

**TOWN OF STANDISH**  
**FINANCIAL REPORT**



JUNE 30, 2012

**TOWN OF STANDISH, MAINE**  
JUNE 30, 2012

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## INDEPENDENT AUDITORS' REPORT

Council and Manager  
Town of Standish  
Standish, 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 Standish, Maine as of June 30, 2012, and for the year then ended, 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to in the first paragraph 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 Standish, Maine as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinion on the financial statements taken as a whole. The combining and individual fund statements presented as Exhibits 1-1 through 3 and the Schedules 1 through 5 are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Berry Talbot Royer*

Certified Public Accountants

December 21, 2012



# Town of Standish

## Management's Discussion and Analysis

Our discussion and analysis of the Town of Standish's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2012. Please read this in conjunction with the transmittal letter and the Town's financial statements both published and provided by our independent outside auditors, Berry Talbot Royer, Certified Public Accountants.

### **Financial Highlights**

- ✓ The Town's property values increased in taxable valuation from \$1,026,334,627 to \$1,028,425,930, an overall increase of \$2,091,303 or less than 1%. Furthermore, the Town's mil-rate increased from \$10.21 in Fiscal Year 2011 to \$10.36 in Fiscal Year 2012, an increase of \$0.15 per thousand. This slight increase can be attributable to the small increase in total appropriation due to the increase in but not limited to the Town of Standish's overall budget in departments like Capital, items not funded by bond funds, Public Safety and Public Work's overall budget and Employee Benefits to name a few.
- ✓ The Town of Standish assets exceeded its liabilities at the close of Fiscal Year 2012 by \$33,852,365<sup>1</sup>. This year's total net assets are comprised, in part, by "unrestricted net assets," \$2,946,970, which may be used to meet the Town's ongoing obligations to employees, citizens, and creditors (a decrease from prior year of \$1,142,231).
- ✓ The Town's operations for this year resulted in a decrease of \$1,044,680 in "change in net assets" as presented in the Statement of Activities<sup>2</sup>; the Town's expenses were \$13,690,539 offset by revenues of \$12,645,859. This decrease in net assets is supported by changes in the Statement of Net Assets<sup>3</sup>.
- ✓ A comparison of Governmental Activities this year to last shows an increase of \$886,111 in expenditure and a increase in revenue of \$139,829 increasing the change in net assets by \$746,282.
- ✓ With the implementation of GASB 54 in Fiscal Year 2011, Fund Balance Reporting and Governmental Fund Type Definitions, identifying and reporting the composition of fund balance has changed. The new model consists of Nonspendable, Restricted, Committed, Assigned and Unassigned. What has been undesignated fund balance in the past is now referred to as Unassigned. As of the close of the current fiscal year, the Town's General Fund reported an ending unassigned fund balance of \$2,380,182 compared to what was an unassigned fund balance of \$2,598,380 for the prior year, a decrease of \$218,198 which is due to a minor reclassification of Tax Acquired property from unassigned to nonspendable fund balance as well as some unassigned funds moved to restricted fund balance for capital projects<sup>4</sup>. The Total fund balance of \$3,393,455 represents a decrease of \$611,944 in comparison with the prior year and is

<sup>1</sup> See "Total Net Assets" as listed in Table A of this MD&A; net assets are the level of the Town's total assets in excess of its total liabilities.

<sup>2</sup> See "Change in Net Assets" as listed in Table B of this MD&A; based on operating revenues in excess of expenses.

<sup>3</sup> See "Total Net Assets" as listed in Table A of this MD&A; the total of the dollar change between current and prior fiscal year by balance sheet category.

<sup>4</sup> Please see Exhibit 1-1, "Balance Sheet – General Fund, With Comparative Totals for the Year Ended June 30, 2012," of the financial statements. Primary factors are shown on Statement 6 "Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the year ended June 30, 2012"



# Town of Standish

## Management's Discussion and Analysis

attributable to similar spending trends, revenue collecting, and carry forward policies from last year to this year.

- ✓ The Town has remained in compliance until Fiscal Year 2011 with an “Undesignated Fund Balance Policy” established in 2005 and updated in 2012, “to establish a target level of fund balance for the general fund and to establish a process and criteria for the continued evaluation of that target level as conditions warrant. This policy shall also establish a process for reaching and maintaining the targeted level of unassigned fund balance, and the priority for the use of amounts in excess of the target. Finally, this policy shall provide a mechanism for monitoring and reporting the Town’s general fund balance. This policy applies only to the general fund.” In Fiscal Year 2012 it dropped \$329,116 below the target amount of \$2,709,298. This is mostly due to the current economic conditions as well as the use of fund balance to offset appropriations within the 2012 Fiscal Year.
- ✓ At the close of the current fiscal year, the Town’s ratio of general fund unassigned fund balance to general fund expenses equaled 16.75% as compared to prior year’s 17.27% due to the decrease of unassigned fund balance even though actual expenses decreased \$841,672. This is an indication of declining revenues collected in the fiscal year as well as an overreliance on unassigned fund balance to decrease appropriations.<sup>5</sup>
- ✓ The Town’s total bonded debt increased by \$855,917 (current year bond/loan proceeds of \$1,468,746 received vs. bond/loan repayments of \$612,829), during the current fiscal year.

### **Overview of the Financial Statements**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town’s finances. For governmental activities, fund financial statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town’s operations in more detail than the government-wide statements by providing information about the Town’s most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

### **The Statement of Net Assets and the Statement of Activities (Reporting the Town as a Whole)**

One of the most important questions asked about the Town’s finances is, “Is the municipality as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

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<sup>5</sup> The basis for this ratio is extracted from Exhibit 1-1, “Unassigned Fund Balance for 2012” or \$2,380,182 divided by “Total Actual Expenditures” from Exhibit 1-2, or \$14,206,871.



# Town of Standish

## Management's Discussion and Analysis

These two statements report the Town's *net assets* and changes in them. You can think of the municipality's net assets—the difference between assets and liabilities—as one way to measure the Town's financial health, or *financial* position. Over time, increases or decreases in the municipality's net assets are one indicator of whether its *financial* health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the *overall health* of the Town of Standish.

In the Statement of Net Assets and the Statement of Activities we divide the Town into three kinds of activities:

- Governmental activities—Most of the Town's basic services are reported here, including the law enforcement, fire and EMS, public works and solid waste, parks and recreation departments, and general administration. Property taxes, franchise fees, and state and federal grants finance most of these activities.
- Business-type activities—If the Town of Standish charged a fee to customers to help it cover all or most of the cost certain services it provides, it would report them grouped separately from governmental activities. Water supply and sewer treatment/disposal systems are examples of activities that would be reported as business-type. The Town of Standish currently has no such operations. Where public water supply infrastructure exists within the Town of Standish it is the property of the Portland Water District.
- Component units— Examples of these are separate legal entities such as a Town School District or a Town Landfill Authority. Although legally separate, these “component units” are important because the Town would be financially accountable for them. The Town of Standish has no component units, being assessed annually by its participation in School Administrative District 6 (SAD#6) which is reported within “governmental activities.”

## **Reporting the Town's Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds—*governmental* and *proprietary*—use different accounting approaches.

- *Governmental funds*—Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be



# Town of Standish

## Management's Discussion and Analysis

spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities and governmental *funds* in reconciliation at the bottom of the fund financial statements).

- *Proprietary funds*—When the Town charges customers for the services it provides—whether to outside customers or to other units of the Town—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. If the Town of Standish had enterprise funds (a component of proprietary funds) which are the same as business-type activities they would be reported in the government-wide statements but provide more detail. As stated previously, the Town of Standish currently has no proprietary funds.
- *Fiduciary funds*—The Town is the trustee, or *fiduciary*, for its employees' deferred benefit plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these activities from the Town's other financial statements because the municipality cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### Government – wide Financial Analysis (“The Town as a Whole”)

The Town's *combined* net assets decreased from a year ago by \$1,044,680 from \$34,897,045 to \$33,852,365 due to among other activities the increase in the town's liabilities, specifically its short term and long term debt. Our analysis focuses on the net assets (Table A, below) and changes in net assets (Table B, page 7) of the Town's governmental activities.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Standish, assets exceeded liabilities by \$33,852,365 at the close the 2012 fiscal year.

#### Town of Standish - Statement of Net Assets

ASSETS	Governmental Activities					
	Fiscal 2012		Fiscal 2011		Change	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Current and Other	\$5,249,896	13.50%	\$5,116,281	13.02%	\$133,615	2.62%
Capital Assets (Net of Depreciation/Amort.)	\$33,628,850	86.50%	\$34,184,262	86.98%	(\$555,412)	-1.61%
<b>Total Assets:</b>	<b>\$38,878,746</b>	<b>100.00%</b>	<b>\$39,300,543</b>	<b>100.00%</b>	<b>(\$421,797)</b>	<b>-1.1%</b>
<b>LIABILITIES</b>						
Current and Other	\$1,259,181	25.05%	\$1,338,739	30.40%	(\$79,558)	-5.9%
Long-Term	\$3,767,200	74.95%	\$3,064,759	69.60%	\$702,441	22.9%
<b>Total Liabilities:</b>	<b>\$5,026,381</b>	<b>100.00%</b>	<b>\$4,403,498</b>	<b>100.00%</b>	<b>\$622,883</b>	<b>14.1%</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	\$29,922,640	88.39%	\$30,485,372	87.36%	(\$562,732)	-1.8%
Restricted:						
Specific Purposes	\$925,297	2.73%	\$273,455	0.78%	\$651,842	82.2%
Special Revenues	\$18,542	0.05%	\$10,177	0.03%	\$8,365	0.0%
Nonexpendable Trust Principal	\$19,957	0.06%	\$19,957	0.06%	\$0	0.0%
Expendable Trust Funds	\$18,959	0.06%	\$18,883	0.05%	\$76	0.0%
Unrestricted:	\$2,946,970	8.71%	\$4,089,201	11.72%	(\$1,142,231)	-27.9%
<b>Total Net Assets:</b>	<b>\$33,852,365</b>	<b>100.00%</b>	<b>\$34,897,045</b>	<b>100.00%</b>	<b>(\$1,044,680)</b>	<b>-3.0%</b>

Table A - Net Assets



# Town of Standish

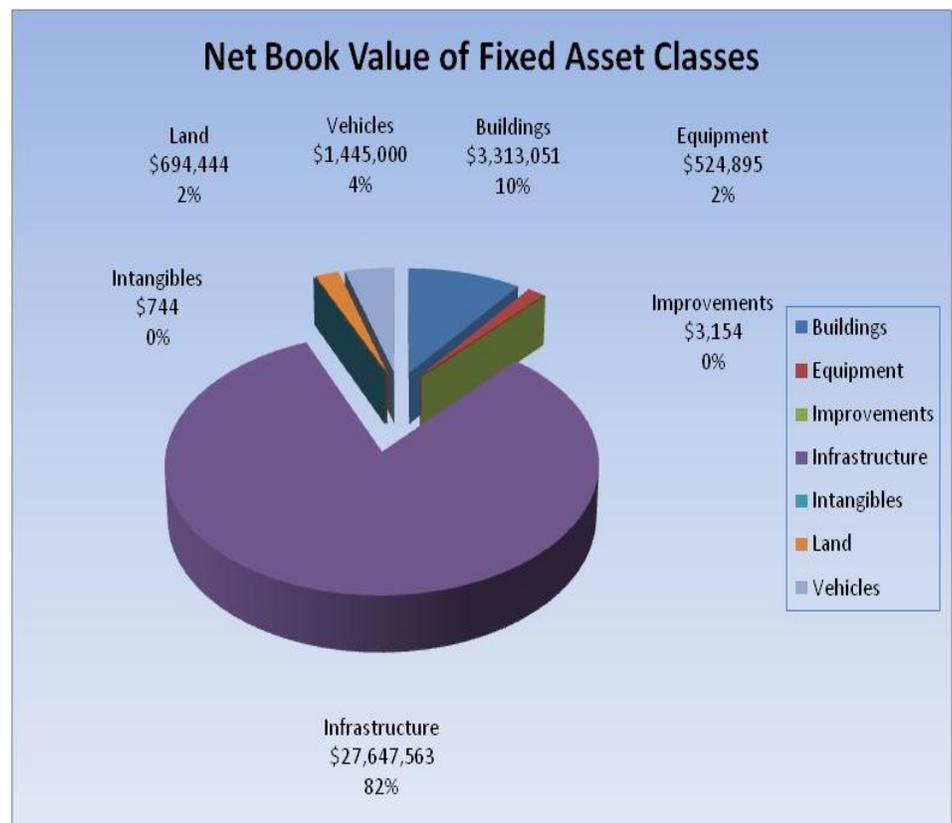
## Management's Discussion and Analysis

By far the largest portion of the Town of Standish's assets, 86.5 percent, or \$33,628,850 reflects its investment in capital assets net of depreciation and amortization, segregated into; vehicles, equipment, land, buildings, infrastructure (paved roads, gravel roads, sidewalks, culverts, bridges, erosion control systems, traffic light controllers and systems, fire tanks, dry hydrants, and wharfs and docks) and improvements, net of any accumulated amortization or depreciation and net of related debt (see Table A). The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. The Town's fixed assets can be reported by function of activity as well as attribution to fund, however, the Town of Standish's activities are all governmental. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town of Standish net assets represents resources that are not subject to external restrictions on how they may be used. The *unrestricted net assets* of \$2,946,970<sup>6</sup> may be used to meet the Town's ongoing obligations to employees, citizens, and creditors. Table A, on the previous page, is an abbreviated version of the "Statement of Net Assets" which are found in Statement 1 of the government wide financial statements.

The chart to the right provides a graphic depiction of the distribution of the net book value of fixed assets (capital assets, net of depreciation and amortization) by asset class. This summary data is supported by individual fixed assets, individually catalogued and associated with every operational department within the Town of Standish.

