

Audited Financial Statements

Town of Chelsea, Maine

June 30, 2010



Proven Expertise and Integrity

TOWN OF CHELSEA, MAINE

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JUNE 30, 2010

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INDEPENDENT AUDITORS' REPORT

June 15, 2011

Board of Selectmen
Town of Chelsea
Chelsea, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Chelsea, Maine, as of and for the year ended June 30, 2010, 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 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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, each major fund, and the aggregate remaining fund information of the Town of Chelsea, Maine as of June 30, 2010, 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.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We 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, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Chelsea, Maine's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

RHR Smith & Company

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

(UNAUDITED)

The following management's discussion and analysis of the Town of Chelsea's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

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

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

The Town presents only two columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund which the Town legally adopted a budget. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

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

Notes to the Financial Statements

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

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a schedule of Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund.

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net assets, and changes in net assets of the Town's governmental activities. The Town's total net assets increased by \$40,185 from \$3,915,070 to \$3,955,255.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased by \$29,335 from \$162,123 to a balance of \$191,458 at the end of this year.

Table 1
Town of Chelsea, Maine
Net Assets
June 30,

	2010	2009
Assets:		
Current and other assets	\$ 846,214	\$ 1,074,920
Capital Assets	3,341,949	3,161,620
Total Assets	\$ 4,188,163	\$ 4,236,540
Liabilities:		
Current Liabilities	\$ 178,596	\$ 242,762
Long-term Debt Outstanding	54,312	78,708
Total Liabilities	\$ 232,908	\$ 321,470
Net Assets:		
Invested in Capital Assets, Net of Related Debt	3,263,241	\$ 3,056,197
Restricted Net Assets:		
General fund designations	281,720	426,581
Special Revenue funds	37,769	80,585
Capital Projects funds	110,632	109,363
Permanent funds	70,435	80,221
Unrestricted Net Assets	191,458	162,123
Total Net Assets	\$ 3,955,255	\$ 3,915,070

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 47.42%, while total expenses decreased by 48.06%. The cause of this large decrease in revenues and expenses is the education lines. The Town became a part of Regional School Unit #12 for the current fiscal year and only had its net assessment for education. This greatly reduced not only the intergovernmental revenues but the education expenses as well. There was also a donation of capital assets recognized for the donation of the fire department's vehicle. Property taxes increased over \$100,000 as well for the revenues. With the exception of education and public works all other items of expenses were fairly consistent. Public works had an increase due to winter / summer roads.

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

	<u>2010</u>	<u>2009</u>
Revenues		
Taxes:		
Property	\$ 2,057,868	\$ 1,922,239
Excise	369,911	370,723
Intergovernmental	438,917	3,677,328
Capital asset donations	375,000	-
On-behalf payments - State of Maine	-	270,141
Interest income	21,708	25,291
Charges for services/fees	22,249	20,705
Other revenue	74,665	104,974
Total revenues	<u>3,360,318</u>	<u>6,391,401</u>
Expenses		
General government	238,998	234,190
Public safety	192,672	128,511
Public works	720,762	535,790
Human services	11,143	14,981
County tax	140,163	133,736
Education	1,866,079	4,807,052
On-behalf payments - State of Maine	-	270,141
Unclassified	19,192	14,662
Capital outlay	564	175
Interest on long-term debt	-	1,957
Total expenses	<u>3,189,573</u>	<u>6,141,195</u>
Change in Net Assets	170,745	250,206
Transfer of assets to RSU 12	(130,560)	-
Net Assets - July 1 - Restated	<u>3,915,070</u>	<u>3,664,864</u>
Net Assets - June 30	<u><u>\$ 3,955,255</u></u>	<u><u>\$ 3,915,070</u></u>

Financial Analysis of the Town's Fund Statements

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

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

	2010	2009
General Fund:		
Unreserved:		
Designated	\$ 281,720	\$ 466,395
Undesignated	77,019	56,740
Total General Fund	\$ 358,739	\$ 523,135
Nonmajor Funds:		
Special Revenue Funds	\$ 37,769	\$ 80,585
Capital Project Funds		
Designated	110,632	109,363
Undesignated	-	(15,414)
Permanent Funds	70,435	80,221
Total Nonmajor Funds	\$ 218,836	\$ 254,755

The general fund total fund balance decreased by \$164,396 over the prior fiscal year. The non-major fund balances decreased by \$35,919 over the prior fiscal year. Most of the decrease in the general fund came as a result of overspent appropriations. The decrease in the non-major fund balances came as a result of the transfer of fund balances to the new Regional School Unit.

Budgetary Highlights

The difference between the original and final budget for the general fund was the application of carry-forward items and education revenues.

The general fund actual revenues were more than budget by \$197,029. This was mainly a result of many items of non-budgeted revenue.

The general fund actual expenditures were under budget by \$214,384. Most of this amount was from the education carry forward balance of \$426,581. Most other departments were overdrawn. (See Schedule 1)

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2010, the net book value of capital assets recorded by the Town increased by \$180,329 over the prior year. This was a result of the current year additions, minus transfers to the new RSU, plus depreciation expense.

