taxation			
Property taxes	875,596		875,596
Excise taxes	232,573		232,573
Interest and costs on taxes	13,502		13,502
Intergovernmental			
State revenue sharing	57,382		57,382
Homestead exemption	14,708		14,708
Snowmobile grant	25,919		25,919
Veterans exemption	277		277
BETE	9,320		9,320
Interest			
Interest income	5,053	12,991	18,044
Miscellaneous			
Miscellaneous	13,236		13,236
Animal	1,176		1,176
Operating transfers	(24,938)	24,938	0
Total general revenues	1,223,804	37,929	1,261,733
Change in Net Assets	149,256	(21,919)	127,337
Net Assets - beginning	2,329,179	5,088,926	7,418,105
Net Assets - ending $	2,478,435	5,067,007	7,545,442

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

Statement 3

TOWN OF ST. AGATHA, MAINE
Balance Sheet
Governmental Funds
June 30, 2011

ASSETS	General Fund	Other Governmental Funds	Total Governmental Funds
Cash	$ 1,078,506	$	$ 1,078,506
Receivables			
Taxes	44,027		44,027
Liens	21,191		21,191
Due from other funds	(26,306)	(625)	(26,931)
Total Assets	1,117,418	(625)	1,116,793
LIABILITIES			
Accounts payable	16,126		16,126
Deferred property taxes	46,000		46,000
Total Liabilities	62,126	0	62,126
FUND BALANCES			
Fund Balances			
Committed for Capital purchases	459,367		459,367
Assigned revenues	974		974
Assigned expenditures	4,422		4,422
Unassigned	590,529	(625)	589,904
Total Fund Equity	1,055,292	(625)	1,054,667
Total Liabilities and Fund Equity	$ 1,117,418	$ (625)	$

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,517,798
Other long-term assets are not available to pay for current-periods expenditures and therefore are deferred in the funds.	46,000
Long-term liabilities, including bonds payable are not due and payable in the current period and therefor are not reported in the funds.	
Leases payable	(34,548)
Notes payable	(58,482)
Bonds payable	(47,000)
Net assets of governmental activities	$ 2,478,435

Statement 4

TOWN OF ST. AGATHA, MAINE

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2011

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	$ 1,173,671	$	$ 1,173,671
Intergovernmental	129,696	101,889	231,585
Interest	5,053		5,053
Charges for services	82,105		82,105
Miscellaneous	8,586	4,650	13,236
Total Revenues	1,399,111	106,539	1,505,650
Expenditures:			
Current:			
General government	164,263		164,263
Public safety	40,924		40,924
Public works	188,481		188,481
Health and sanitation	102,364	114,817	217,181
Leisure services	135,225		135,225
Social services	14,313		14,313
Special assessments	474,475		474,475
Unclassified	26,417		26,417
Debt services	66,857		66,857
Total Expenditures	1,213,319	114,817	1,328,136
Excess of Revenues Over (Under) Expenditures	185,792	(8,278)	177,514
Other Financing Sources (Uses)			
Debt issuance proceeds	80,000		80,000
Operating Transfers In (Out)	(24,938)		(24,938)
	55,062	0	55,062
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	240,854	(8,278)	232,576
Fund Balances - beginning	814,438	7,653	822,091
Fund Balances - ending	$ 1,055,292	$ (625)	$ 1,054,667

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

Statement 5

TOWN OF ST. AGATHA, MAINE

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

For the Year Ended June 30, 2011

Net change in fund balances - total governmental funds	$	232,576
Amounts reported for governmental activities in the Statement of Activities are different because:		
Government funds report capital outlays as expenditures. While governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Depreciation expense		(119,582)
Capital asset purchases capitalized		109,720
Repayment of debt principal is an expenditure in the governmental funds, ut the repayment reduces long-term liabilities in the Statement of Net Assets:		
Capital lease obligation principal payments		16,274
Capital note obligation principal payments		21,518
Capital bond obligation principal payments		20,750
Debt proceeds provide current financial resources to Governmenatl funds, but issuing debt increases long-term Liabilities in the Statement of Net Assets:		
Capital note proceeds		(80,000)
Revenues in the Statement of Activities that do not provide Current financial resources are not reported as revenues In the funds:		
Deferred property tax revenue		(52,000)
Change in Net Assets of Governmental Activities	$	149,256