The "Statement of Activities, (Statement 2)," reflects Governmental Activities consisting of revenues, special items and transfers of \$12,645,859 exceeded by



<sup>6</sup> The value reflected in the Statement of Net Assets for unrestricted net assets plus restricted net assets is the equivalent to all 5 categories of fund balance reflected in Statement 3, Balance Sheet – Governmental Funds with the variance of \$527,140 comprised of adjustments for the 60-day rule of taxes. This amount agrees with the "Other long term assets not available for current period expenditures" adjustment listed on Statement 4 of the Financial Statements.



# Town of Standish

## Management's Discussion and Analysis

expenses net of program revenues of \$13,690,539. These activities resulted in a decrease in net assets of \$1,044,680. A comparative summary of the Statement of Activities is depicted in Table B below.

*Note: The data compares current year operations with a decrease in net assets of \$1,044,680 versus a prior year decrease in net assets of \$298,398 resulting in a net change of \$746,282.*

### Town of Standish - Statement of Activities

REVENUES:	Governmental Activities					
	Fiscal 2012		Fiscal 2011		Change	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
General Revenues:						
Taxes, levied for general purposes	12,052,668	95.31%	\$11,863,903	94.87%	\$188,765	1.6%
Intergovernmental revenues	592,224	4.67%	\$626,163	5.00%	(\$33,939)	-5.4%
Investment earnings	2,188	0.02%	\$7,290	0.06%	(\$5,102)	-70.0%
Miscellaneous revenues	(1,221)	-0.01%	\$8,674	0.07%	(\$9,895)	0.0%
<b>Total General Revenues:</b>	<b>\$12,645,859</b>	<b>100.00%</b>	<b>\$12,506,030</b>	<b>100.00%</b>	<b>\$139,829</b>	<b>1.1%</b>
EXPENSES:						
General Government	\$1,059,675	7.70%	\$1,524,048	11.90%	(\$464,373)	-30.8%
Public Safety - Protection and Enforcement	\$899,489	6.61%	\$750,848	5.86%	\$148,641	20.5%
Public Works	\$2,234,156	16.32%	\$1,015,623	7.93%	\$1,218,533	120.0%
Capital Outlay	\$843,945	6.16%	\$1,186,523	9.27%	(\$342,578)	-28.9%
Community Services and Health	\$100,542	0.73%	(\$84,003)	-0.66%	\$184,545	-219.7%
Education	\$7,770,724	56.76%	\$7,637,208	59.65%	\$133,516	1.7%
Fixed Charges	\$846,869	6.19%	\$763,443	5.96%	\$83,426	10.9%
Capital Reserve Activity	(\$64,861)	-0.47%	\$10,738	0.08%	(\$75,599)	-704.0%
<b>Total Governmental Activities Expenditures:</b>	<b>\$13,690,539</b>	<b>100.00%</b>	<b>\$12,804,428</b>	<b>100.00%</b>	<b>\$886,111</b>	<b>6.9%</b>
<b>Change in Net Assets:</b>	<b>(\$1,044,680)</b>		<b>(\$298,398)</b>		<b>(\$746,282)</b>	

Table B - Net Statement of Activities

Overall revenue collection increased slightly with a 1.1% increase in total revenues received in fiscal year 2012 over fiscal year 2011. Vehicle excise taxes decreased slightly in Fiscal Year 2012 in comparison to last year where it's been a significant and stable contributor to the Town in prior years. Property taxes remain the primary source of overall revenues, particularly taxes on real estate. In FY 2011, the town received 105% of state revenue sharing or \$455,070 out of a budgeted \$432,744. In FY2012 the town received only 91.25% of its budgeted funding, or \$412,818, due in part to a revision by the state on July 6th. Even though the state changed their projection to \$403,434 we received 2.3% more than expected. With the fluctuating economy this shows the unpredictability from year to year of state revenue sharing funding. The town anticipates about the same amount or less revenue sharing in FY2013. The days of substantial investment income are well behind us. After a couple of years of higher yields on fixed and liquid investments, investment income has been down the past few fiscal years. In FY2011 the town received \$5,811 from investment interest and \$1,231 in FY2012. This is due to the continuing low rates on investment funds, rising bank fees and reflective of the deteriorating economic condition which has continued throughout Fiscal Year 2012 as well as less cash on hand to invest, needing it for liquidity purposes. In FY2012 the town rebid its banking services and eventually selected a new banking partner who has guaranteed the town little to no expenses for typical banking fees as well as the opportunity to earn some interest on the town's funds without having to use those earnings to pay bank fees.



# Town of Standish

## Management's Discussion and Analysis

Comparative expenses reflect an overall increase of 6.9% with the largest increase coming in public works. Another increase was in the public safety department. The fixed charges category

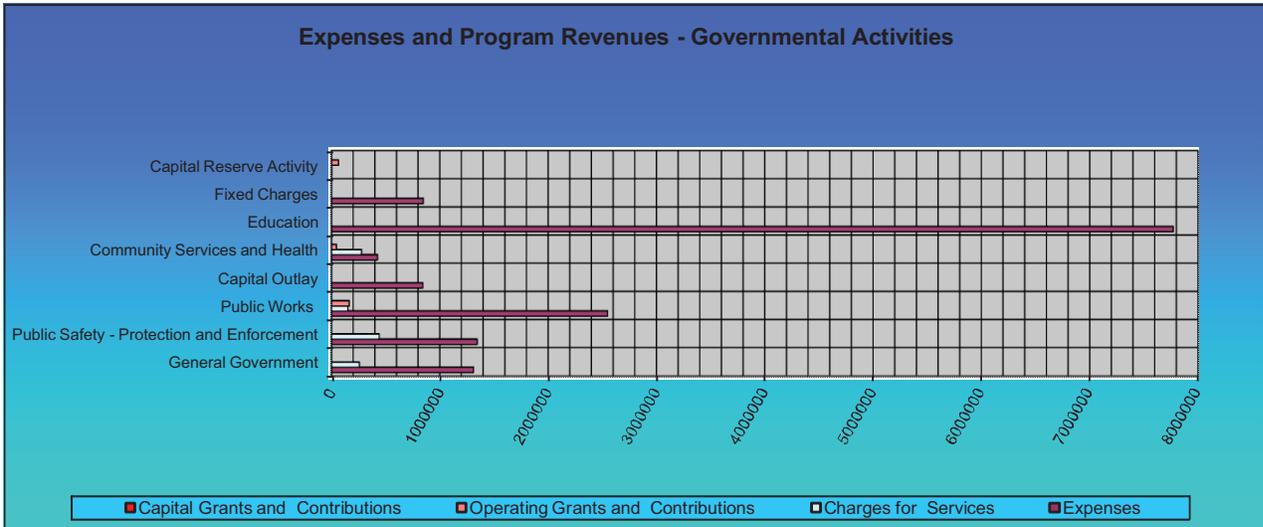


Chart B – Expenses and Program Revenues

The maroon bar depicts the level of Expense against appropriations. The other bars, Charges for Services in light green, Operating Grants and Contributions in pink, and Capital Grants and Contributions in red are all revenues that participate directly to offset expense wherever they appear. The Expenses are in the far left column on Statement 2, and the Revenues are in columns to the right of the Expense column. Expenses offset by Program Revenues yield a “Net Expense (Revenue) and Changes in Net Assets.

which includes debt service saw an increase as well. All other categories saw decreases from prior year.

### Governmental activities

Governmental activities decreased the Town of Standish’s net assets by \$1,044,680, as described in the beginning paragraphs of this discussion and analysis report. Chart B, depicted below, shows expenses offset by program revenues in the areas of “capital grants and contributions, operating grants and contributions and charges for services,” yielding a net expense as detailed in statement 2

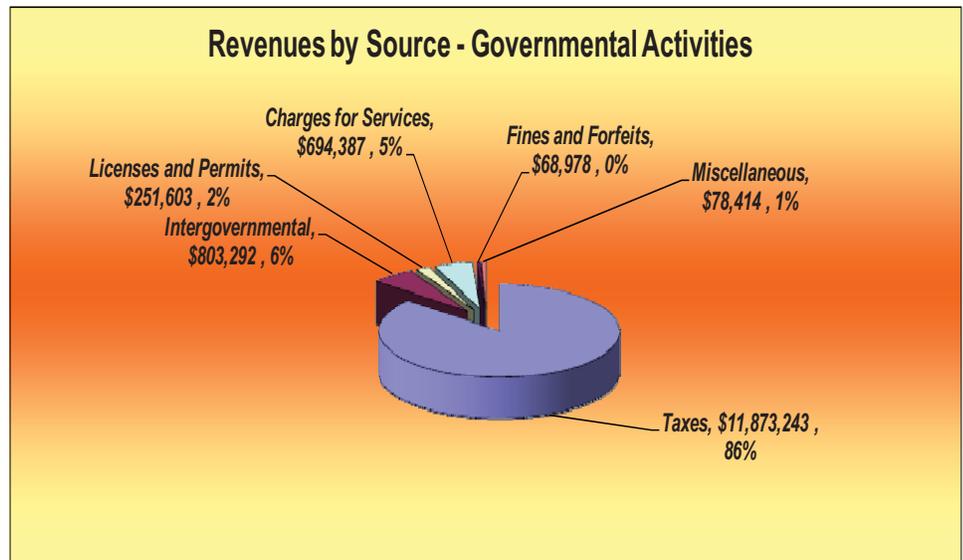


Chart C – Revenues by Source for Governmental Activities

of the financial statements. Additional revenues not related directly to programs are reflected as



“General Revenues” on the Statement of Activities report and are depicted in graphical format in Chart C on the next page. Note the percentages of the overall general revenues are depicted with each category in the pie chart for “Revenues by Source – Governmental Activities,” as reported in Statement 7.

### **Financial Analysis of the Government's Funds**

As noted earlier, the Town of Standish uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** The focus of the Town of Standish's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *expendable* resources. Such information is useful in assessing the Town's financing requirements. In past years, *unreserved fund balance* may have served as a useful measure of a government's net resources available for spending at the end of the fiscal year but with the implementation of GASB 54 the reader must look deeper.

**GASB 54** As of June 15, 2010 all governments are required to implement GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for fiscal years starting after that effective date. GASB's reasoning for this pronouncement as per their website is “**Primary Objective:** The objectives of this project are to assess whether existing reporting requirements related to fund balance adequately meet the needs of financial statement users and to consider potential changes to improve the usefulness of fund balance information. Clarification of terms within governmental fund type definitions will also be addressed.” GASB explains the new categories as:

“Fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance*—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund)
- *Restricted fund balance*—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation
- *Committed fund balance*—amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint
- *Assigned fund balance*—amounts a government *intends* to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority
- *Unassigned fund balance*—amounts that are available for any purpose; these amounts are reported only in the general fund.”

(<http://www.gasb.org/cs/BlobServer?blobcol=urldata&blobtable=MungoBlobs&blobkey=id&blobwhere=1175820450998&blobheader=application%2Fpdf>)

As of the end of the current fiscal year, the Town of Standish governmental funds reported combined ending fund balances of \$4,311,155 with \$3,393,455 specific to the general fund



# Town of Standish

## Management's Discussion and Analysis

(Governmental Fund Balance Sheet, Statement 3). Approximately 70 percent of this total amount, \$2,380,182, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. Other portions of fund balance are \$435,596, categorized as *assigned fund balance*, \$434,853 as *committed fund balance*, \$72,129 as *restricted fund balance* and \$70,695 as *nonspendable fund balance*. (See Exhibit 1-3, "Statement of Changes in Fund Balance").

The Town of Standish's general fund unassigned fund balance experienced another decrease of \$218,198 as depicted in Exhibit 1-1, "Balance Sheet - General Fund" (difference between \$2,598,380 in fiscal 2011 and \$2,380,182 this fiscal year end). The key contributing factors in this balance of revenues and expenditures are as follows:

- **Revenues:** Overall below target by \$329,676, with the following notable contributing segments:
  - Deferred Tax Revenue increased \$179,425 as more real estate taxes were paid after the end of the Fiscal Year than in the prior year.
  - State Municipal Revenue Sharing was lower than budget expectations, decreasing by \$39,557 from budget to actual in FY12.
  - General Assistance from the State came in above projections by \$12,504.
  - Tree Growth Reimbursement from the state exceeded budget projections by \$29,245.
  - Cable TV Franchise Fees showed a decrease of \$7,082 as the economy continues to sit tight. These fees tie directly to the subscriptions Time Warner has throughout the year.
  - Emergency Medical Service revenues fell well below budget by \$50,007. An explanation for this from our collections agent, Medical Reimbursement Services of Windham, is due to the economy where many who were recipients of service had private insurance now have Medicare at a lower rate or no insurance at all.
  - Recreation Revenue was \$30,148 less than budgeted this year but this department is different than any others as funds are only spent with what revenues are collected. The department actually turned a small profit of \$1,464 showing effective oversight not spending too much or too little.
  - Fines and Forfeits were below budget in total \$6,522.
  - Investment Interest was down again versus budget projections by \$5,769.
  - Sale of property was down by \$23,591 from budget projections due to an anticipated sale of Tax Acquired property that never materialized.
- **Expenditures:** Overall expenses were within appropriations by \$381,861 of which \$85,596 is carried forward to 2013, with the following significant variances by governmental category:
  - General government expended \$183,848 less than appropriated against a total budget of \$1,815,360.
  - Public Safety – Protection and Enforcement was within its budget of 1,375,001 by \$5.
  - Capital Outlays expended \$20,798 less than appropriated against a total budget of \$86,293.
  - Public Works expended \$155,731 less than appropriated against a total budget of \$1,646,364.



# Town of Standish

## Management's Discussion and Analysis

- Community Services and Health expended \$9,242 less than appropriated against a total budget of \$427,627.
- Fixed Charges, net of overlay, expended \$12,237 less than appropriated against a combined total budget of \$1,467,363.
- The overlay, a provision for tax abatements, provided for at the time of tax commitment, was placed at \$36,522 by the Town Assessor, in anticipation of abatement activity after the Town's 2012 commitment.