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

	<u>2010</u>	<u>2009</u>
Land and Non-Depreciable Assets	\$ 60,000	\$ 134,000
Buildings and Improvements	160,300	162,096
Equipment	85,123	27,404
Vehicles	425,482	143,269
Infrastructure	<u>2,611,044</u>	<u>2,694,851</u>
Total	<u>\$ 3,341,949</u>	<u>\$ 3,161,620</u>

Debt

At June 30, 2010, the Town had \$78,708 in bonds outstanding versus \$105,423 last year, a decrease of \$26,715 as shown in Note 5 of the financial statements.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town currently has a deficit undesignated fund balance and will have to work to get to the point where it can maintain a sufficient undesignated fund balance to sustain government operations for a period of approximately two months. It will also have to work towards maintaining reserve accounts for future capital and program needs. As of July 1, 2010, the school department became a part of the new regional school unit and is no longer a part of the Town.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at 560 Togus Road, Chelsea, Maine 04330-1272.

TOWN OF CHELSEA, MAINE
STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash	\$ 707,340
Accounts receivable (net of allowance for uncollectibles)	
Taxes	8,636
Liens	127,402
Due from other governments	1,604
Tax acquired property	1,232
Total current assets	<u>846,214</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	60,000
Buildings and equipment, net of accumulated depreciation	3,281,949
Total noncurrent assets	<u>3,341,949</u>
TOTAL ASSETS	<u><u>\$ 4,188,163</u></u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 9,804
Due to other governments	52,877
Prepaid taxes	16,261
Deferred revenue	72,939
Current portion of long-term obligations	26,715
Total current liabilities	<u>178,596</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	51,993
Accrued compensated absences	2,319
Total noncurrent liabilities	<u>54,312</u>
TOTAL LIABILITIES	<u>232,908</u>
NET ASSETS	
Invested in capital assets, net of related debt	3,263,241
Restricted:	
General fund	281,720
Special Revenue funds	37,769
Capital Projects funds	110,632
Permanent funds	70,435
Unrestricted	191,458
TOTAL NET ASSETS	<u>3,955,255</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,188,163</u></u>

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

TOWN OF CHELSEA, MAINE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental activities					
Current:					
General government	\$ 238,998	\$ 18,667	\$ -	\$ -	\$ (220,331)
Public safety	192,672	3,582	-	-	(189,090)
Public works	720,762	-	30,180	-	(690,582)
Human services	11,143	-	-	-	(11,143)
County tax	140,163	-	-	-	(140,163)
Education	1,866,079	-	116,468	-	(1,749,611)
Unclassified	19,192	-	-	-	(19,192)
Interest on long-term debt	-	-	-	-	-
Capital outlay	564	-	-	-	(564)
	<u>3,189,573</u>	<u>22,249</u>	<u>146,648</u>	<u>-</u>	<u>(3,020,676)</u>

STATEMENT B (CONTINUED)
TOWN OF CHELSEA, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Governmental Activities</u>
Changes in net assets:	
Net (expense) revenue	<u>(3,020,676)</u>
General revenue:	
Taxes	
Property taxes, levied for general purposes	2,057,868
Excise taxes, levied for general purposes	369,911
Grants and contributions not restricted to specific programs	292,269
Capital asset donations	375,000
Miscellaneous	<u>96,373</u>
Total general revenue and transfers	<u>3,191,421</u>
Change in net assets	170,745
Transfer of assets to RSU 12	(130,560)
NET ASSETS - JULY 1, 2009 - Restated	<u>3,915,070</u>
NET ASSETS - JUNE 30, 2010	<u><u>\$ 3,955,255</u></u>