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

Statement 6

TOWN OF ST. AGATHA, MAINE

Statement of Net Assets

Proprietary Fund

June 30, 2011

ASSETS	Enterprise Sewer	Total
Current assets:		
Cash	$ 72,200	$ 72,200
Receivables:		
Accounts	18,219	18,219
Internal balances	26,931	26,931
Total current assets	117,350	117,350
Noncurrent assets:		
Capital assets (net)	6,181,779	6,181,779
Total Assets	6,299,129	6,299,129
LIABILITIES		
Current liabilities:		
Accrued interest	3,299	3,299
Bond payable due in one year	65,380	65,380
Total current liabilities	68,679	68,679
Noncurrent liabilities:		
Bonds payable in more than one year	1,163,443	1,163,443
Total noncurrent liabilities	1,163,443	1,163,443
Total Liabilities	1,232,122	1,232,122
NET ASSETS		
Investment in capital assets, net of related debt	4,952,956	4,952,956
Unrestricted	114,051	114,051
Total net assets	$ 5,067,007	$ 5,067,007

Statement 7

TOWN OF ST. AGATHA, MAINE

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Fund

For the Year Ended June 30, 2011

	Enterprise Fund Sewer	Total
Operating Revenues:		
Charges for services	$ 166,493	$ 166,493
Total Operating Revenues	166,493	166,493
Operating Expenses:		
Administration	46,154	46,154
Utilities	31,348	31,348
Professional fees	2,179	2,179
Chemicals	835	835
Repairs and maintenance	7,318	7,318
Miscellaneous	1,373	1,373
Testing	490	490
Depreciation	113,298	113,298
Office expenses	1,874	1,874
Insurance	2,349	2,349
Total Operating Expenses	207,218	207,218
Operating Income (Loss)	(40,725)	(40,725)
Nonoperating Revenues (Expenses):		
Interest on charges	12,935	12,935
Interest on funds	56	56
Interest expense	(19,123)	(19,123)
Operating transfers in	24,938	24,938
Net Nonoperating Revenues (Expenses)	18,806	18,806
Capital Contributions:		
Governmental grants		0
Change in net assets	(21,919)	(21,919)
Net Assets - beginning	5,088,926	5,088,926
Net Assets - ending	$ 5,067,007	$ 5,067,007

Statement 8

TOWN OF ST. AGATHA, MAINE
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2011

	Enterprise Fund Sewer	Total
Cash Flows from Operating Activities:		
Receipts from customers	$ 211,902	$ 211,902
Payments to suppliers	(58,276)	(58,276)
Payments to employees	(35,643)	(35,643)
Interfund use of services	16,082	16,082
Net Increase in Cash from Operating Activities	134,065	134,065
Cash Flows from Capital and Related Financing Activities:		
Retirement of debt	(59,246)	(59,246)
Interest expense	(41,848)	(41,848)
Net Decrease in Cash from Capital and Related Financing Activities	(101,094)	(101,094)
Cash Flows from Investing Activities:		
Interest revenue	56	56
Net Increase in Cash from Investing Activities	56	56
Net Increase (Decrease) in Cash	33,027	33,027
Cash Balance - beginning	39,173	39,173
Cash Balance - ending	$ 72,200	$ 72,200
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	$ (40,725)	$ (40,725)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	113,298	113,298
Non utility billing	37,872	37,872
Decrease (Increase) in receivables	7,537	7,537
Increase (Decrease) in internal balances	16,083	16,083
Net Cash Provided by operating activities	$ 134,065	$ 134,065

1. Summary of Significant Accounting Policies

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

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

A. Reporting Entity

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

B. Government-wide Financial Statements

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

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

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

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

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

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

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

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

1. Summary of Significant Accounting Policies, continued

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

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

The Town reports the following major governmental funds:

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

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

Additionally, the Town reports the following fund types:

Proprietary Funds

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

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

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

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

D. Capital Assets

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

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

E. Long-term Obligations

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

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

F. Fund Equity

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

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Deposits

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

At year end, the Town's carrying amount of deposits was $1,150,706. The bank balances for all funds totaled $1,141,535. Custodial credit risk is the risk that, in the event of a bank failure the District's deposits might not be recovered. As of June 30, 2011, all of the Town's deposits were insured or collateralized.