### **General Fund Budgetary Highlights**

In FY2012 the town held (2) special town meeting(s) to approve funds for a matching sidewalk grant and an engineering study for a road project as well as appropriate more funds for anticipated budget overruns. The overall revised fiscal year 2012 budget incorporated anticipated revenues of \$14,099,593, total budgeted expenditures of \$14,588,732, sources (uses) of other surplus (undesignated fund balance) of (\$489,139) including the use of surplus of \$391,300, prior year carry-over (designated fund balances) of \$133,639, and transfers out to the Special Revenue and Capital Project Funds. Actual revenues were below budget levels by (\$329,736) and expenditures were below appropriation by \$381,861. Without considering the authorization to draw \$391,300 from surplus or use of carry forward amounts of \$133,639, the overall revenues over expenditures of the general fund were \$52,125 compared to FY2011 of \$498,950.

### **Capital Asset and Debt Administration**

**Capital assets:** The Town of Standish's investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$33,628,850 (net of debt and accumulated depreciation/amortization) compared to \$34,184,262 as of June 30, 2011. The total decrease in the Town of Standish's investment in capital assets for FY 2012 was 1.7%.

*In preparation for the Town's efforts to bring on its fixed asset group, the Standish Town Council adopted, on March 13, 2002, council order 144-02 and attached fixed asset policy, a document for implementation of GASB 34. The document is detailed in Table D on page 13 and establishes definitions, methods, thresholds and controls for assets that meet the criteria. The Town of Standish chose the depreciation approach as its preferred method of recording its infrastructure and other assets.*

Please refer to Table C, found below which compares the net values by asset class and reflects the change by class.



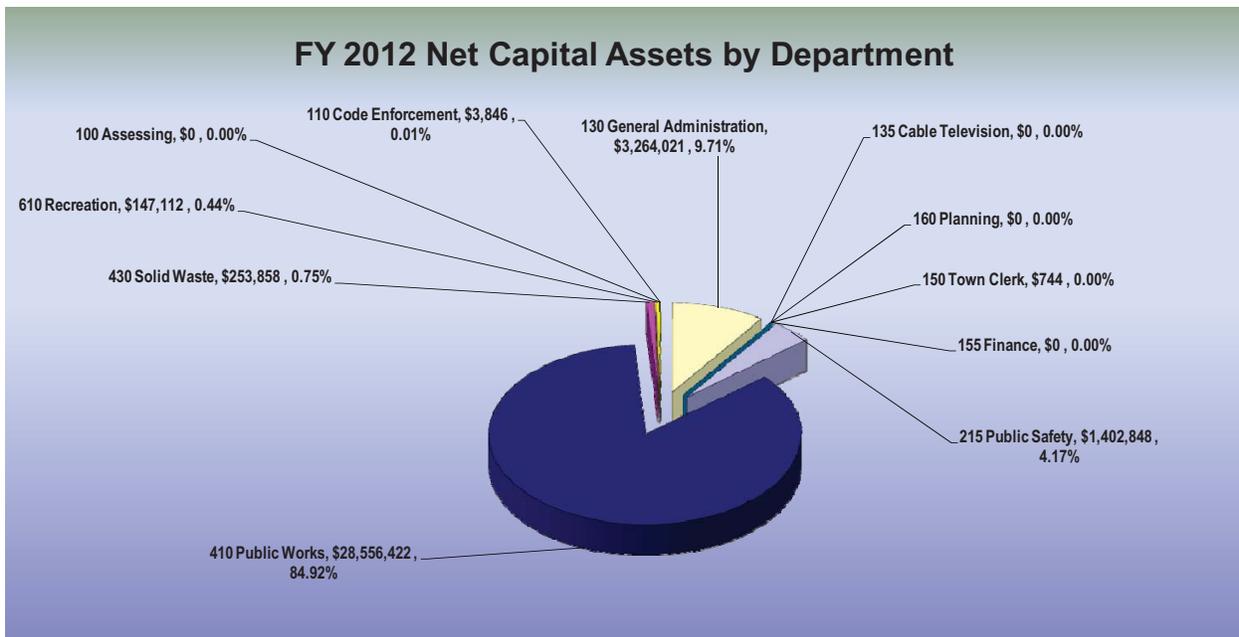
# Town of Standish

## Management's Discussion and Analysis

Asset Class	Fiscal 2012		Fiscal 2011		Change	
	Dollars	% of Total	Dollars	% of Total	Dollars	% of Total
Buildings	\$3,313,051	9.85%	\$3,389,938	9.92%	(\$76,888)	-2.3%
Equipment	\$524,895	1.56%	\$428,443	1.25%	\$96,452	22.5%
Improvements	\$3,154	0.01%	\$3,560	0.01%	(\$406)	-11.4%
Infrastructure	\$27,647,563	82.21%	\$28,709,283	83.98%	(\$1,061,720)	-3.7%
Intangibles	\$744	0.00%	\$814	0.00%	(\$70)	-8.6%
Land	\$694,444	2.07%	\$264,694	0.77%	\$429,750	162.4%
Vehicles	\$1,445,000	4.30%	\$1,387,530	4.06%	\$57,470	4.1%
Grand Total	\$33,628,850	100.00%	\$34,184,263	100.00%	(\$555,413)	-1.6%

*Table C - Change in Net Book Value of Capital Assets*

The above table provides a statistical presentation of the same data presented graphically on page 6 of this management discussion and analysis along with comparisons to the prior year. A definition of terms may be helpful in understanding the assets that fall within each of these classes as well as the sub categories which have their own distinct useful lives.



**Chart D - FY 2012 Net Capital Assets by Department**

Chart D, shown above, presents the Town of Standish Capital Assets in conjunction with the Town's departments and associated areas of accountability. Annually each department head participates in a comprehensive planning and analysis, physical inventorying, processing to catalog, assessing condition as well as determining dates of acquisition of new capital items greater than



# Town of Standish

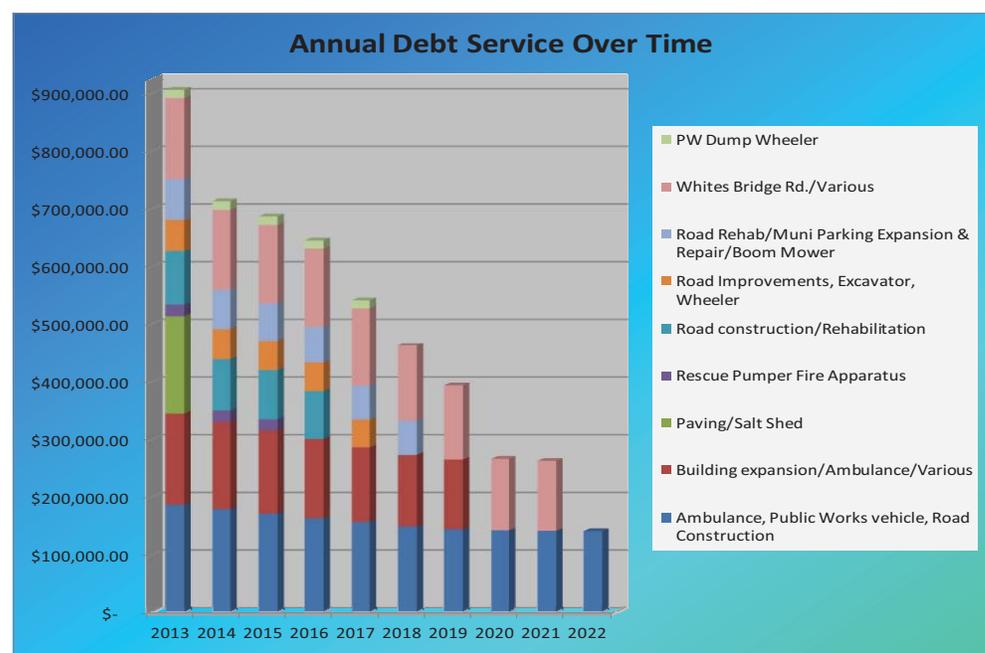
## Management's Discussion and Analysis

\$5,000 individually and any capital item retirements. The Town records serial numbers or VIN numbers along with fixed asset descriptions according to asset class.

- **Road and Paving projects** completed this year included the paving of just Deer Hill North (0.67 miles). These projects were discussed and approved through the town's capital improvements committee and the 10 year capital plan established by this committee.
- **Road and Subdivision Acceptances by the Town Council: NONE**
- You may be looking for depreciation expense and you will not find any reference to it in any of the financial statement other than "Capital Assets net of depreciation/amortization." This non cash expense is carefully computed according to the town's "fixed asset policy" and it is noteworthy to review Statement 6, "Reconciliation of the Statement of Revenues Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the year ended June 30, 2012." Depreciation/Amortization expense, in aggregate, reflects a system that recognizes age and obsolescence to the Town's capital assets over time. A value of \$-554,191 found on Statement 6, "is the amount by which depreciation for Fiscal 2012, in the amount of (\$1,543,481) exceeded capital outlay for the year, in the amount of 989,290." The change to the Town's Capital Assets by Class (as depicted in Table C of this report) of \$555,412 (\$-554,191 + - 1221 gain on sale of assets), reflects that in aggregate the Town's contribution to and acceptance of capital assets fell below depreciation in fiscal year 2012.

Additional information on the Town of Standish's capital assets can be found in the "Notes to the Financial Statements" located in this report.

**Long-term debt.** At the end of the 2012 fiscal year, the Town of Standish had total bonded debt outstanding of \$4,533,503, with almost 100% being general obligation bonds, backed by the full faith and credit of the Town (1.5% was a loan for public works truck). All of the Town's outstanding debt is associated with governmental activities. For more detailed information refer to Note 5 of the "Notes to the Financial Statements." In Fiscal Year 2012, \$1,402,746 of bonded indebtedness was approved in the





# Town of Standish

## Management's Discussion and Analysis

budget. The Town of Standish participated with the Maine Municipal Bond Bank in their fall offering. Debt service for the FY2012 Bond included funds for Road Improvements, an ambulance, public works vehicle and various other projects. The town was required to make an interest only payment amount of \$26,011 in FY2012 and it is reflected in the stacked bar chart on the prior page. A total of \$612,829 of principle payments were made against all long term debt in 2012. The difference of (\$855,919) between bond principals received and paid in 2012 is shown on Statement 6. The level of debt at the end of Fiscal Year 2012 is still well within appropriate limits set by the state and accepted limits of the industry as described in the following paragraph.

State statutes limit the amount of general obligation debt a municipality may issue which can be up to 15 percent of its total state assessed valuation. The current debt limitation for the Town of Standish, based on a State valuation of \$1,046,900,000, is \$157,035,000, which is significantly higher than that of the Town of Standish's outstanding general obligation principal balance of \$4,533,503; in fact, Standish's general obligation bonded indebtedness calculates at about 2.97% of its statutory limit. If Standish's population is 9,874, the Town's debt allocates to about \$459 per resident.

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

*Fiscal year 2005 marked the first time in over 20 years that the Town of Standish had been through a completed town-wide revaluation. The revaluation was required by State Law as our Assessment ratio had fallen below 70 %. Assessing records are audited annual by the State of Maine Tax Assessors Office to determine assessment ratios and analyze whether the tax burden is applied equally among all classes of property. The fiscal 2003-2004 audit disclosed that the Town was at 58.89% of market value overall. Residential properties away from the water were at 62% of market value and waterfront homes were at 39%. This disparity resulted in those away from the water shouldering an inequitable amount of the tax burden.*

As a result of the 2005 revaluation, the town's total assessed value went from \$414,928,721 to \$871,715,316. With the intent of minimizing the rate at which this taxable value to market value discrepancy would occur in the future, in Fiscal Year 2012, the Assessor, upon reviewing current market sales data, adjusted various components of the town. Any reduction was done across the board with the idea of equity among all. For a more detailed analysis please see the Assessing Department located at Town Hall.

With the passage of LD 1 in January 2005, spending limitation systems were applied to the spending decisions for county, school and municipal budgets. The Town's budget process for Fiscal 2012 was premised upon a modest new growth and property valuation increase and with consideration of the parameters of a calculated 2.35% growth limitation factor as defined within LD 1. The Town's calculated property tax levy limit was calculated at \$2,577,711. The proposed "Net Fiscal 2012 Municipal Budget," calculated at \$2,239,535, fell beneath LD1 cap limits. The adopted budget for Fiscal 2012 had a property tax rate of \$10.36 per thousand.



# Town of Standish

## Management's Discussion and Analysis

A review of Planning Board activity and approvals can be an indicator of Standish's economic momentum. During Fiscal Year 2012, July 1, 2011 through to June 30, 2012, the Planning Department for the Town of Standish was busy with its usual mix of approvals.