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

TOWN OF CHELSEA, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Other Governmental Funds	Totals Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$ 455,280	\$ 252,060	\$ 707,340
Accounts receivable (net of allowance of doubtful accounts):			
Taxes	8,636	-	8,636
Tax liens	127,402	-	127,402
Other	348	1,256	1,604
Tax acquired property	1,232	-	1,232
Due from other funds	34,480	-	34,480
TOTAL ASSETS	<u>\$ 627,378</u>	<u>\$ 253,316</u>	<u>\$ 880,694</u>
 LIABILITIES AND FUND			
Liabilities			
Accounts payable	\$ 9,804	\$ -	\$ 9,804
Due to other governments	52,877	-	52,877
Prepaid taxes	16,261	-	16,261
Due to other funds	-	34,480	34,480
Deferred revenue	72,939	-	72,939
Deferred property tax	116,758	-	116,758
TOTAL LIABILITIES	<u>268,639</u>	<u>34,480</u>	<u>303,119</u>
 Fund Equity			
Reserved, reported in:			
Special revenue funds	-	37,769	37,769
Capital projects	-	110,632	110,632
Permanent funds	-	70,435	70,435
Unreserved, reported in:			
General Fund:			
Designated	281,720	-	281,720
Undesignated	77,019	-	77,019
TOTAL FUND EQUITY	<u>358,739</u>	<u>218,836</u>	<u>577,575</u>
 TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 627,378</u>	<u>\$ 253,316</u>	<u>\$ 880,694</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF CHELSEA, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Total Governmental Funds</u>
Total Fund Equity	\$ 577,575
Amounts reported for governmental activities in the statement are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	3,341,949
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	116,758
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(78,708)
Accrued compensated absences	<u>(2,319)</u>
Net assets of governmental activities	<u><u>\$ 3,955,255</u></u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF CHELSEA, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 2,022,093	\$ -	\$ 2,022,093
Excise	369,911	-	369,911
Intergovernmental	435,551	3,366	438,917
Interest income	20,946	762	21,708
Charges for services/fees	22,249	-	22,249
Other revenue	73,239	1,426	74,665
TOTAL REVENUES	<u>2,943,989</u>	<u>5,554</u>	<u>2,949,543</u>
EXPENDITURES			
Current			
General government	232,304	-	232,304
Public safety	157,446	-	157,446
Public works	663,615	-	663,615
Human services	11,143	-	11,143
County tax	140,163	-	140,163
Education	1,921,431	-	1,921,431
Unclassified	10,269	12,923	23,192
Capital outlay	564	-	564
TOTAL EXPENDITURES	<u>3,136,935</u>	<u>12,923</u>	<u>3,149,858</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(192,946)</u>	<u>(7,369)</u>	<u>(200,315)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	28,550	15,414	43,964
Transfers out	-	(43,964)	(43,964)
TOTAL OTHER FINANCING SOURCES (USES)	<u>28,550</u>	<u>(28,550)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	(164,396)	(35,919)	(200,315)
FUND BALANCES - JULY 1, RESTATED	<u>523,135</u>	<u>254,755</u>	<u>777,890</u>
FUND BALANCES - JUNE 30	<u>\$ 358,739</u>	<u>\$ 218,836</u>	<u>\$ 577,575</u>

See accompanying independent auditors report and notes to financial statements.

TOWN OF CHELSEA, 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, 2010

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (200,315)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental	
Capital asset purchases capitalized	379,000
Net asset disposals	(130,560)
Capital asset adjustments	28,637
Depreciation expense	<u>(96,748)</u>
	<u>180,329</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.	<u>-</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>35,775</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Net Assets	<u>26,715</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>(2,319)</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 40,185</u></u>

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

TOWN OF CHELSEA, MAINE

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Private Purpose Funds</u>
ASSETS	
Current assets:	
Cash	\$ 16,765
Investments	20,001
Due from other funds	-
TOTAL ASSETS	<u>\$ 36,766</u>
LIABILITIES	
Accounts payable	\$ -
Due to school groups	-
TOTAL LIABILITIES	<u>-</u>
NET ASSETS	
Reserved for scholarships	<u>36,766</u>
TOTAL NET ASSETS	<u>36,766</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 36,766</u>

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

TOWN OF CHELSEA, MAINE

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Private Purpose Funds
	<u> </u>
ADDITIONS	
Interest and dividends	\$ -
Other contributions	-
TOTAL ADDITIONS	<u>-</u>
DEDUCTIONS	
Scholarship expense	550
Miscellaneous expense	-
TOTAL DEDUCTIONS	<u>550</u>
CHANGE IN NET ASSETS	(550)
NET ASSETS - JULY 1	<u>37,316</u>
NET ASSETS - JUNE 30	<u><u>\$ 36,766</u></u>

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

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Chelsea, Maine was incorporated under the laws of the State of Maine. The Town provides the following services: general government, public safety, public works, human services, education and other unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so.

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

Government – Wide and Fund Financial Statements

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

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

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

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (instruction, special education, etc.). The functions are also supported by general government revenues (support from towns, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- d. Permanent Funds are used to account for assets held by the Town pursuant to a trust agreement. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

2. Fiduciary Funds:

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

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Accrual

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

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

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

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. The Town does not adopt budgets for Special Revenue Funds.

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements
- Money market mutual funds

Inventories

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

Interfund Receivables and Payables

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

Transactions Between Funds

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

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts for accounts receivables is estimated to be \$0 as of June 30, 2010.

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

Estimated useful lives are as follows:

Buildings	20 - 50 years
Machinery and equipment	5 - 10 years
Vehicles	3 - 25 years

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reserves

The Town records reserves to indicate that a portion of the fund balance is legally segregated for a specific future use, which is indicated by the title of each reserves listed in the balance sheet and statement of net assets. It is the Town's policy to first use restricted assets for restricted programs and only unrestricted assets after the restricted assets have been exhausted.

Net Assets

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 24, 2009 on the assessed value listed as of April 1, 2009, for all real and personal property located in the Town. Taxes were due on in two installments on October 1, 2009 and April 1, 2010. Interest on unpaid taxes commenced on October 2, 2009 and April 2, 2010, at 10% 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 \$78,289 for the year ended June 30, 2010.

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.

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - CASH AND INVESTMENTS

The Town's investment policies, which follow state statutes, authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all Town funds.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Town does not have a policy covering custodial credit risk.

At June 30, 2010, the Town's cash balance of \$724,105 was comprised of deposits of \$739,863. Of this balance, \$519,304 was insured by federal depository insurance and consequently was not exposed to custodial credit risk, \$119,828 was collateralized with securities held by the financial institution but not in the Town's name, and \$100,731 that was in excess of federal depository insurance and collateralization, and therefore, not insured or collateralized.