3. Operating Property

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

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Sewer Department:	$	$	$	$
Land and easements	1,061			1,061
Operating property	4,480,329			4,480,329
Construction in progress	3,166,873			3,166,873
Accumulated Depreciation	(1,353,186)	(113,298)		(1,466,484)
Total Sewer	$ 6,295,077	$ (113,298)	$ 0	$ 6,181,779

Governmental Activities:	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Assets not being depreciated				
Land and easements	$ 12,800	$	$	$ 12,800
Assets being depreciated				
Buildings	267,299			267,299
Equipment	273,771	109,720	101,000	282,491
Vehicles	500,208			500,208
Infrastructure	3,237,362			3,237,362
	4,291,440	109,720	101,000	4,300,160
Less accumulated depreciation				
Buildings	141,506	5,129		146,635
Equipment	259,629	8,886	101,000	167,515
Vehicles	240,985	24,633		265,618
Infrastructure	2,121,660	80,934		2,202,594
	2,763,780	119,582	101,000	2,782,362
Capital Assets, net	$ 1,527,660	$ (9,862)	$ 0	$ 1,517,798

Depreciation Expense:	
General government	$ 2,071
Public safety	8,596
Leisure services	7,315
Public works	101,600
	$ 119,582

4. Property Tax

Property taxes for the year were committed on July 20, 2010, on the assessed value listed as of April 1, 2010, for all taxable real and personal property located in the Town. Payment of taxes was due in equal installments on October 31, 2010 and April 30, 2011 with interest at 7% on all tax bills unpaid as of that date. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. The assessed value for the list of April 1, 2010 upon which the levy for the year ended June 30, 2011, was based, was $47,329,530. This assessed value was 80% of the estimated market value.

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

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

5. Long-term Debt

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2011:

	Proprietary Fund Type Enterprise Fund	General Long-term Debt
Long-term debt payable at July 1, 2010	$ 1,288,069	$ 118,572
Debt Retired	(784,246)	(58,542)
Debt issued	725,000	80,000
Long-term debt payable at June 30, 2011	$ 1,228,823	$ 140,030
Interest Paid	$ 19,123	$ 8,946

Long-term debt payable at June 30, 2011 is comprised of the following:

	Interest rate	Final maturity date	Balance end of year
General Long-term Debt			
2000 Municipal note	3.75%	2011	$ 12,000
2006 Municipal note	5.17%	2014	35,000
2011 Municipal note	5.0%	2010	58,482
Lease:			
2007 Truck lease	4.04%	2013	34,548
			$ 140,030
Enterprise Fund			
Sewer			
Maine Municipal Bond Bank	1.0%	2029	692,074
Maine Municipal Bond Bank	4.5%	2026	104,000
Maine Municipal Bond Bank	2.02%	2027	262,281
Maine Municipal Bond Bank	1.86%	2022	170,468
Maine Municipal Bond Bank	5%-7.85%	2009	
			$ 1,228,823

5. Long-term Debt, continued

The annual requirement to amortize all long-term debt outstanding as of June 30, 2011 are as follows:

Year	Enterprise Fund		General Long-term Debt	
	Principal	Interest	Principal	Interest
2012	$ 65,381	$ 16,341	$ 44,790	$ 6,597
2013	66,259	18,704	33,832	4,653
2014	67,151	17,528	16,591	3,113
2015	68,059	16,338	16,986	2,267
2016	68,982	15,133	27,831	1,400
2017-2021	359,318	57,004		
2022-2026	334,727	25,488		
2027-2031	198,946	3,662		
Total	$ 1,228,823	$ 170,198	$ 140,030	$ 18,030