### **Site Plan Amendment**

- Nittany,LLc(Subway), 58 Ossipee Tr. E, Map 10, Lot 63A
- Standish Collision Ctr.,57 Northeast Rd., Map 10, Lot 60

### **Site Plan Review**

- Locke's Auto Service and Sales, 400 Ossipee Tr. Map 6, Lot 23
- Rocco Leo, III, 1150 Pequawket Trail, Map 33, Lot 17
- Town of Standish,150 Moody Road, Map 14,Lot 4
- Standish Auto Parts, 127 Ossipee Tr.ap 10, Lot 13B
- Paul & Candace Thompsom,14 Oak Hill Rd., Map 39, Lot 9

### **Amendment to Subdivision**

- Cold Brook Estates, Map 8, Lot 94-Cross street section
- Francis & Kathleen Amoroso 99 Stuart Shores Rd. Map 20, Lot 26D
- Ray & Shirley Cole, Map 10, Lot 59
- Gardenside Estates(Mark Floor), Map 10, Lots 64-2,69, 69F
- Burning Rose(Mike York), 70 Ossipee Tr.E, Map 64, Lot 70

### **Home Occupancy**

- Towanda's Kitchen, 1079 Pequawket Tr., Map 33, Lot 44

### **Shoreland Zoning**

- Wayde Charest, 402 Cole Hill Rd., Map 44, Lot 1
- Dana Lampron, 129 Westerlea Way, Map 20, Lots 7G,7I
- Wm.& Joanne Carlson, 15 Forrest St., Map 47, Lot 19A

### **Gravel Pit Expansion**

- Busque Construction, Inc. Map 20, Lot 58-2 Route 35

### **Public Hearing**

- Amend. To Standish Town Code, Chapter 181 Land Use(Collision repair Garage-Heavy Duty Repair Garage)
- Amend. To Standish Town Code, Chapter 181-Powers and Duties
- Amend.To Standish Town Code,Chapter 181-Home Occ.Level I

Pertinent to local economics is a discussion of population and population trends. Standish's population growth in the past can be attributed to many factors. First, the community encompasses some prime lakefront property. The town is also within commuting distance of Portland and the surrounding urban area. "Urban workers are willing to drive further out to rural areas to find an



# Town of Standish

## Management's Discussion and Analysis

affordable home with desirable amenities.”<sup>7</sup> Although in the past housing prices have increased by double digits every year since 1998, the housing market has declined in recent years by almost 40% of 2008 prices. A review of building permits issued by the Town of Standish Code Enforcement Office provides the following statistics:

<b>Building Permit by Type</b>	<b>Fiscal '06</b>	<b>Fiscal '07</b>	<b>Fiscal '08</b>	<b>Fiscal '09</b>	<b>Fiscal '10</b>	<b>Fiscal '11</b>
<b>Man/Mob Homes:</b>	18	7	8	8	6	7
<b>Single Family Residences:</b>	43	31	30	16	20	14
<b>Duplexes:</b>	0	0	0	0	0	0
<b>Multi-Family Residences:</b>	0	0	0	0	1	0
<b>Commercial Combined:</b>	1	2	3	6	3	1

Building permit statistics provide a forward indicator of proposed construction activity within the Town of Standish; however, actual occupancy permits and/or final inspections can serve as a basis for the municipality's actual property growth. A review of the past 6 years shows a disturbing trend of decreasing amount of permits granted. This can be attributable to among other things the decline in the housing market due to the economy and housing crash of 2008 and a recent change to the international builders code adopted by the State of Maine where more restrictions and requirements have increase the cost for builders in a time of recession in the economy.

The State of Maine has changed the prior years' Homestead Exemption program from prior to fiscal 2006 it had funded been funded in full, to allowing a total exemption for property owners' homestead (primary residence) at \$13,000, funded only 50% through the homestead exemption reimbursement to currently funding 50% of \$10,000. Municipalities are therein required to increase the tax commitment to its residents to either fund the 50% portion that the municipality needed to refund of \$5,000 or to keep consistent with prior years fund an extra \$1,500 to achieve the \$6,500 of FY 2010. The net effect of the municipal portion of the program is to shift some burden to taxpayers who did not qualify for homestead exemption (vacation homeowners, businesses, and commercial taxpayers).

Incorporating overlay, the net municipal budget for the fiscal 2013 year will increase by \$294,459 from \$2,271,535 to \$2,565,994. The SAD #6 educational assessment will increase by \$582,253 (up from \$7,770,724 to \$8,352,980) as a result of educational costs increasing district wide and the town's district % increasing. The Town of Standish's valuation percentage will decrease in FY 2013 per SAD #6 to 39.92% as the total amount charged by the district increased to \$20,701,452. Cumberland County's assessment will decrease by \$1,626 (up from \$612,439 to \$610,813). In short, the 2013 budget is created with the intent of not increasing but hoping to lower governmental

<sup>7</sup> As presented in 10/18/04 draft of Comprehensive Plan.



# Town of Standish

## Management's Discussion and Analysis

spending in light of the economic landscape although some items. Most aspects of the 2013 budget appropriations stayed close to the same with capital items being bonded with Maine Municipal Bond Bank in the upcoming fiscal year as has taken place in past years.

*The presence of the **Portland Water District** lands has an economic impact upon development within the Town of Standish. PWD owns 2,500 acres of what is now generally undeveloped land along the shores of Sebago Lake to include some off shore islands. These holdings comprise approximately 15 miles of shoreline on the third largest lake in New England. A portion of this shoreline had been previously developed for its recreational and economic importance, but has now been set aside for its watershed-protection value. During fiscal 2005 PWD received approvals to install additional fencing to protect its watershed holdings. The town and the district continued litigation in fiscal year 2006 and 2007 over ownership and rights to a portion of Northeast Road Extension; In FY 2008 judgment was rendered in favor of PWD giving rights of the property in question to them. The Town maintains its prescriptive rights to area range ways of 99 feet. In FY 2009 the Town used dedicated bond funding to pave and rehabilitate the boat launch located at Northeast Road Extension. It also began charging fees for usage. The revamped boat launch has been an overall success and is managed 7 days a week from dawn until dusk.*

*The Town of Standish is host to **Saint Joseph's College of Maine** campus on the shores of Sebago Lake. The College is a strong economic driver upon the local economy and the Town has benefited from Saint Joseph's contributions to defray the cost of a ladder fire truck and a bike path on White's Bridge Road, as well as other Town capital acquisitions in years past. The campus covers approximately 350 acres of land on the shores of beautiful Sebago Lake. With a student body enrollment of over 1,000, the College is serviced by administrators, educators, support staff and grounds and facilities management personnel representing over \$10 million in annual salaries.*

All of the above factors were considered in preparing the Town of Standish's budget for the 2013 fiscal year. The primary budgetary objective was to provide basic Town services to its citizens while attempting to keep the property tax rate stable, reasonable, and provide for property tax relief in conjunction with state participation and regionalization initiatives that can increase economies of scale for all who participate. Upon recommendation of independent outside auditors and the finance director, the council deliberated and adopted an "Undesignated Fund Balance Policy," council order 37-05, on March 8, 2005 and updated it with council order 21-12 on March 13, 2012 with the specific purpose of, "establishing a target level of fund balance for the general fund, establishing a process for reaching and maintaining the targeted level of unassigned fund balance and the priority for the use of amounts in excess of the target. This policy also shall provide a mechanism for monitoring and reporting the Town's general fund balance." The policy institutes a "target level" equal to two and one quarter twelfths (18.75%) of the approved appropriation for the municipal budget, the Town's portion of the SAD #6 assessment, county assessment, and overlay minus the budgeted capital expense.

The "Undesignated Fund Balance Policy" directs that any excess beyond the "target level" be identified in the Town's audited financial statements and may be used to adjust the mill rate upon the recommendation of the Town Manager and the Town Council with the approval of the Town Meeting. A review of the financial statements, Exhibit 1-2, shows that the actual expenditures were \$14,206,870 compared to an unassigned fund balance of \$2,380,182 displayed in Exhibit 1-1, yields a



# Town of Standish

## Management's Discussion and Analysis

ratio of 16.8% (\$2,380,182 divided by \$14,206,870). With the implementation of GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions," identifying and reporting what consists of fund balance has changed. The new model consists of Nonspendable, Restricted, Committed, Assigned and Unassigned. What has been undesignated fund balance in the past is now referred to as Unassigned. What may have been listed as undesignated fund balance in the past may not necessarily be considered unassigned fund balance.

As of the close of the current fiscal year, the Town's General Fund reported an ending Unassigned fund balance of \$2,380,182 compared to what was unassigned fund balance of \$2,598,380 for prior year, a decrease of \$218,198 which is due to reclassifications of the categories that make up fund balance such as Nonspendable, Restricted, Committed, Assigned and Unassigned from one year to the next<sup>8</sup>.

Application of the "target level" to the actual level of spending (\$14,206,871-\$65,495) of \$14,141,376 would have yielded an unassigned fund balance of \$2,651,508, a difference of \$271,326 from the actual unassigned fund balance of \$2,380,182. The audited unassigned fund balance fell short of the FY 2012 "target level" of \$2,709,298 by \$329,116. It should be noted that once into the FY 2013 year, the "target level" becomes \$2,848,883 due to the new FY 2013 proposed budget used to compute the "target level." The Town Manager has indicated that he intends to submit a budget for fiscal year 2013 that calls for the use of \$350,000 from unassigned fund balance.

During the upcoming fiscal year the Town's management will continue to monitor and evaluate local economic conditions. In the forefront of our revenue and expenditure concerns are:

- Additional changes in State education funding due to recent deterioration of economic conditions at the state and federal level.
- Reductions in the amount of State municipal revenue sharing funds from the portion of sales and income taxes that Standish receives from the statewide collection pool.
- Bankruptcy and tax delinquency resulting from the sub-prime mortgage meltdown and subsequent economic and financial crash and any possible recovery.
- The possibility of decreasing excise tax revenue and other non intergovernmental revenue sources due to economic conditions.
- Possible increasing energy costs and other expenditures this year.

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<sup>8</sup> Please see Exhibit 1-1, "Balance Sheet – General Fund, With Comparative Totals for the Year Ended June 30, 2012," of the financial statements. Primary factors are shown on Statement 6 "Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the year ended June 30, 2012"



# Town of Standish

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## Management's Discussion and Analysis

### Requests for Information

This financial report is designed to provide a general overview of the Town of Standish's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

- **Via U S Mails:**  
Finance Director, Town of Standish, 175 Northeast Road, Standish, ME 04084.
- **Via E-Mail:**  
[standishfinancedirector@roadrunner.com](mailto:standishfinancedirector@roadrunner.com)

These Fiscal 2011 Audited Financial Reports are available for review and printing in "PDF-file format" from our municipal website, [www.standish.org](http://www.standish.org). Simply navigate from the home page as follows:

- 1) Select "Treasurer" on the left side selection bar.
- 2) Select "FY 2012 Audited Financial Statement" under the Additional Links section on the left hand side of the Finance Department page.

**TOWN OF STANDISH, MAINE**  
**JUNE 30, 2012**

**BASIC FINANCIAL INFORMATION**

**TOWN OF STANDISH, MAINE**  
**STATEMENT OF NET ASSETS**  
 JUNE 30, 2012

	Governmental Activities
<b>ASSETS:</b>	
Cash/Investments	\$ 4,182,260
Receivables (Net of Allowance for Uncollectibles):	
Taxes	628,904
Liens	164,301
Accounts	202,640
Tax Acquired Property	18,518
Inventory and Prepaid Expense	53,113
Other Assets	160
Capital Assets:	
Land	694,444
Other Capital Assets, Net of Depreciation	32,934,406
Total Capital Assets	33,628,850
<b>TOTAL ASSETS</b>	<b>38,878,746</b>
<b>LIABILITIES:</b>	
Accounts Payable	195,281
Accrued Liabilities	31,164
Accrued Wages and Compensated Absences	166,422
Accrued Interest Payable	25,875
Deferred Revenues	74,136
Long-Term Liabilities:	
Due Within One Year	766,303
Due in More Than One Year	3,767,200
Total Liabilities	5,026,381
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	29,922,640
Restricted for:	
Specific Purposes	925,297
Special Revenues	18,542
Nonexpendable Trust Principal	19,957
Expendable Trust Funds	18,959
Unrestricted	2,946,970
	<b>\$ 33,852,365</b>

*The Accompanying Notes are an Integral Part of these Financial Statements*

**TOWN OF STANDISH, MAINE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Program Revenues			Net (Expense) Revenue and Changes In Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>FUNCTIONS/PROGRAMS</b>				
<b>Primary Government</b>				
Governmental Activities				
General Government	\$ 1,317,129	\$ 257,454	\$ -	\$ (1,059,675)
Public Safety - Protection and Enforcement	1,339,840	440,351	-	(899,489)
Public Works	2,549,533	150,765	164,612	(2,234,156)
Capital Outlay	843,945	-	-	(843,945)
Community Services and Health	425,362	278,364	46,456	(100,542)
Education	7,770,724	-	-	(7,770,724)
Fixed Charges	846,869	-	-	(846,869)
Capital Reserve Activity	3,600	3,405	65,056	64,861
Total Governmental Activities	<u>15,097,002</u>	<u>1,130,339</u>	<u>276,124</u>	<u>(13,690,539)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 15,097,002</u>	<u>\$ 1,130,339</u>	<u>\$ 276,124</u>	<u>\$ (13,690,539)</u>

General Revenues:	
Taxes-Property	\$ 10,675,446
Taxes-Excise	1,377,222
Intergovernmental	592,224
Investment Earnings	2,188
Loss on Asset Disposal	(1,221)
Total General Revenues and Special Items	<u>12,645,859</u>
Change in Net Assets	<u>(1,044,680)</u>
<b>Net Assets - July 1, 2011</b>	<u>34,897,045</u>
<b>Net Assets - June 30, 2012</b>	<u>\$ 33,852,365</u>

*The Accompanying Notes are an Integral Part of these Financial Statements.*

Berry Talbot Royer, Falmouth, Maine

**TOWN OF STANDISH, MAINE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

	General Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash/Investments	\$ 3,343,624	\$ 793,691	\$ 44,945	\$ 4,182,260
Receivables:				
Taxes	628,904	-	-	628,904
Liens	164,301	-	-	164,301
Accounts	191,258	-	11,382	202,640
Tax Acquired Property	18,518	-	-	18,518
Inventory and Prepaid Expense	52,017	-	1,096	53,113
Due from Other Funds	-	84,506	12,768	97,274
Other Assets	160	-	-	160
<b>TOTAL ASSETS</b>	<b>4,398,782</b>	<b>878,197</b>	<b>70,191</b>	<b>5,347,170</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	170,252	25,029	-	195,281
Accrued Liabilities	31,164	-	-	31,164
Accrued Wages and Compensated Absences	111,020	-	-	111,020
Deferred Revenues	601,276	-	-	601,276
Due to Other Funds	91,615	-	5,659	97,274
Total Liabilities	<u>1,005,327</u>	<u>25,029</u>	<u>5,659</u>	<u>1,036,015</u>
Fund Balances:				
Nonspendable	70,695	-	19,957	90,652
Restricted For:				
Special Revenues	-	-	18,542	18,542
Permanent Funds	-	-	18,959	18,959
Impact Fees	72,129	-	-	72,129
Capital Bond Funds	-	853,168	-	853,168
Committed For:				
Special Revenues	-	-	7,074	7,074
Reserves	434,853	-	-	434,853
Assigned For:				
Subsequent Years' Expenditures,				
Ongoing Engineering and Equipment Purchases	85,596	-	-	85,596
Use of Fund Balance	350,000	-	-	350,000
Unassigned	<u>2,380,182</u>	<u>-</u>	<u>-</u>	<u>2,380,182</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,398,782</b>	<b>\$ 878,197</b>	<b>\$ 70,191</b>	<b>\$ 5,347,170</b>

The reconciliation of the governmental balance sheet to the statement of net assets is presented on a separate schedule on the next page.