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 388,382
Savings accounts	351,481
	<u>\$ 739,863</u>

At June 30, 2010, all of the Town's investments amounting to \$20,001 were insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Investment Type</u>	<u>Fair Value</u>
Certificates of deposit	<u>\$ 20,001</u>

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2010 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General fund	\$ 34,480	\$ -
Permanent funds	-	34,480
	<u>\$ 34,480</u>	<u>\$ 34,480</u>

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2010:

	Balance 7/1/09	Additions	Disposals	Balance 6/30/10
Non-depreciated assets:				
Land	\$ 60,000	\$ -	\$ -	\$ 60,000
Collections	74,000	-	(74,000)	-
	<u>134,000</u>	<u>-</u>	<u>(74,000)</u>	<u>60,000</u>
Depreciated assets:				
Buildings	865,772	-	(224,572)	641,200
Equipment	436,154	4,000	(192,786)	247,368
Vehicles	1,011,328	375,000	(254,631)	1,131,697
Infrastructure	4,079,757	-	-	4,079,757
	<u>6,393,011</u>	<u>379,000</u>	<u>(671,989)</u>	<u>6,100,022</u>
Less accumulated depreciation:				
Buildings	(689,442)	(16,030)	224,572	(480,900)
Equipment	(309,036)	(16,225)	163,016	(162,245)
Vehicles	(923,960)	(10,096)	227,841	(706,215)
Infrastructure	(1,414,316)	(54,397)	-	(1,468,713)
	<u>(3,336,754)</u>	<u>(96,748)</u>	<u>615,429</u>	<u>(2,818,073)</u>
Net depreciated assets	<u>3,056,257</u>	<u>282,252</u>	<u>(56,560)</u>	<u>3,281,949</u>
Net capital assets	<u>\$ 3,190,257</u>	<u>\$ 282,252</u>	<u>\$ (130,560)</u>	<u>\$ 3,341,949</u>

Current year depreciation:

General government	\$ 4,375
Public safety	35,226
Public works	57,147
	<u>\$ 96,748</u>

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2010:

	Balance 7/1/09	Additions	Reductions	Balance 6/30/10	Current Year Portion
Bonds payable	\$ 105,423	\$ -	\$ (26,715)	\$ 78,708	\$ 26,715
Accrued compensated absences	-	2,319	-	2,319	-
Totals	<u>\$ 105,423</u>	<u>\$ 2,319</u>	<u>\$ (26,715)</u>	<u>\$ 81,027</u>	<u>\$ 26,715</u>

The following is a summary of the outstanding bond payable:

\$885,711 bond payable to Maine Municipal Bond Bank, annual principal payments of \$26,715, no interest is charged.	<u>\$ 78,708</u>
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Principal and interest requirements to maturity are as follows:

	Principal	Interest	Total Debt Service
2011	\$ 26,715	\$ -	\$ 26,715
2012	26,715	-	26,715
2013	25,278	-	25,278
2014	-	-	-
2015	-	-	-
	<u>\$ 78,708</u>	<u>\$ -</u>	<u>\$ 78,708</u>

All bonds and notes are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for special assessment debt. All bonds and notes are payable from taxes levied on all taxable property located within the Town. The General Fund is used to liquidate the liability for the bonds, and notes.

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6 – OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2010, the Town's share was approximately:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Amount</u>
County of Kennebec	\$ 381,842	1.41%	\$ 5,384
RSU #12	6,129,094	10.10%	619,038
			<u>\$ 624,422</u>

NOTE 7 – RESERVED NET ASSETS

The following net assets have been reserved at June 30, 2010 for the following purposes:

Reserved for general fund expenditures	\$ 281,720
Reserved for special revenue funds	37,769
Reserved for capital project funds	110,632
Reserved for permanent funds	70,435
Total	<u>\$ 500,556</u>

NOTE 8 – DESIGNATED FUND EQUITY

At June 30, 2010, the designated fund balances was made up of the following account balances carried forward into the subsequent year's budget:

General Fund:	
Education	<u>\$ 281,720</u>
	<u>\$ 281,720</u>

TOWN OF CHELSEA, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 9 - EXPENDITURES OVER APPROPRIATIONS

The following appropriations were overspent at June 30, 2010:

	Excess
General government articles	\$ 15,433
Public safety articles	13,636
Winter roads	20,928
Summer roads	98,195
Cemetery and parks	993
Capital investment	64
	\$ 149,249

NOTE 10 – RELATED PARTY TRANSACTION

The Town conducts business with the spouse of one of the members of the Board of Selectmen. The name of the company is Marshall Swan Construction, Inc. The company performs road repairs and construction for the Town. For the fiscal year ended June 30, 2010, the Town paid Marshall Swan Construction, Inc. \$210,910.

NOTE 11 – RISK MANAGEMENT – PARTICIPATION IN A PUBLIC ENTITY RISK POOL

The Town is a member of the Maine Municipal Association – Property and Casualty Pool (“Pool”). The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the Pool, coverage is provided after the deductible is met, and is based on replacement cost. Under the liability portion of the Pool, coverage is provided after the deductible is met, to \$1,000,000.