6. Committed

The Town has set aside certain balances for accumulation until expenditure in future years. These accounts were as follows at June 30, 2011:

Economic develop	$ 18,272
Payloader reserve	831
LRA Reserve	177,053
Community development reserve	38,196
Capital equipment	6,040
Fitness Center	2,039
Community	5,499
Revaluation reserve	66,090
Public works truck	49,557
Ambulance building	22,855
Lawn mower	2,657
Grader	50,270
Sidewalk reserve	172
Pickup reserve	2,000
Recreation equipment	17,836
Total	$ 459,367

7. Unassigned General Fund Fund Equity

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

Balance - July 1, 2010		$ 442,144
Increase (Decrease):		
Actual over budgeted revenues	127,797	
Actual over budgeted expenditures	20,588	
Net Increase (Decrease)		148,385
Balance - June 30, 2011		$ 590,529

8. Designated for Subsequent Years

The portion of the General Fund fund equity which has been designated for subsequent year's revenues represents amountsreceived during the current accounting period that are to be budgeted as revenues in the subsequent year. Historically, the townspeople vote to carry certain departmental unexpended balances forward to the following year for expenditure. This is usually in lieu of additional appropriations in any particular accounts. These accounts, were as follows at June 30, 2011:

Subsequent Years	Revenues	Expenditures
Lake shore permits	$ 31	$
Dog shelter	943	
Property tax relief		4,422
Total	$ 974	$ 4,422

9. Joint Venture - Northern Aroostook Regional Airport Authority

The Northern Aroostook Regional Airport is owned jointly by its eight member towns. The Town of St. Agatha, Maine owns 8% of the facility. Ownership is based on a formula using population and state valuation figures at the time of inception. Ownership percentage will not always be the same over the life of the joint venture. The Facility is administered by an eight member executive committee each town appoints 1 voting member to serve. No summary is available from the Authority's annual financial report, prepared on the accrual basis for the fiscal year ended December 31, 2011.

Schedule 1

TOWN OF ST. AGATHA, MAINE
Budget Comparison Schedule
General Fund
For the Year Ended June 30, 2011

	Budgeted Amounts: Original	Budgeted Amounts: Final	Actual	Variance with final budget positive (negative)
Revenues:	$	$	$	$
Taxes	1,075,596	1,075,596	1,173,671	98,075
Intergovernmental	83,164	83,164	129,696	46,532
Charges for services	43,500	68,756	82,105	13,349
Interest			5,053	5,053
Miscellaneous	2,500	2,500	8,586	6,086
Total revenues	1,204,760	1,230,016	1,399,111	169,095
Expenditures:				
Current:				
General government	179,960	176,960	164,263	12,697
Public safety	41,207	41,207	40,924	283
Public works	198,855	198,855	188,481	10,374
Health and sanitation	110,126	110,126	102,364	7,762
Leisure services	34,657	114,657	135,225	(20,568)
Social services	14,313	14,313	14,313	0
Special assessments	477,118	477,118	474,475	2,643
Unclassified	133,500	133,500	26,417	107,083
Debt service	39,524	39,280	66,857	(27,577)
Total expenditures	1,229,260	1,306,016	1,213,319	92,697
Excess (deficiency) of revenues over (under) expenditures	(24,500)	(76,000)	185,792	261,792
Other Financing Sources (Uses):				
Debt issuance proceeds		80,000	80,000	0
Operating transfers out	(25,500)	(25,500)	(24,938)	562
Total Other Financing Sources (Uses)	(25,500)	54,500	55,062	562
Excess (deficiency) of revenues over under other financing uses	(50,000)	(21,500)	240,854	262,354
Fund Balance - beginning	814,438	814,438	814,438	0
Fund Balance - ending	$ 764,438	$ 792,938	$ 1,055,292	$ 262,354

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

KEEL J. HOOD

Certified Public Accountant

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

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

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

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of St. Agatha as of and for the year ended June 30, 2011, which collectively comprise Town of St. Agatha's basic financial statements and have issued my report thereon dated March 26, 2012. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of St. Agatha's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audits, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

March 26, 2012