**TOWN OF STANDISH, MAINE**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

Amounts reported for governmental activities in the Statement of Net Assets (Statement 1) are different because:

Total Fund Balance (From Statement 3)		\$	4,311,155
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			33,628,850
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.			527,140
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Accrued Compensated Absences	\$	(55,402)	
Long-Term Debt		(4,533,503)	
Accrued Interest Payable		<u>(25,875)</u>	<u>(4,614,780)</u>
Net Assets of Governmental Activities		\$	<u><u>33,852,365</u></u>

*The Accompanying Notes are an Integral Part of these Financial Statements.*

**TOWN OF STANDISH, MAINE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes	\$ 11,873,243	\$ -	\$ -	\$ 11,873,243
Intergovernmental	803,292	-	-	803,292
Charges for Services	694,387	-	-	694,387
Licenses, Permits and Fees	251,603	-	-	251,603
Fines and Forfeits	68,978	-	-	68,978
Miscellaneous	78,354	-	34,919	113,273
Total Revenues	<u>13,769,857</u>	<u>-</u>	<u>34,919</u>	<u>13,804,776</u>
<b>EXPENDITURES:</b>				
General Government	1,631,512	-	-	1,631,512
Public Safety - Protection and Enforcement	1,374,996	-	40,746	1,415,742
Public Works	1,490,633	-	-	1,490,633
Capital Outlay	65,495	778,450	-	843,945
Community Services and Health	418,385	-	-	418,385
Education	7,770,724	-	-	7,770,724
Fixed Charges	1,455,126	-	-	1,455,126
Capital Reserve Activity - Net	(65,742)	-	-	(65,742)
Total Expenditures	<u>14,141,129</u>	<u>778,450</u>	<u>40,746</u>	<u>14,960,325</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(371,272)	(778,450)	(5,827)	(1,155,549)
<b>OTHER FINANCING SOURCES</b>				
Transfer to the Special Revenue Funds	(11,800)	-	11,800	-
Transfer from the General Fund	(24,000)	24,000	-	-
Bond Proceeds	-	1,402,746	-	1,402,746
	<u>(35,800)</u>	<u>1,426,746</u>	<u>11,800</u>	<u>1,402,746</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES</b>	(407,072)	648,296	5,973	247,197
<b>FUND BALANCES - JULY 1, 2011</b>	<u>4,005,399</u>	<u>204,872</u>	<u>58,559</u>	<u>4,268,830</u>
<b>FUND BALANCES - JUNE 30, 2012</b>	<u>\$ 3,598,327</u>	<u>\$ 853,168</u>	<u>\$ 64,532</u>	<u>\$ 4,516,027</u>

The reconciliation of the net change in fund balances of governmental funds to the change in net assets in the statement of activities is presented on a separate schedule on the next page.

*The Accompanying Notes are an Integral Part of these Financial Statements.*

**TOWN OF STANDISH, MAINE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<b>Net change in fund balances - total governmental funds (from Statement 5)</b>	\$	247,197
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeded depreciation in the current period is as follows:</p>		
Capital Outlay	\$ 989,290	
Depreciation	<u>(1,543,481)</u>	(554,191)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. The amount by which bond proceeds exceeded bond repayments is as follows:</p>		
Bond Repayments	612,827	
Bond and Note Proceeds	<u>(1,468,746)</u>	(855,919)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statement.		179,425
Loss on Sale of Assets		(1,221)
Expenditures reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.		<u>(59,971)</u>
<b>Change in net assets of governmental activities (see Statement 2)</b>	<b>\$</b>	<b><u>(1,044,680)</u></b>

**TOWN OF STANDISH, MAINE**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b>REVENUES:</b>				
Taxes	\$ 12,075,992	\$ 12,075,992	\$ 11,873,243	\$ (202,749)
Intergovernmental	800,750	800,750	803,292	2,542
Charges for Services	781,871	781,871	694,387	(87,484)
Licenses and Permits	257,477	257,477	251,603	(5,874)
Fines and Forfeits	75,500	75,500	68,978	(6,522)
Miscellaneous	108,003	108,003	78,354	(29,649)
<b>TOTAL REVENUES</b>	<u>14,099,593</u>	<u>14,099,593</u>	<u>13,769,857</u>	<u>(329,736)</u>
<b>EXPENDITURES:</b>				
General Government	1,815,360	1,815,360	1,631,512	183,848
Public Safety - Protection and Enforcement	1,370,001	1,375,001	1,374,996	5
Public Works	1,646,364	1,646,364	1,490,633	155,731
Capital Outlay	86,293	86,293	65,495	20,798
Community Services and Health	427,127	427,627	418,385	9,242
Educational	7,770,724	7,770,724	7,770,724	-
Fixed Charges	1,467,363	1,467,363	1,455,126	12,237
<b>TOTAL EXPENDITURES</b>	<u>14,583,232</u>	<u>14,588,732</u>	<u>14,206,871</u>	<u>381,861</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(483,639)</u>	<u>(489,139)</u>	<u>(437,014)</u>	<u>52,125</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfer to Special Revenue Funds	-	(11,800)	(11,800)	-
Transfer to Capital Projects	-	(24,000)	(24,000)	-
Use of Surplus	350,000	391,300	-	(391,300)
Prior Year Carryover	133,639	133,639	-	(133,639)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>483,639</u>	<u>489,139</u>	<u>(35,800)</u>	<u>(524,939)</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (472,814)</u>	<u>\$ (472,814)</u>

*The Accompanying Notes are an Integral Part of these Financial Statements.*

**TOWN OF STANDISH, MAINE**  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012

	<u>Agency</u>
	Developer
	Bonds
<b>ASSETS:</b>	
Cash	<u>\$ 595,749</u>
<b>LIABILITIES:</b>	
Accounts Payable	<u>\$ 595,749</u>

*The Accompanying Notes are an Integral Part of these Financial Statements.*

**TOWN OF STANDISH, MAINE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 1 - SUMMARY OF ACCOUNTING POLICIES**

**The Reporting Entity**

The Town of Standish, Maine, incorporated in 1785, operates under a Council-Manager form of government adopted by charter in 1987. The Council consists of seven members elected by the registered voters for overlapping terms of three years. The financial statements of the Town of Standish conform to generally accepted accounting principles (GAAP) as applicable to governmental units. 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. The more significant accounting policies established in GAAP and used by the Town are discussed below.

**Principles Determining Scope of Reporting Entity**

In evaluating the Town as a reporting entity, management has addressed all potential component units for which the Town may or may not be financially accountable and, as such, be includable within the Town's financial statements. In accordance with GASB Codification Section 2100, the Town (the primary government) is financially accountable if it appoints a voting majority of the organizations governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Town. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the application of these criteria, there are no potential component units within the Town that should be included as part of these basic financial statements.

**Basis of Presentation**

**Government-Wide Financial Statements**

The government-wide financial statements, comprised of the statement of net assets and the statement of activities, report information on all of the non-fiduciary activities of the Town. Governmental activities are normally supported by taxes and intergovernmental revenues. The effect of interfund activity has been removed from the statements.

The statement of activities points out the extent to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function, service, program, or department. 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 requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

**TOWN OF STANDISH, MAINE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 1 - SUMMARY OF ACCOUNTING POLICIES** (Continued)

**Basis of Presentation** (Continued)

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

**Fund Financial Statements**

The financial transactions of the Town are reported in 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.

Governmental Activities

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

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

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

*Capital Projects Funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

*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.

Agency Funds by definition are assets being held for the benefit of a third party and cannot be used to address activities or obligations of the Town. These funds are not incorporated into the Government-wide statements.

**TOWN OF STANDISH, MAINE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)**

**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.

Accrual

The governmental activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flow. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

Governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or 60 days thereafter to be used to pay liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including accrued interest on general long term debt, as well as certain compensated absences, claims and judgments, are recorded only when the obligations are due and payable. 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 revenues at that time.

The Town's principal major governmental fund is the General Fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund. The Town's other major fund is a Capital Projects fund. It accounts for capital outlays financed with general bond proceeds. The non major funds are combined in the "Other Governmental Funds" column in the fund financial statements.

**Budgetary Accounting**

Budgets are adopted for the general fund only. Formal budgetary integration is employed as a management control device during the year for the general fund. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. A comparison of budget to actual is presented in these financial statements.

**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. Maine statutes authorize investments in obligations of the U. S. Treasury and U. S. Agencies, and repurchase agreements. In addition, the Town invests its excess funds in certificates of deposit to coincide with its cash needs during the year. The Town invests its funds in an effort to ensure preservation of capital, remain sufficiently liquid and attain a reasonable market rate of return. Investments are reported at fair value.

**TOWN OF STANDISH, MAINE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)**

**Basis of Accounting (Continued)**

**Inventories**

Inventories are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet.

**Interfund Transactions**

During the course of normal operations, the Town transfers budgeted resources between funds for goods provided or services rendered, and to provide funding. These transactions are reported as operating transfers.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds" on the combined balance sheet. As a general rule, the effect of interfund activity is eliminated from the government-wide statement.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Capital outlays, which significantly extend the useful life of an asset, are recorded at historical cost 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. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed.

Straight line depreciation is used based on the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	25 to 50
Vehicles and Equipment	5 to 20
Infrastructure	10 to 40

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

**TOWN OF STANDISH, MAINE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)**

**Basis of Accounting (Continued)**

**Compensated Absences**

Pursuant to the terms of the personnel policies, vacation time is granted in varying amounts according to length of service. At June 30, 2012, the accrual for compensated absences was determined to be \$88,995 (\$94,431 at June 30, 2011).

**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 assets. Bond premiums and discounts (if any), as well as issuance costs, if material to basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**Net Assets and Fund Equity Classifications**

Net assets are required to be classified into the following three components:

*Invested in capital assets, net of related debt* - This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Capital assets	\$ 53,248,412
Accumulated Depreciation	(19,619,562)
Bonds and Notes Payable	(3,680,335)
Accrued Interest Payable	<u>(25,875)</u>
Total invested in capital assets	
Net of related debt	<u>\$ 29,922,640</u>

*Restricted* - This component consists of constraints placed on the use of net assets which are either externally imposed by debt covenants, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* - This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

**TOWN OF STANDISH, MAINE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)**

**Basis of Accounting (Continued)**

**Fund Balance**

The GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-Type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. Classifications are hierarchical and are based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this Standard, the fund balance classifications of reserved, designated, and undesignated were replaced with the following classifications:

*Nonspendable* - includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

*Restricted* - represents those portions of fund equity that have externally enforceable legal restrictions.

*Committed* - describes the portion of the fund balance that represents resources whose use is constrained by limitations that the government imposes upon itself at its highest level of decision making and that remain binding unless removed in the same manner.

*Assigned* - reflects the amounts constrained by the town's "intent" to be used for specific purposes, but are neither restricted nor committed. The town council and town manager have the authority to assign amounts to be used for specific purposes.

*Unassigned* - represents amounts that are available for any purpose.

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

It is the policy of the Town to maintain unassigned fund balance in the general fund at 18.75%, or two and one quarter twelfths of the approved appropriation for the municipal budget, the Town's portion of MSAD #6 local assessment, county and overlay – the "target level." In the event that the unassigned fund balance drops below this level, the Town will develop a plan, implemented through the annual budgetary process, to bring the balance to the target level over a period of no more than three (3) years. Any excess in the Unassigned Fund Balance identified in the Town's audited financial statements that exceeds the target level above may be used to adjust the mil rate upon the recommendation of the Town Manager and the Town Council with the approval of the Town Meeting.

**Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent liabilities, and the reported revenues and expenses.

**TOWN OF STANDISH, MAINE**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

**Note 2 - DEPOSITS AND INVESTMENTS**

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover the value of its deposits and investments that are in the possession of an outside party.

**Deposits**

The Town has a deposit policy for custodial credit risk. As of June 30, 2012, of the Town's bank balance of \$3,597,336, \$319,793 was insured by the FDIC, and \$3,277,543 was exposed to custodial credit risk. The amount exposed to custodial credit risk was collateralized with securities held by the pledging bank's trust department, not in the Town's name.

**Investments**

**Custodial Credit Risk**

For investments, custodial credit risk is the risk that, in event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of the outside party. The Town's investment policy does not specifically address custodial credit risk. As of June 30, 2012, the Town's investments were collateralized with securities held by the related trust department but not in the Town's name.

At June 30, 2012, investments consisted of the following:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Money Market Funds	\$ 581,438	\$ 581,438

**Credit Risk**

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. Agencies and repurchase agreements. Generally, the Town invests such excess funds in repurchase agreements and external investment pools backed by governmental securities.

**Concentration of Credit Risk**

The Town places no limit on the amount the Town may invest in any one issuer.

**TOWN OF STANDISH, MAINE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 3 - PROPERTY TAX**

The Town's property taxes for the July 1, 2011 - June 30, 2012 fiscal year were committed on September 13, 2011. Taxes were due semi-annually on November 15, 2011 and May 15, 2012. Unpaid taxes are charged interest of 7% per annum. The tax commitment was based on the April 1, 2011 assessed real estate and personal property values totaling \$1,028,425,930.