TOWN OF CHELSEA, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 12 - CONTINGENCIES

The Town participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2010 may be impaired. In the opinion of the Town, there are no significant contingent liabilities relating to compliance with the rules and regulations; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 13 – RESTATED NET ASSETS

The Town's Government-wide financial statements have been restated for capital asset adjustments. The net assets of the government-wide financial statements have been adjusted by a net of \$28,637 to reflect an increase in value of certain capital assets. Schedule L and Note 2 have also been restated to reflect these additional values.

The Katon School Library Fund was also added to the financial statements as a nonmajor permanent fund. The beginning balance in the fund was \$5,000 as of July 1, 2009.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual - General Fund

TOWN OF CHELSEA, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance - July 1	\$ 523,135	\$ 523,135	\$ 523,135	\$ -
Resources (Inflows):				
Taxes:				
Property	2,033,566	2,033,566	2,022,093	(11,473)
Excise	300,000	300,000	369,911	69,911
Intergovernmental	325,476	441,944	435,551	(6,393)
Charges for services	-	-	22,249	22,249
Interest income	-	-	20,946	20,946
Other revenue	-	-	73,239	73,239
Transfers from other funds	-	-	28,550	28,550
Amounts Available for Appropriation	<u>3,182,177</u>	<u>3,298,645</u>	<u>3,495,674</u>	<u>197,029</u>
Charges to Appropriations (outflows):				
Current:				
General government	225,802	226,302	232,304	(6,002)
Public safety	144,000	144,000	157,446	(13,446)
Public works	504,300	543,614	663,615	(120,001)
Human services	15,300	15,300	11,143	4,157
County assessment	140,163	140,163	140,163	-
Education	1,875,688	2,203,151	1,921,431	281,720
Unclassified	78,289	78,289	10,269	68,020
Capital outlay	500	500	564	(64)
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>2,984,042</u>	<u>3,351,319</u>	<u>3,136,935</u>	<u>214,384</u>
Budgetary Fund Balance, June 30	<u>\$ 198,135</u>	<u>\$ (52,674)</u>	<u>\$ 358,739</u>	<u>\$ 411,413</u>
Utilization of undesignated fund balance	\$ -	\$ -	\$ -	\$ -
Utilization of designated fund balance	<u>325,000</u>	<u>575,809</u>	<u>-</u>	<u>(575,809)</u>
	<u>\$ 325,000</u>	<u>\$ 575,809</u>	<u>\$ -</u>	<u>\$ (575,809)</u>

See accompanying independent auditors report.

Other Supplementary Information

Other supplementary information includes financial statements not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule – Budgetary Basis - Budget and Actual – General Fund Revenues
- Schedule of Departmental Operations – General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Project Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

SCHEDULE A

TOWN OF CHELSEA, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND REVENUE
 FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 2,033,566	\$ 2,033,566	\$ 2,022,093	\$ (11,473)
Auto excise	300,000	300,000	366,595	66,595
Boat excise	-	-	3,316	3,316
Intergovernmental revenues:				
State revenue sharing	245,000	245,000	205,127	(39,873)
Homestead reimbursement	80,476	80,476	62,556	(17,920)
Highway block grant	-	-	30,180	30,180
Tree growth	-	-	1,240	1,240
Veterans' exemption	-	-	19,830	19,830
Education	-	116,468	116,468	-
Other	-	-	150	150
Charges for services:				
Building permits	-	-	3,370	3,370
Plumbing permits	-	-	2,766	2,766
Junk yard permits	-	-	400	400
Motor vehicle agent fees	-	-	9,361	9,361
Dog agent fees	-	-	550	550
Animal welfare fees	-	-	1,402	1,402
Boat agent fees	-	-	225	225
Hunting/fishing agent fees	-	-	638	638
Town clerk lic/certificate fees	-	-	1,309	1,309
Returned check fees	-	-	270	270
ATV agent fees	-	-	136	136
Snowmobile agent fees	-	-	192	192
Humane society/court fees	-	-	50	50
Dog warrant fees	-	-	1,580	1,580
Interest income:				
Tax/lien interest	-	-	18,612	18,612
Interest income	-	-	2,334	2,334
Miscellaneous revenues:				
Sale of tax acquired property	-	-	16,572	16,572
Rental agreement	-	-	8,527	8,527
Misc. other	-	-	48,140	48,140
Transfers from other funds	-	-	28,550	28,550
Amounts Available for Appropriation	<u>\$ 2,659,042</u>	<u>\$ 2,775,510</u>	<u>\$ 2,972,539</u>	<u>\$ 197,029</u>

See accompanying independent auditors' report.