The following summarizes the levy:

**VALUATION AND ASSESSMENT**

<b>VALUATION:</b>	
Real Estate	\$ 1,023,525,428
Personal Property	<u>4,900,502</u>
Total Valuation	1,028,425,930
 <b>TAX RATE PER THOUSAND</b>	 <u>10.36</u>
 <b>TAX COMMITMENT</b>	 <u>\$ 10,654,492</u>

**COLLECTION OF 2011/2012 TAXES**

<b>ORIGINAL COMMITMENT</b>		\$ 10,654,492
<b>SUPPLEMENTAL COMMITMENT</b>		<u>20,954</u>
		10,675,446
Less: Collection in Current Year (Net of Adjustments and Refunds)	\$ 10,058,380	
Abatements	<u>28,058</u>	<u>10,086,438</u>
		<u>\$ 589,008</u>

**TAXES RECEIVABLE-JUNE 30, 2012**

Taxes receivable at June 30, 2012 are as follows:

Taxes - Current Year		\$ 589,008
Taxes - Prior Years		<u>39,896</u>
		<u>\$ 628,904</u>

**TOWN OF STANDISH, MAINE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 3 - PROPERTY TAX (Continued)**

The Town is permitted by the laws of the State of Maine to levy taxes 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 \$36,521 for the year ended June 30, 2012.

Property taxes levied for the fiscal year are recorded as receivables at the time the levy is made. The receivables collected during the year and during the first sixty (60) days after June 30, 2012 are recognized as revenues. The remaining receivables estimated to be collectible subsequent to the sixty (60) day period are recorded as deferred revenues. The variance between actual property tax revenues and budgeted property tax revenues of \$20,954 (Exhibit 1-2) represents supplemental taxes.

The 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 acquired by foreclosure for non-payment of taxes is recorded at the amount of expired tax liens plus the cost involved in foreclosure. Liens and any current taxes on the same parcel are not included as part of the tax acquired property account until expiration of statutory time limits.

**Note 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2012 was:

<b>Governmental activities:</b>	Balance July 1, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2012</u>
Capital assets, not being depreciated:				
Land	\$ 264,694	\$ 429,750	\$ -	\$ 694,444
Capital assets, being depreciated:				
Buildings	4,153,318	-	-	4,153,318
Improvements other than Buildings	46,124	-	-	46,124
Machinery and equipment	3,592,671	368,475	(86,758)	3,874,388
Infrastructure	<u>44,289,074</u>	<u>191,065</u>	<u>-</u>	<u>44,480,139</u>
Total capital assets, being depreciated:	<u>52,081,187</u>	<u>559,540</u>	<u>(86,758)</u>	<u>52,553,969</u>
Less accumulated depreciation:				
Buildings	763,379	76,888	-	840,267
Improvements other than Buildings	42,564	406	-	42,970
Machinery and equipment	1,775,883	213,402	(85,537)	1,903,748
Infrastructure	<u>15,579,793</u>	<u>1,252,785</u>	<u>-</u>	<u>16,832,578</u>
Total	<u>18,161,619</u>	<u>1,543,481</u>	<u>(85,537)</u>	<u>19,619,563</u>
Governmental activities Capital assets, net	<u>\$ 34,184,262</u>	<u>\$ (554,191)</u>	<u>\$ (1,221)</u>	<u>\$ 33,628,850</u>

**TOWN OF STANDISH, MAINE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 4 - CAPITAL ASSETS (Continued)**

Depreciation was charged to Governmental functions as follows:

General Government	\$ 59,966
Public Safety	145,583
Public Works	1,330,955
Community Services and Health	<u>6,977</u>
Total Depreciation	<u>\$ 1,543,481</u>

**Note 5 - LONG-TERM DEBT**

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

<b>Governmental Activities</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<b>Bonds and Notes Payable:</b>					
Bonds Payable	\$ 3,677,586	\$ 1,402,746	\$ 612,829	\$ 4,467,503	\$ 753,103
Notes Payable	<u>-</u>	<u>66,000</u>	<u>-</u>	<u>66,000</u>	<u>13,200</u>
Total	<u>\$ 3,677,586</u>	<u>\$ 1,468,746</u>	<u>\$ 612,829</u>	<u>\$ 4,533,503</u>	<u>\$ 766,303</u>

General long-term debt consists of the following:

2007 General Obligation Bonds (series D) dated October 25, 2007; annual principal payment in November of \$57,425. Semi-annual interest payable in May and November, variable interest rate from 2% to 5.8% per annum. Final installment due November 2017. Authorized and issued \$574,250. \$ 344,550

2002 General Obligation Bonds (series A) dated October 30, 2002; annual principal payment in November of \$166,000. Semi-annual interest payable in May and November, variable interest rate from 2.5% to 3.45% per annum. Final installment due November 2012. Authorized and issued \$1,660,000. 166,000

**TOWN OF STANDISH, MAINE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 5 - LONG-TERM DEBT (Continued)**

2004 General Obligation Bonds, dated October 28, 2004; annual principal payment in November of \$18,500. Semi-annual interest payable in November and May, variable interest rate from 3.019% to 3.644% per annum. Final installment due November 2014. Authorized and issued \$185,000.	55,500
2005 General Obligation Bonds, dated October 27, 2005; annual principal payment in November of \$81,961. Semi-annual interest payable in November and May, variable interest rate from 3.000% to 5.000% per annum. Final installment due November 2015. Authorized and issued \$819,615.	327,849
2006 General Obligation Bonds, dated October 26, 2006; annual principal payment in November of \$46,866. Semi-annual interest payable in November and May, variable interest rate from 2.000% to 5.350% per annum. Final installment due November 2016. Authorized and issued \$468,665.	234,335
2008 General Obligation Bonds, dated October 30, 2008; annual principal payment in November of \$121,075. Semi-annual interest payable in November and May, variable interest rate from 2.075% to 5.575% per annum. Final installment due November 2017. Authorized and issued \$1,210,750.	847,523
2010 General Obligation Bonds, dated October 28, 2010; annual principal payment in November of \$121,000. Semi-annual interest payable in November and May, variable interest rate from 2.124% to 5.50% per annum. Final installment due November 2020. Authorized and issued \$1,210,000.	1,089,000
2011 General Obligation Bonds, dated October 27, 2011; annual principal payment in November of \$140,275. Semi-annual interest payable in November and May, variable interest rate from 0.500% to 5.500% per annum. Final Installment due November 2021. Authorized and issued \$1,402,746.	1,402,746
Norway Savings Public Works Dump Truck Loan, dated March 15, 2012; annual principal payment in July of \$13,200. Annual interest payable in July, interest rate 2.990% per annum. Final Installment due July 2016. Authorized and issued \$66,000.	<u>66,000</u>
	<u>\$ 4,533,503</u>

**TOWN OF STANDISH, MAINE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 5 - LONG-TERM DEBT** (Continued)

The annual requirement to amortize debt outstanding as of June 30, 2012 is as follows:

Fiscal Year <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	766,303	140,168	906,471
2014	600,303	112,613	712,916
2015	600,303	86,861	687,164
2016	581,804	62,721	644,525
2017	499,842	46,814	546,656
2018 - 2022	<u>1,484,948</u>	<u>37,782</u>	<u>1,522,730</u>
	<u>\$ 4,533,503</u>	<u>\$ 486,959</u>	<u>\$ 5,020,462</u>

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. The Town's outstanding debt at June 30, 2012, of \$4,533,505 was \$152,501,495 below the Town's statutory debt limit.

A summary of the Town's legal debt margin is as follows:

	<u>Outstanding Bonds &amp; Notes</u>	<u>State Assessed Value of \$1,046,900,000</u>	<u>Debt Limit</u>	<u>Margin</u>
Municipal Purposes	<u>\$ 4,533,505</u>	<u>15%</u>	<u>\$ 157,035,000</u>	<u>\$ 152,501,495</u>

Total interest expense on long-term debt was \$124,774 for the year.

**Note 6 - SHORT-TERM DEBT OBLIGATIONS**

During the year, the Town had a \$1,004,500 and a \$1,156,800 revenue anticipation notes for working capital needs.

Short-term debt activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Revenue Anticipation Notes	<u>\$ -</u>	<u>\$ 2,161,300</u>	<u>\$ 2,161,300</u>	<u>\$ -</u>

**TOWN OF STANDISH, MAINE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 7 - OVERLAPPING DEBT**

The Town's proportionate share of Cumberland County's and Maine School Administrative District No. 6's bonded debt are not reported in the Town's financial statements. Debt service is included in the annual County and School assessments to the Town. The Town's share is 2.65% (\$986,546) of Cumberland County's outstanding debt of \$1,445,000, and 38.48% (\$9,700,282) of Maine School Administrative District No. 6's outstanding bonded debt of \$25,211,582.

**Note 8 - CONTINGENT LIABILITY**

ecomaine is a solid waste management corporation serving forty municipalities in Cumberland, Oxford, and York counties in Maine. Owned and controlled by twenty-one member communities, ecomaine creates electricity through its processing of waste and also operates an extensive recycling program. The Town is an associate member community in ecomaine. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore has not reported an asset in these financial statements in connection with its participation in ecomaine. Selected balance sheet information for ecomaine for the year ended June 30, 2011, (the latest date available,) includes total assets of \$59,636,994, total liabilities of \$28,808,855 and unrestricted net assets of \$7,088,994. The liabilities include an accrual for landfill closure and postclosure care amounting to \$15,416,704. ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2011 and a projected closing date. The separate audited financial statements of ecomaine may be obtained from the Town's finance office.

The Town of Standish and twenty-six other municipalities have entered into an agreement with Ecomaine for a material recycling facility. At June 30, 2011, (latest date available,) pertinent outstanding material recycling facility bonds of Ecomaine totaled \$19,698,502 of which the Town of Standish's share, based on estimated tonnage to be delivered, amounts to \$115,520 (6.08%). This amount has not been recorded in these financial statements.

**Litigation**

The Town is subject to certain legal proceedings and claims which arise in the ordinary course of conducting its activities. In the opinion of management, the Town has defensible positions and any ultimate liabilities are covered by insurance or will not materially affect the financial position of the Town.

**State and Federal Grants**

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. In the opinion of the Town, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**TOWN OF STANDISH, MAINE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 8-CONTINGENT LIABILITY (Continued)**

**Maine DOT Sidewalk Grant**

During the year, the Maine Department of Transportation approved the Town's application requesting funding for pedestrian and/or bicycle safety project. The MaineDOT's policy requires a municipality to have completed the design phase of a project before being eligible to receive construction funding. During the year, the Town spent \$30,132 on the design of the project, \$24,106 of which was reimbursed by the MaineDOT. In the event that the construction phase does not get approved by the Town's voters in the next year's budget, the Town will have to return \$24,106 of the grant to the MaineDOT.

**Note 9 - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance or participates in a public entity risk pool. Currently, the Town participates in a public entity risk pool sponsored by the Maine Municipal Association.

Based on coverage provided by the pool, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2012.

**Note 10 - OUTSIDE COMPENSATION FUNDS**

The Town maintains a worker's compensation fund and an unemployment compensation fund as part of a pool with Maine Municipal Association (MMA). Contributions are made by the Town during the year and are invested by MMA to administer workers compensation and unemployment benefits for the Town, if any. The Town has a positive experience, that is, contributions and income exceed payment of benefits. These plans do not allow for retroactive premium adjustment by the pool and the pool retains the risk of loss. Therefore, these amounts are not part of the Town's financial statements.

**TOWN OF STANDISH, MAINE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 11 - INTERFUND RECEIVABLES/ PAYABLES AND TRANSFERS**

**Interfund Receivables/ Payables**

Individual interfund receivable and payable balances at June 30, 2012 per Statement 3 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 91,615
Capital Project Fund	84,506	-
Nonmajor Special revenues	<u>12,768</u>	<u>5,659</u>
	<u>\$ 97,274</u>	<u>\$ 97,274</u>

The purpose of the interfund loans is to charge revenues and expenditures to the appropriate fund when that activity is accounted for through the centralized checking. The balances represent each fund's portion of the centralized account.

**Transfers**

Interfund transfers for the year ended June 30, 2012 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 35,800
Capital Project	24,000	-
Nonmajor Special Revenues	<u>11,800</u>	<u>-</u>
	<u>\$ 35,800</u>	<u>\$ 35,800</u>

Transfers are used to report money appropriated out of the general fund fund balance for specific outlays reported in other funds.

**TOWN OF STANDISH, MAINE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 12 – SELECTED COMPONENTS OF FUND BALANCE**

The following presents the components of fund balances that are aggregated on Statement 3's balance sheet. At fiscal year end, they consisted of:

	<b>Nonspendable</b>	<b>Restricted</b>	<b>Committed</b>	<b>Assigned</b>
General Fund Reserves for Capital Expenditures				
Prepaid Expenses and Inventories	\$ 52,177	\$ -	\$ -	\$ -
Tax Acquired Property	18,518	-	-	-
Multi-purpose Skateboard Park	-	-	2,161	-
Impact Fees	-	72,129	-	-
Community Center	-	-	23,216	-
Bond Levelization	-	-	242,146	-
Conservation	-	-	47,737	-
Athletic Fields Improvement	-	-	2,259	-
Government Access	-	-	35,630	-
New Fire Engine #4	-	-	81,704	-
General Fund Subsequent Years Expenditures:				
General Government				
Town Council	-	-	-	1,500
Town Clerk/Collector	-	-	-	1,100
Finance	-	-	-	548
Planning Board	-	-	-	15,432
Building Maint.&Utilities	-	-	-	2,683
Capital Outlay				
General Administration	-	-	-	8,000
Public Works	-	-	-	7,793
Public Safety Equipment	-	-	-	5,005
Public Works				
Highway	-	-	-	42,000
Community Services and Health				
Recreation	-	-	-	1,535
Fund Balance Appropriated 2012	-	-	-	350,000
Capital Project Fund	-	853,168	-	-
Other Governmental Funds: Permanent Funds				
Hasty Fund	14,911	14,609	-	-
Wescott Fund	5,046	4,350	-	-
Special Revenue Funds				
Bottles 4 Fuel	-	-	6,029	-
Public Safety Fair Funds	-	-	1,045	-
Homeland Security Grant	-	953	-	-
Fire Prevention/Education Grant	-	225	-	-
Comp Plan Upgrade Grant	-	6,379	-	-
Steep Falls Library Grant	-	5,211	-	-
Standish Corn Grant	-	5,774	-	-
Total	<u>\$ 90,652</u>	<u>\$962,798</u>	<u>\$ 441,927</u>	<u>\$ 435,596</u>

**TOWN OF STANDISH, MAINE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 13 - RETIREMENT PLAN**

The Town participates in a 401(a), money purchase retirement plan, on behalf of each full-time non union employee. This money purchase retirement plan is administered by the ICMA Retirement Corporation. The funds are invested in the ICMA Retirement Trust, a trust established by public employers for the collective investment of funds held under their retirement and deferred compensation plan. The Town contributes 6% of each qualified employees' earnings for the plan year on condition that each qualified participant contributes 2% of their earnings to the plan. For the fiscal year ending June 30, 2012, the Town's share of the retirement contributions on behalf of the qualified employees amounted to \$106,949. Participants are not fully vested until the fifth year of participation.

Assets of the plan are placed in trusts for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred, including earnings on plan assets, are not included in the Town's financial statements.

In addition, the Town participates in the Social Security Retirement Program. The Town's contribution to Social Security was \$106,163, for the year ended June 30, 2012.

**Note 14 - RECLASSIFICATIONS**

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. The reclassifications had no effect on previously reported results of operations or net assets.

**Note 15 - SUBSEQUENT EVENTS**

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through December 21, 2012, the date the financial statements were available to be issued.

**TOWN OF STANDISH, MAINE**  
**JUNE 30, 2012**

**SUPPLEMENTAL DATA**

## **GENERAL FUND**

The General Fund accounts for all revenues and expenditures of the Town which are not accounted for in other funds. Most governmental services are provided by the General Fund including public works, public safety, education, recreation, health and welfare, and general administrative services.

**TOWN OF STANDISH, MAINE**  
**BALANCE SHEETS - GENERAL FUND**  
**JUNE 30, 2012**  
(With Comparative Totals for the Year ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
<b>ASSETS:</b>		
Cash and Temporary Investments	\$ 3,343,624	\$ 3,875,067
Accounts Receivable	191,258	217,729
Taxes Receivable	628,904	517,385
Tax Liens	164,301	166,962
Tax Acquired Property	18,518	13,939
Inventory and Prepaid Expense	52,017	277,061
Other Assets	160	-
Due from Other Fund	-	579
	-	579
<b>TOTAL ASSETS</b>	<b>\$ 4,398,782</b>	<b>\$ 5,068,722</b>
 <b>LIABILITIES AND FUND BALANCES:</b>		
Liabilities:		
Accounts Payable	\$ 170,252	\$ 441,901
Accrued Liabilities	31,164	26,924
Accrued Wages and Compensated Absences	111,020	166,869
Deferred Revenues	601,276	415,567
Due to Other Fund	91,615	12,062
	1,005,327	1,063,323
 Fund Balances:		
Nonspendable	70,695	277,061
Restricted For:		
Impact Fees	72,129	273,455
Committed For:		
Reserves	434,853	372,657
Assigned For:		
Subsequent Years' Expenditures,		
Ongoing Engineering and Equipment Purchases	85,596	133,846
Use of Fund Balance	350,000	350,000
Unassigned	2,380,182	2,598,380
	3,393,455	4,005,399
	<b>\$ 4,398,782</b>	<b>\$ 5,068,722</b>

**TOWN OF STANDISH, MAINE**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS**  
**YEAR ENDED JUNE 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>TAXES:</b>			
Real Estate	\$ 10,654,492	\$ 10,675,446	\$ 20,954
Change in Deferred Tax Revenue	-	(179,425)	(179,425)
Excise:			
Vehicle	1,400,000	1,357,285	(42,715)
Boat	21,500	19,937	(1,563)
	<u>12,075,992</u>	<u>11,873,243</u>	<u>(202,749)</u>
<b>INTERGOVERNMENTAL:</b>			
State Municipal Revenue Sharing	452,375	412,818	(39,557)
Homestead Exemption Reimbursement	114,111	114,111	-
Local Road Assistance	165,000	164,612	(388)
General Assistance	30,000	42,504	12,504
Tree Growth	30,000	59,245	29,245
Veterans Tax Loss Reimbursement	5,600	6,030	430
Snowmobile Reimbursement	3,648	3,952	304
BETE Reimbursement	16	20	4
FEMA Reimbursement	-	-	0
	<u>800,750</u>	<u>803,292</u>	<u>2,542</u>
<b>LICENSES AND PERMITS:</b>			
Transfer Station Sticker Fees	78,000	75,965	(2,035)
Building Permits/Code Enforcement	80,227	77,630	(2,597)
Transfer Station User Fees	44,000	38,747	(5,253)
Plumbing	7,500	9,690	2,190
Sport Licenses/RV Agent Fees	4,200	3,290	(910)
Marriage Licenses	1,600	2,208	608
Municipal Licenses	4,500	5,566	1,066
Recycling Revenue	29,000	36,033	7,033
CEO Consultant Fees	5,000	-	(5,000)
Dog Licenses	2,900	2,115	(785)
Septage Permits	200	20	(180)
Recording/Advertising Fees	350	339	(11)
	<u>257,477</u>	<u>251,603</u>	<u>(5,874)</u>
<b>CHARGES FOR SERVICES:</b>			
Motor Vehicle Agent Fee	30,000	29,836	(164)
Planning Board	10,000	8,844	(1,156)
Animal Control	850	950	100
Boat Launch Fees	23,000	17,839	(5,161)
Cable TV Franchise Fees	130,024	122,942	(7,082)
EMS Revenues	370,000	319,993	(50,007)
Dispatch Services	8,000	8,000	-
Subscription Fees	4,000	8,640	4,640
Recreation	185,570	155,422	(30,148)
Passport Services	6,800	5,977	(823)
Vital Statistics	4,100	3,969	(131)
Appeals Board	600	400	(200)
Other	8,927	11,575	2,648
	<u>781,871</u>	<u>694,387</u>	<u>(87,484)</u>

**TOWN OF STANDISH, MAINE**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS**  
**YEAR ENDED JUNE 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>FINES AND FORFEITS:</b>			
Lien Notice Filing Charges	\$ 9,500	\$ 14,825	\$ 5,325
Tax Lien Interest	61,000	45,903	(15,097)
Ordinance Fines	5,000	8,250	3,250
	<u>75,500</u>	<u>68,978</u>	<u>(6,522)</u>
<b>OTHER REVENUES:</b>			
Investment Interest	7,000	1,231	(5,769)
Leases/Rentals	18,000	19,285	1,285
Sale of Property	75,000	51,409	(23,591)
Other	8,003	6,429	(1,574)
	<u>108,003</u>	<u>78,354</u>	<u>(29,649)</u>
<b>TOTAL REVENUES</b>	<u>14,099,593</u>	<u>13,769,857</u>	<u>(329,736)</u>
<b>EXPENDITURES:</b>			
General Government	1,815,360	1,631,512	183,848
Public Safety - Protection and Enforcement	1,375,001	1,374,996	5
Public Works	1,646,364	1,490,633	155,731
Capital Outlay	86,293	65,495	20,798
Community Services and Health	427,627	418,385	9,242
Education	7,770,724	7,770,724	-
Fixed Charges	1,467,363	1,455,126	12,237
	<u>14,588,732</u>	<u>14,206,871</u>	<u>381,861</u>
<b>TOTAL EXPENDITURES</b>	<u>14,588,732</u>	<u>14,206,871</u>	<u>381,861</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(489,139)</u>	<u>(437,014)</u>	<u>52,125</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer to Special Revenues	(11,800)	(11,800)	-
Transfer to Capital Projects	(24,000)	(24,000)	-
Use of Surplus	391,300	-	(391,300)
Prior Year Carryover	133,639	-	(133,639)
	<u>489,139</u>	<u>(35,800)</u>	<u>(524,939)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>489,139</u>	<u>(35,800)</u>	<u>(524,939)</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>\$ -</u>	<u>(472,814)</u>	<u>\$ (472,814)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>			
Interest and Other Income to Reserves		69,342	
Expenditures by Reserve		<u>(3,600)</u>	
		<u>65,742</u>	
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>		<u>\$ (407,072)</u>	

**TOWN OF STANDISH, MAINE**  
**STATEMENT OF CHANGES IN FUND BALANCE - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2012**

	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Tax Acquired Property						
Prepaid Expenses						
<u>Inventories</u>	\$ 277,061	\$ 273,455	\$ 372,657	\$ 133,846	\$ 2,598,380	\$ 4,005,399
Impact Fees	13,939	-	-	-	(13,939)	-
Designated for Subsequent Years' Expenditures,				\$ 350,000		
Use of Fund Balance						
<b>FUND BALANCE - JULY 1, 2011</b>						
<b>RECLASSIFICATION - JULY 1, 2011</b>						
<b>FUND BALANCE TRANSFER - TO CAPITAL PROJECT FUND - JULY 1, 2011</b>	-	(204,872)	-	-	-	(204,872)
<b>EXCESS OF ACTUAL REVENUES AND OTHER SOURCES OVER (UNDER) ACTUAL EXPENDITURES AND OTHER USES</b>	(220,305)	3,546	62,196	(48,250)	(204,259)	(407,072)
<b>FUND BALANCE - JUNE 30, 2012</b>	<u>\$ 70,695</u>	<u>\$ 72,129</u>	<u>\$ 434,853</u>	<u>\$ 85,596</u>	<u>\$ 2,380,182</u>	<u>\$ 3,393,455</u>

## **OTHER GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special Revenue Funds account for specific resources, the expenditure of which is restricted by law or administrative action for particular purposes.

### **PERMANENT FUNDS**

Permanent funds are used to report resources that are legally restricted by the contributor to the extent that only earnings, not principal, may be used for purposes that support the Town's programs.

**TOWN OF STANDISH, MAINE**  
**COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**  
(With Comparative Totals for the Year ended June 30, 2011)

	<u>Special</u> <u>Revenues</u> <u>(Schedule 1)</u>	<u>Permanent</u> <u>Funds</u> <u>(Schedule 2)</u>	<u>Totals</u>	
			<u>(Memorandum Only)</u>	
			<u>2012</u>	<u>2011</u>
<b>ASSETS:</b>				
Cash/Investments	\$ 6,029	\$ 38,916	\$ 44,945	\$ 48,138
Accounts Receivable	11,382	-	11,382	-
Prepaid Expenses	1,096	-	1,096	-
Due from Other Funds	<u>12,768</u>	<u>-</u>	<u>12,768</u>	<u>13,591</u>
<b>TOTAL ASSETS</b>	<u>\$ 31,275</u>	<u>\$ 38,916</u>	<u>\$ 70,191</u>	<u>\$ 61,729</u>
 <b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ 1,062
Due to Other Funds	<u>5,659</u>	<u>-</u>	<u>5,659</u>	<u>2,108</u>
	5,659	-	5,659	3,170
Fund Balance				
Principal	-	19,957	19,957	19,957
Income	<u>25,616</u>	<u>18,959</u>	<u>44,575</u>	<u>38,602</u>
	25,616	38,916	64,532	58,559
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 31,275</u>	<u>\$ 38,916</u>	<u>\$ 70,191</u>	<u>\$ 61,729</u>

**TOWN OF STANDISH, MAINE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - OTHER GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2012**  
(With Comparative Totals for the Year ended June 30, 2011)

	<u>Special</u> <u>Revenues</u> (Schedule 1a)	<u>Permanent</u> <u>Funds</u> (Schedule 2a)	<u>Totals</u>	
			<u>(Memorandum Only)</u>	
			<u>2012</u>	<u>2011</u>
<b>REVENUES:</b>				
Interest	\$ -	\$ 76	\$ 76	\$ 150
Other	34,843	-	34,843	28,929
	<u>34,843</u>	<u>76</u>	<u>34,919</u>	<u>29,079</u>
 <b>EXPENDITURES:</b>				
	<u>40,746</u>	<u>-</u>	<u>40,746</u>	<u>25,398</u>
 <b>EXCESS OF REVENUES OVER (UNDER)</b> <b>EXPENDITURES</b>	(5,903)	76	(5,827)	3,681
 <b>OTHER FINANCING SOURCES</b>				
Transfer from the General Fund	11,800	-	11,800	-
 <b>EXCESS OF REVENUES AND OTHER SOURCES OVER</b> <b>(UNDER) EXPENDITURES</b>	5,897	76	5,973	3,681
 <b>FUND BALANCE - JULY 1</b>	<u>19,719</u>	<u>38,840</u>	<u>58,559</u>	<u>54,878</u>
 <b>FUND BALANCE - JUNE 30</b>	<u>\$ 25,616</u>	<u>\$ 38,916</u>	<u>\$ 64,532</u>	<u>\$ 58,559</u>

The following schedules are presented for purposes of additional analysis and are also not a required part of the basic financial statements of the Town of Standish, Maine. Such information in these schedules has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**TOWN OF STANDISH, MAINE**  
**COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2012**