TOWN OF CHELSEA, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Adjustments	Total Available	Expenditures	Lapsed	Carried
GENERAL GOVERNMENT						
Administrative salaries	\$ 107,935	\$ -	\$ 107,935	\$ 109,912	\$ (1,977)	\$ -
Administrative expense	12,100	-	12,100	20,985	(8,885)	-
Town office expense	6,800	-	6,800	7,241	(441)	-
Administration miscellaneous	24,950	500	25,450	22,328	3,122	-
Assessor's office	21,400	-	21,400	21,256	144	-
Contract labor/service	5,000	-	5,000	3,970	1,030	-
Board expense	4,250	-	4,250	236	4,014	-
Employee benefits	25,000	-	25,000	23,879	1,121	-
Banking	-	-	-	729	(729)	-
Code enforcement agreement	18,367	-	18,367	21,768	(3,401)	-
Totals	<u>225,802</u>	<u>500</u>	<u>226,302</u>	<u>232,304</u>	<u>(6,002)</u>	<u>-</u>
PUBLIC SAFETY						
Fire department	81,700	-	81,700	83,746	(2,046)	-
Public safety	15,000	-	15,000	18,360	(3,360)	-
Insurance	21,500	-	21,500	21,453	47	-
Animal control	4,600	-	4,600	5,631	(1,031)	-
Ambulance	15,000	-	15,000	22,199	(7,199)	-
Street light	6,200	-	6,200	6,057	143	-
Totals	<u>144,000</u>	<u>-</u>	<u>144,000</u>	<u>157,446</u>	<u>(13,446)</u>	<u>-</u>
PUBLIC WORKS						
Winter roads	155,000	-	155,000	175,928	(20,928)	-
Summer roads	304,800	39,314	344,114	442,309	(98,195)	-
Landfill	38,500	-	38,500	38,385	115	-
Cemetery & parks	6,000	-	6,000	6,993	(993)	-
Totals	<u>504,300</u>	<u>39,314</u>	<u>543,614</u>	<u>663,615</u>	<u>(120,001)</u>	<u>-</u>

TOWN OF CHELSEA, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Total Available</u>	<u>Expenditures</u>	<u>Lapsed</u>	<u>Carried</u>
HUMAN SERVICES						
General assistance	4,000	-	4,000	543	3,457	-
Donations & contributions	11,300	-	11,300	10,600	700	-
Totals	<u>15,300</u>	<u>-</u>	<u>15,300</u>	<u>11,143</u>	<u>4,157</u>	<u>-</u>
CAPITAL OUTLAY						
Capital investment	500	-	500	564	(64)	-
Totals	<u>500</u>	<u>-</u>	<u>500</u>	<u>564</u>	<u>(64)</u>	<u>-</u>
COUNTY TAX	<u>140,163</u>	<u>-</u>	<u>140,163</u>	<u>140,163</u>	<u>-</u>	<u>-</u>
EDUCATION	<u>1,875,688</u>	<u>327,463</u>	<u>2,203,151</u>	<u>1,921,431</u>	<u>-</u>	<u>281,720</u>
UNCLASSIFIED						
Overlay	78,289	-	78,289	10,269	68,020	-
Totals	<u>78,289</u>	<u>-</u>	<u>78,289</u>	<u>10,269</u>	<u>68,020</u>	<u>-</u>
TRANSFERS OUT						
Fire department transfers	-	-	-	-	-	-
Totals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 2,984,042</u>	<u>\$ 367,277</u>	<u>\$ 3,351,319</u>	<u>\$ 3,136,935</u>	<u>\$ (67,336)</u>	<u>\$ 281,720</u>

See accompanying independent auditors' report.

TOWN OF CHELSEA, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash	\$ 36,513	\$ 110,632	\$ 104,915	\$ 252,060
Investments	-	-	-	-
Accounts receivable (net of allowance)	1,256	-	-	1,256
Due from other funds	-	-	-	-
Total assets	<u>\$ 37,769</u>	<u>\$ 110,632</u>	<u>\$ 104,915</u>	<u>\$ 253,316</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages	-	-	-	-
Due to other funds	-	-	34,480	34,480
Total liabilities	<u>-</u>	<u>-</u>	<u>34,480</u>	<u>34,480</u>
FUND EQUITY				
Fund balances:				
Reserved:				
Designated for subsequent years' expenditures	37,769	110,632	70,435	218,836
Unreserved:				
Undesignated	-	-	-	-
Total fund equity	<u>37,769</u>	<u>110,632</u>	<u>70,435</u>	<u>218,836</u>
Total liabilities and fund equity	<u>\$ 37,769</u>	<u>\$ 110,632</u>	<u>\$ 104,915</u>	<u>\$ 253,316</u>

See accompanying independent auditors' report.

SCHEDULE D

TOWN OF CHELSEA, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income	\$ 75	\$ 243	\$ 444	\$ 762
Other	3,366	1,026	400	4,792
TOTAL REVENUES	<u>3,441</u>	<u>1,269</u>	<u>844</u>	<u>5,554</u>
EXPENDITURES	<u>2,293</u>	<u>-</u>	<u>10,630</u>	<u>12,923</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,148</u>	<u>1,269</u>	<u>(9,786)</u>	<u>(7,369)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	15,414	-	15,414
Operating Transfers (Out)	(43,964)	-	-	(43,964)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(43,964)</u>	<u>15,414</u>	<u>-</u>	<u>(28,550)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(42,816)	16,683	(9,786)	(35,919)
FUND BALANCE - JULY 1, RESTATED	<u>80,585</u>	<u>93,949</u>	<u>80,221</u>	<u>254,755</u>
FUND BALANCE - JUNE 30	<u>\$ 37,769</u>	<u>\$ 110,632</u>	<u>\$ 70,435</u>	<u>\$ 218,836</u>

See accompanying independent auditors' report.

Special Revenue Funds

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

TOWN OF CHELSEA, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	<u>CDBG Rehab</u>	<u>Chelsea Cares</u>	<u>Title IA Disadvantaged</u>	<u>Title IIA Teacher Quality</u>	<u>Title IID Ed. Tech.</u>
ASSETS					
Cash	\$ 33,974	\$ 2,539	\$ -	\$ -	\$ -
Accounts receivable	1,256	-	-	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u><u>\$ 35,230</u></u>	<u><u>\$ 2,539</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages	-	-	-	-	-
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
 FUND EQUITY					
Fund Balance:					
Designated	35,230	2,539	-	-	-
Undesignated	-	-	-	-	-
TOTAL FUND EQUITY	<u><u>35,230</u></u>	<u><u>2,539</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u><u>\$ 35,230</u></u>	 <u><u>\$ 2,539</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

TOWN OF CHELSEA, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

	<u>Title V Innovative</u>	<u>Title IV</u>	<u>EPS Stabilization</u>	<u>Local Entitlement</u>	<u>Total</u>
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ 36,513
Accounts receivable	-	-	-	-	1,256
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,769</u>
 LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages	-	-	-	-	-
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 FUND EQUITY					
Fund Balance:					
Designated	-	-	-	-	37,769
Undesignated	-	-	-	-	-
TOTAL FUND EQUITY	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,769</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 37,769</u>

See accompanying independent auditors' report.

TOWN OF CHELSEA, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>CDBG Rehab</u>	<u>Chelsea Cares</u>	<u>Title IA Disadvantaged</u>	<u>Title IIA Teacher Quality</u>	<u>Title IID Ed. Tech.</u>
REVENUES					
Investment income	\$ 75	\$ -	\$ -	\$ -	\$ -
Other income	-	3,366			
TOTAL REVENUES	<u>75</u>	<u>3,366</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES	<u>-</u>	<u>2,293</u>			<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>75</u>	<u>1,073</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers (Out)	-	-	(9,115)	(4,817)	
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(9,115)</u>	<u>(4,817)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	75	1,073	(9,115)	(4,817)	-
FUND BALANCE - JULY 1	<u>35,155</u>	<u>1,466</u>	<u>9,115</u>	<u>4,817</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 35,230</u>	<u>\$ 2,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF CHELSEA, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	Title V Innovative	Title IV	EPS Stabilization	Local Entitlement	Total
REVENUES					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ 75
Other income	-				3,366
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,441</u>
EXPENDITURES		-	-		2,293
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,148</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers (Out)	(896)		(29,136)	-	(43,964)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(896)</u>	<u>-</u>	<u>(29,136)</u>	<u>-</u>	<u>(43,964)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(896)	-	(29,136)	-	(42,816)
FUND BALANCE - JULY 1	<u>896</u>	<u>-</u>	<u>29,136</u>	<u>-</u>	<u>80,585</u>
FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,769</u>

See accompanying independent auditors' report.

Capital Project Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary of trust funds.

TOWN OF CHELSEA, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2010

	<u>Fire Dept. Donations</u>	<u>Town Reserve</u>	<u>Fire Dept. Reserve</u>	<u>Fire Truck Reserve</u>	<u>School Capital Projects</u>	<u>Totals</u>
ASSETS						
Cash	\$ 2,113	\$ 21,371	\$ 72,048	\$ 15,100	\$ -	\$ 110,632
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 2,113</u>	<u>\$ 21,371</u>	<u>\$ 72,048</u>	<u>\$ 15,100</u>	<u>\$ -</u>	<u>\$ 110,632</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY						
Fund Balance:						
Designated	2,113	21,371	72,048	15,100	-	110,632
Undesignated	-	-	-	-	-	-
TOTAL FUND EQUITY	<u>2,113</u>	<u>21,371</u>	<u>72,048</u>	<u>15,100</u>	<u>-</u>	<u>110,632</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 2,113</u>	<u>\$ 21,371</u>	<u>\$ 72,048</u>	<u>\$ 15,100</u>	<u>\$ -</u>	<u>\$ 110,632</u>

See accompanying independent auditors' report.