	<u>Committed</u>		<u>Restricted</u>							<u>Total</u>
	<u>Bottles 4 Fuel</u>	<u>Public Safety Fair Funds</u>	<u>Homeland Security Grant</u>	<u>Fire Prevention/ Education Grant</u>	<u>Comp Plan Upgrade Planning Grant</u>	<u>Standish Corn Grant</u>	<u>Steep Falls Library Grant</u>	<u>Mill Street Park Grant</u>		
<b>ASSETS:</b>										
Cash	\$ 6,029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,029
Accounts Receivable	-	-	-	-	-	11,382	-	-	-	11,382
Prepaid Expenses	-	1,096	-	-	-	-	-	-	-	1,096
Due from Other Funds	-	-	953	225	6,379	-	5,211	-	-	12,768
<b>TOTAL ASSETS</b>	<u>\$ 6,029</u>	<u>\$ 1,096</u>	<u>\$ 953</u>	<u>\$ 225</u>	<u>\$ 6,379</u>	<u>\$ 11,382</u>	<u>\$ 5,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,275</u>
<b>LIABILITIES AND FUND BALANCE:</b>										
Liabilities:										
Due to Other Funds	\$ -	\$ 51	\$ -	\$ -	\$ -	\$ 5,608	\$ -	\$ -	\$ -	\$ 5,659
Fund Balance	6,029	1,045	953	225	6,379	5,774	5,211	-	-	25,616
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 6,029</u>	<u>\$ 1,096</u>	<u>\$ 953</u>	<u>\$ 225</u>	<u>\$ 6,379</u>	<u>\$ 11,382</u>	<u>\$ 5,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,275</u>

**TOWN OF STANDISH, MAINE**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012

	Committed		Restricted							Total
	Bottles 4 Fuel	Public Safety Fair Funds	Homeland Security Grant	Fire Prevention/ Education Grant	Comp Plan Upgrade Planning Grant	Standish Corn Grant	Steep Falls Library Grant	Mill Street Park Grant		
<b>REVENUES:</b>										
Other	\$ 5,284	\$ 1,586	\$ -	\$ -	\$ -	\$ 24,106	\$ -	\$ 3,867	\$ 34,843	
	<u>7,974</u>	<u>1,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,132</u>	<u>-</u>	<u>1,276</u>	<u>40,746</u>	
<b>EXPENDITURES:</b>										
For Designated Purposes	(2,690)	222	-	-	-	(6,026)	-	2,591	(5,903)	
						11,800			11,800	
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>										
	<u>8,719</u>	<u>823</u>	<u>953</u>	<u>225</u>	<u>6,379</u>	<u>-</u>	<u>5,211</u>	<u>(2,591)</u>	<u>19,719</u>	
<b>FUND BALANCES (DEFICIT) - JULY 1</b>										
	<u>\$ 6,029</u>	<u>\$ 1,045</u>	<u>\$ 953</u>	<u>\$ 225</u>	<u>\$ 6,379</u>	<u>\$ 5,774</u>	<u>\$ 5,211</u>	<u>\$ -</u>	<u>\$ 25,616</u>	

**TOWN OF STANDISH, MAINE**  
**COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS**  
**JUNE 30, 2012**  
 (With Comparative Totals for the Year ended June 30, 2011)

	<b>NonExpendable</b>		<b>Totals</b>	
	<u>Hasty</u> <u>Fund</u>	<u>Wescott</u> <u>Fund</u>	<u>(Memorandum Only)</u>	
			<u>2012</u>	<u>2011</u>
<b>ASSETS:</b>				
Cash	<u>\$ 29,520</u>	<u>\$ 9,396</u>	<u>\$ 38,916</u>	<u>\$ 38,840</u>
 <b>FUND BALANCE:</b>				
Principal	\$ 14,911	\$ 5,046	\$ 19,957	\$ 19,957
Income	<u>14,609</u>	<u>4,350</u>	<u>18,959</u>	<u>18,883</u>
	<u>\$ 29,520</u>	<u>\$ 9,396</u>	<u>\$ 38,916</u>	<u>\$ 38,840</u>

**TOWN OF STANDISH, MAINE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - NONMAJOR PERMANENT FUNDS**  
**YEAR ENDED JUNE 30, 2012**  
(With Comparative Totals for the Year ended June 30, 2011)

	<u>NonExpendable</u>		<u>Totals</u>	
	Hasty <u>Fund</u>	Wescott <u>Fund</u>	(Memorandum Only)	
			<u>2012</u>	<u>2011</u>
<b>REVENUES:</b>				
Interest	\$ 58	\$ 18	\$ 76	\$ 150
<b>EXPENDITURES:</b>				
Management Fee	-	-	-	-
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	58	18	76	150
<b>FUND BALANCE - JULY 1</b>	<u>29,462</u>	<u>9,378</u>	<u>38,840</u>	<u>38,690</u>
<b>FUND BALANCE - JUNE 30</b>	<u><u>\$ 29,520</u></u>	<u><u>\$ 9,396</u></u>	<u><u>\$ 38,916</u></u>	<u><u>\$ 38,840</u></u>

**TOWN OF STANDISH, MAINE**  
**COMBINING STATEMENT OF GENERAL FUND RESERVES**  
**YEAR ENDED JUNE 30, 2012**  
 (With Comparative Totals for the Year ended June 30, 2011)

	<b>Reserves</b>				
	<u>Multi-Purpose Skate Park</u>	<u>Impact Fees</u>	<u>Community Center</u>	<u>Bond Levelization</u>	<u>Conservation</u>
<b>REVENUES:</b>					
Fees	\$ -	\$ 3,405	\$ -	\$ -	\$ -
Interest	4	141	47	376	94
Transfer from Operations	-	-	-	55,056	-
Other	-	-	-	-	-
	<u>4</u>	<u>3,546</u>	<u>47</u>	<u>55,432</u>	<u>94</u>
<b>EXPENDITURES:</b>					
Designated Purposes	-	-	-	-	-
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	4	3,546	47	55,432	94
<b>BALANCE - JULY 1</b>	<u>2,157</u>	<u>68,583</u>	<u>23,169</u>	<u>186,714</u>	<u>47,643</u>
<b>BALANCE - JUNE 30</b>	<u>\$ 2,161</u>	<u>\$ 72,129</u>	<u>\$ 23,216</u>	<u>\$ 242,146</u>	<u>\$ 47,737</u>

**TOWN OF STANDISH, MAINE**  
**COMBINING STATEMENT OF GENERAL FUND RESERVES**  
**YEAR ENDED JUNE 30, 2012**  
 (With Comparative Totals for the Year ended June 30, 2011)

	<b>Reserves</b>				<b>Totals</b>
	Athletic Fields Improvement	Government Access	New Fire Engine 4	(Memorandum Only) 2012	2011
<b>REVENUES:</b>					
Fees	\$ -	\$ -	\$ -	\$ 3,405	\$ 5,299
Interest	7	70	142	881	1,329
Transfer from Operations	-	-	-	55,056	31,333
Other	-	-	10,000	10,000	50,000
	<u>7</u>	<u>70</u>	<u>10,142</u>	<u>69,342</u>	<u>87,961</u>
<b>EXPENDITURES:</b>					
Designated Purposes	<u>3,600</u>	<u>-</u>	<u>-</u>	<u>3,600</u>	<u>47,370</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,593)</u>	<u>70</u>	<u>10,142</u>	<u>65,742</u>	<u>40,591</u>
<b>BALANCE - JULY 1</b>	<u>5,852</u>	<u>35,560</u>	<u>71,562</u>	<u>441,240</u>	<u>400,649</u>
<b>BALANCE - JUNE 30</b>	<u>\$ 2,259</u>	<u>\$ 35,630</u>	<u>\$ 81,704</u>	<u>\$ 506,982</u>	<u>\$ 441,240</u>

**TOWN OF STANDISH, MAINE**  
**STATEMENT OF TAXES RECEIVABLE**  
**YEAR ENDED JUNE 30, 2012**

<u>Year</u>	<u>Balance</u> <u>7/1/11</u>	<u>Original</u> <u>Commitment</u>	<u>Supplemental</u>	<u>Collections</u>	<u>Transferred</u> <u>to</u> <u>Tax Liens</u>	<u>Abatements</u> <u>and</u> <u>Adjustments</u>	<u>Balance</u> <u>6/30/12</u>
1999	\$ 948	-	-	\$ -	-	-	\$ 948
2000	957	-	-	-	-	-	957
2001	957	-	-	-	-	-	957
2002	1,370	-	-	-	-	-	1,370
2003	4,229	-	-	-	-	-	4,229
2004	4,098	-	-	-	-	-	4,098
2005	3,015	-	-	-	-	-	3,015
2006	3,440	-	-	-	-	-	3,440
2007	7,399	-	-	-	-	-	7,399
2008	2,584	-	-	-	-	-	2,584
2009	4,455	-	-	-	-	(5)	4,460
2010	4,493	-	-	111	-	-	4,382
2011	479,440	-	-	178,136	299,247	-	2,057
2012	-	10,654,492	20,954	10,058,380	-	28,058	589,008
<b>TOTAL</b>	<b>\$ 517,385</b>	<b>\$ 10,654,492</b>	<b>\$ 20,954</b>	<b>\$ 10,236,627</b>	<b>\$ 299,247</b>	<b>\$ 28,053</b>	<b>\$ 628,904</b>

**TOWN OF STANDISH, MAINE**  
**STATEMENT OF DEPARTMENTAL OPERATIONS**  
**YEAR ENDED JUNE 30, 2012**

	Appropriation Balances Forward	Appropriations	Transfers and Other Credits	Total Available	Expenditures	Appropriation Balances			Carried Forward
						Overdrawn	Lapsed	Unexpended	
<b>GENERAL GOVERNMENT:</b>									
Assessor	\$ -	\$ 77,144	\$ -	\$ 77,144	\$ 75,436	\$ -	\$ -	\$ 1,708	\$ -
Code Enforcement	-	78,113	-	78,113	69,805	-	-	8,308	-
Employee Benefits	-	651,386	-	651,386	529,485	-	-	121,901	-
General Administration	3,854	249,876	-	253,730	245,904	-	-	7,826	-
Town Council	7,000	42,190	-	49,190	47,690	-	-	-	1,500
Town Clerk/Collector/Treasurer	-	160,883	-	160,883	155,263	-	-	4,520	1,100
Finance	4,354	159,601	-	163,955	162,343	-	-	1,064	548
Planning Board	29,899	86,715	-	116,614	101,182	-	-	-	15,432
Building Maintenance and Utilities	-	185,134	-	185,134	179,016	-	-	3,435	2,683
Board of Appeals	-	726	-	726	394	-	-	332	-
Insurance	-	78,485	-	78,485	64,994	-	-	13,491	-
	<u>45,107</u>	<u>1,770,253</u>	<u>-</u>	<u>1,815,360</u>	<u>1,631,512</u>	<u>-</u>	<u>-</u>	<u>162,585</u>	<u>21,263</u>
<b>PUBLIC SAFETY - PROTECTION AND ENFORCEMENT:</b>									
Public Safety	5,925	925,748	-	931,673	931,668	-	-	5	-
Law Enforcement	-	443,328	-	443,328	443,328	-	-	-	-
	<u>5,925</u>	<u>1,369,076</u>	<u>-</u>	<u>1,375,001</u>	<u>1,374,996</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>-</u>
<b>CAPITAL OUTLAY</b>									
Public Safety Equipment	-	35,500	-	35,500	30,495	-	-	-	5,005
General Administration	8,000	-	-	8,000	-	-	-	-	8,000
Public Works	7,793	35,000	-	42,793	35,000	-	-	-	7,793
	<u>15,793</u>	<u>70,500</u>	<u>-</u>	<u>86,293</u>	<u>65,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,798</u>

**TOWN OF STANDISH, MAINE**  
**STATEMENT OF DEPARTMENTAL OPERATIONS (Continued)**  
 YEAR ENDED JUNE 30, 2012

	<u>Appropriation Balances Forward</u>	<u>Appropriations</u>	<u>Transfers and Other Credits</u>	<u>Total Available</u>	<u>Expenditures</u>	<u>Overdrawn</u>	<u>Lapsed Unexpended</u>	<u>Carried Forward</u>
<b>PUBLIC WORKS:</b>								
Highway	\$ 48,619	\$ 1,039,923	\$ -	\$ 1,088,542	\$ 964,802	\$ -	\$ 81,740	\$ 42,000
Solid Waste Services	15,000	542,822	66,000	623,822	591,831	-	31,991	-
	<u>63,619</u>	<u>1,582,745</u>	<u>66,000</u>	<u>1,712,364</u>	<u>1,556,633</u>	<u>-</u>	<u>113,731</u>	<u>42,000</u>
<b>COMMUNITY SERVICES AND HEALTH:</b>								
General Assistance	-	76,790	-	76,790	105,724	28,934	-	-
Cable Television	-	53,138	-	53,138	48,205	-	4,933	-
Recreation	3,195	255,656	-	258,851	225,704	-	31,612	1,535
Libraries and Associations	-	32,198	-	32,198	32,102	-	96	-
Provider Agencies	-	6,650	-	6,650	6,650	-	-	-
	<u>3,195</u>	<u>424,432</u>	<u>-</u>	<u>427,627</u>	<u>418,385</u>	<u>28,934</u>	<u>36,641</u>	<u>1,535</u>
<b>EDUCATION</b>	-	7,770,724	-	7,770,724	7,770,724	-	-	-
<b>FIXED CHARGES:</b>								
Debt Service	-	818,402	-	818,402	814,822	-	3,580	-
County Tax Overlay	-	612,439	-	612,439	612,246	-	193	-
	-	36,522	-	36,522	28,058	-	8,464	-
	<u>-</u>	<u>1,467,363</u>	<u>-</u>	<u>1,467,363</u>	<u>1,455,126</u>	<u>-</u>	<u>12,237</u>	<u>-</u>
<b>TOTAL</b>	<u>\$ 133,639</u>	<u>\$ 14,455,093</u>	<u>\$ 66,000</u>	<u>\$ 14,654,732</u>	<u>\$ 14,272,871</u>	<u>\$ 28,934</u>	<u>\$ 325,199</u>	<u>\$ 85,596</u>