TOWN OF CHELSEA, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Fire Dept. Donations</u>	<u>Town Reserve</u>	<u>Fire Dept. Reserve</u>	<u>Fire Truck Reserve</u>	<u>School Capital Projects</u>	<u>Totals</u>
REVENUES						
Investment income	\$ 3	\$ 48	\$ 159	\$ 33	\$ -	\$ 243
Other income	1,026	-	-	-	-	1,026
TOTAL REVENUES	<u>1,029</u>	<u>48</u>	<u>159</u>	<u>33</u>	<u>-</u>	<u>1,269</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,029</u>	<u>48</u>	<u>159</u>	<u>33</u>	<u>-</u>	<u>1,269</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	15,414	15,414
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,414</u>	<u>15,414</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	1,029	48	159	33	15,414	16,683
FUND BALANCE - JULY 1	<u>1,084</u>	<u>21,323</u>	<u>71,889</u>	<u>15,067</u>	<u>(15,414)</u>	<u>93,949</u>
FUND BALANCE - JUNE 30	<u>\$ 2,113</u>	<u>\$ 21,371</u>	<u>\$ 72,048</u>	<u>\$ 15,100</u>	<u>\$ -</u>	<u>\$ 110,632</u>

See accompanying independent auditors' report.

Permanent Funds

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

TOWN OF CHELSEA, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS

JUNE 30, 2010

	Cemetery Fund	Searls Mills Cemetery	Ruth Ludwig Library	School Reserves	Katon School Library Fund	Total
ASSETS						
Cash	\$ 28,986	\$ 10,781	\$ 9,718	\$ 51,180	\$ 4,250	\$ 104,915
Investments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 28,986</u>	<u>\$ 10,781</u>	<u>\$ 9,718</u>	<u>\$ 51,180</u>	<u>\$ 4,250</u>	<u>\$ 104,915</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Due to others funds	\$ 9,480	\$ -	\$ -	\$ 25,000	\$ -	\$ 34,480
TOTAL LIABILITIES	<u>9,480</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>34,480</u>
FUND EQUITY						
Fund Balance						
Designated	19,506	10,781	9,718	26,180	4,250	70,435
TOTAL FUND EQUITY	<u>19,506</u>	<u>10,781</u>	<u>9,718</u>	<u>26,180</u>	<u>4,250</u>	<u>70,435</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 28,986</u>	<u>\$ 10,781</u>	<u>\$ 9,718</u>	<u>\$ 51,180</u>	<u>\$ 4,250</u>	<u>\$ 104,915</u>

See accompanying independent auditors' report.

TOWN OF CHELSEA, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Cemetery Fund	Searls Mills Cemetery	Ruth Ludwig Library	School Reserves	Katon School Library Fund	Total
REVENUES						
Investment income	\$ 67	\$ 79	\$ 185	\$ 113	\$ -	\$ 444
Other income	400	-	-	-	-	400
TOTAL REVENUE	<u>467</u>	<u>79</u>	<u>185</u>	<u>113</u>	<u>-</u>	<u>844</u>
EXPENDITURES	<u>9,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750</u>	<u>10,630</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,413)</u>	<u>79</u>	<u>185</u>	<u>113</u>	<u>(750)</u>	<u>(9,786)</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>(9,413)</u>	<u>79</u>	<u>185</u>	<u>113</u>	<u>(750)</u>	<u>(9,786)</u>
FUND BALANCE - JULY 1, RESTATED	<u>28,919</u>	<u>10,702</u>	<u>9,533</u>	<u>26,067</u>	<u>5,000</u>	<u>80,221</u>
FUND BALANCE - JUNE 30	<u>\$ 19,506</u>	<u>\$ 10,781</u>	<u>\$ 9,718</u>	<u>\$ 26,180</u>	<u>\$ 4,250</u>	<u>\$ 70,435</u>

See accompanying independent auditors' report.

General Capital Assets

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

TOWN OF CHELSEA, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
 JUNE 30, 2010

	Land and Non-depreciable Assets	Buildings and Improvements	Machinery, Equipment & Vehicles	Infrastructure	Total
General Government	\$ -	\$ 175,000	\$ -	\$ -	\$ 175,000
Public safety	-	356,200	1,379,065	-	1,735,265
Public Works	-	110,000	-	4,079,757	4,189,757
Town Wide	60,000	-	-	-	60,000
Total General Capital Assets	60,000	641,200	1,379,065	4,079,757	6,160,022
Less: Accumulated Depreciation	-	(480,900)	(868,460)	(1,468,713)	(2,818,073)
Net General Capital Assets	\$ 60,000	\$ 160,300	\$ 510,605	\$ 2,611,044	\$ 3,341,949

See accompanying independent auditors' report.

TOWN OF CHELSEA, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2010

	General Capital Assets 7/1/09	Additions	Deletions	General Capital Assets 6/30/10
General Government	\$ 175,000	\$ -	\$ -	\$ 175,000
Public safety	1,356,265	379,000	-	1,735,265
Public works	4,189,757	-	-	4,189,757
Education	745,989	-	(745,989)	-
Town Wide	60,000	-	-	60,000
	<u>6,527,011</u>	<u>379,000</u>	<u>(745,989)</u>	<u>6,160,022</u>
Total General Capital Assets	6,527,011	379,000	(745,989)	6,160,022
Less: Accumulated Depreciation	<u>(3,336,754)</u>	<u>(96,748)</u>	<u>615,429</u>	<u>(2,818,073)</u>
Net General Capital Assets	<u>\$ 3,190,257</u>	<u>\$ 282,252</u>	<u>\$ (130,560)</u>	<u>\$ 3,341,949</u>

See accompanying independent auditors' report.