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TOWN OF STANDISH
FINANCIAL REPORT



JUNE 30, 2013

TOWN OF STANDISH, MAINE
JUNE 30, 2013

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INDEPENDENT AUDITOR'S 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 Town of Standish, Maine as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Standish, Maine as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-20 and 45-47 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.

Other Information

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

The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Certified Public Accountants
November 8, 2013



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, 2013. 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 decreased in taxable valuation from \$1,028,425,930 to \$992,030,710, an overall decrease of \$36,395,220 or roughly 3.5%. Furthermore, the Town's mil-rate increased from \$10.36 in Fiscal Year 2012 to \$11.60 in Fiscal Year 2013, an increase of \$1.24 per thousand. This increase to the mil-rate can be attributed to the large decrease in valuation due to the property value market adjustment and the increase in MSAD 6 total appropriation.
- ✓ The Town of Standish assets exceeded its liabilities at the close of Fiscal Year 2013 by \$33,253,702¹. This year's total net position is comprised, in part, by "unrestricted net position," \$3,240,292, which may be used to meet the Town's ongoing obligations to employees, citizens, and creditors (an increase from prior year of \$293,322).
- ✓ The Town's operations for this year resulted in a decrease of \$598,663 in "change in net position" as presented in the Statement of Activities²; the Town's net expenses were \$14,161,527 offset by revenues of \$13,562,864. This decrease in net position is supported by the changes in the Statement of Net Position³.
- ✓ A comparison of Total Governmental Activities per Statement 2 of the Statement of Activities this year to last shows an increase of \$470,988 in expenditure and an increase in revenue of \$917,005 increasing the change in net position by \$446,017.
- ✓ As of the close of the current fiscal year, the Town's General Fund reported an ending unassigned fund balance of \$2,595,059 compared to what was the unassigned fund balance of \$2,398,700 for the prior year, an increase of \$196,359 which is due to the decrease in reserves that are committed and small decreases in the nonspendable and restricted categories⁴. The total fund balance of \$3,475,759 represents an increase of \$82,304 in comparison with the prior year and is 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

¹ See "Statement of Net Position" as listed in Table A of this MD&A; net position is the level of the Town's total assets in excess of its total liabilities.

² See "Change in Net Position" as listed in Table B of this MD&A; based on operating revenues in excess of expenses.

³ See "Statement of Net Position" 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.

⁴ Please see Schedule 1, "Balance Sheet – General Fund, With Comparative Totals for the Year Ended June 30, 2013," 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, 2013"



Town of Standish

Management's Discussion and Analysis

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 2013 the balance resulted in \$253,824 below the target amount of \$2,848,883. This is mostly due to starting the fiscal year off well below the target level from last year and although we increased unassigned fund balance it wasn't enough to bring the balance back into compliance. The current economic conditions have remained relatively the same which is one reason for the modest comeback.

- ✓ At the close of the current fiscal year, the Town's ratio of general fund unassigned fund balance to general fund expenses equaled 17.57% as compared to prior year's 16.88% due to the slight increase of unassigned fund balance. This is true even though actual expenses increased \$560,486 because revenue also increased \$1,230,092 from prior to current year. This is an indication that even in these difficult economic times the town was able to effectively control spending as well as not rely on unassigned fund balance to decrease appropriations but use other available resources to fund appropriations.⁵
- ✓ The Town's total bonded debt decreased by \$722,304 (current year bond/loan proceeds of \$44,000 received vs. bond/loan repayments of \$766,304), during the current fiscal year.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position 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 Position 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 Position 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.

These two statements report the Town's *net position* and changes in it. You can think of the municipality's net position-the difference between assets and liabilities-as one way to measure the Town's financial health, or *financial* standing. Over time, increases or decreases in the

⁵ The basis for this ratio is extracted from Schedule 1, "Unassigned Fund Balance for 2013" or \$2,595,059 divided by "Total Actual Expenditures" from Exhibit 1, or \$14,767,357.



Town of Standish

Management's Discussion and Analysis

municipality's net position is 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 Position 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 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 Position 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 Position 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 Position. 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 position decreased from a year ago by \$598,663 from \$33,852,365 to \$33,253,702 due to among other activities the decrease in the town's assets, specifically its cash and investments as well as its tax receivables. Our analysis focuses on the net position (Table A, below) and changes in net position (Table B, page 7) of the Town's governmental activities.

As noted earlier, net position 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 \$33,253,702 at the close the 2013 fiscal year.

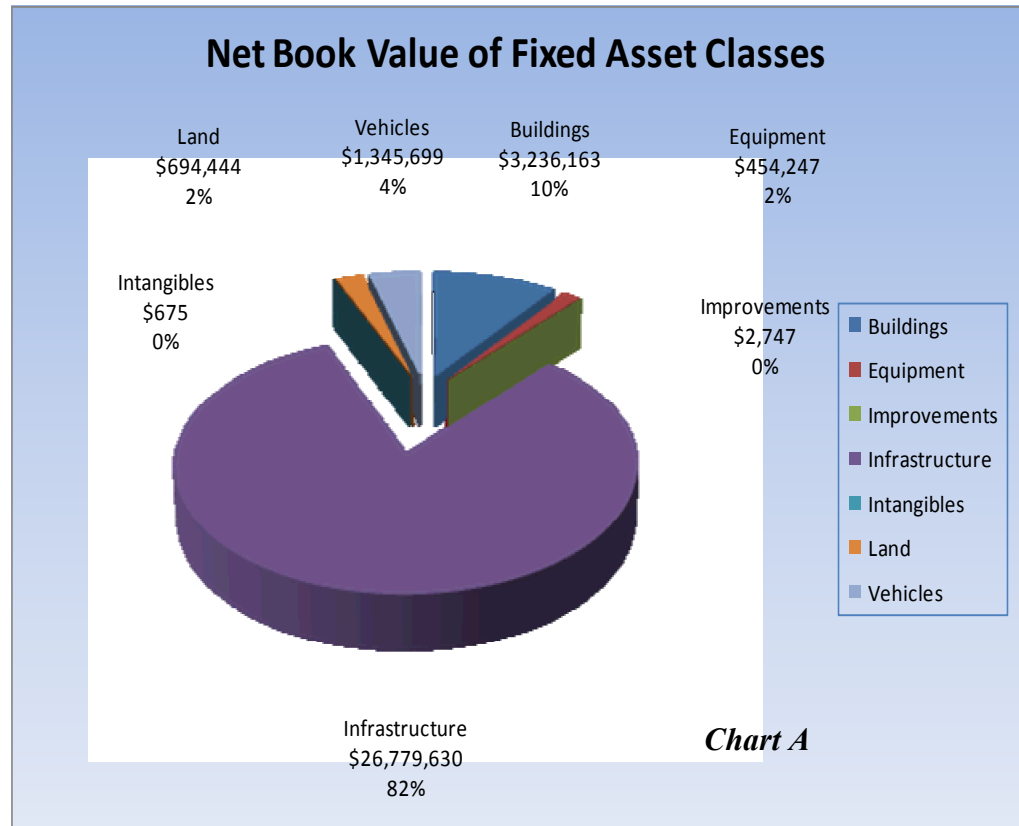
Town of Standish - Statement of Net Position

| | | Governmental Activities | | | | | |
|---------------------|--|-------------------------|----------------|---------------------|----------------|----------------------|---------------|
| | | Fiscal 2013 | | Fiscal 2012 | | Change | |
| <u>ASSETS</u> | | Dollars | Percent | Dollars | Percent | Dollars | Percent |
| | Current Assets | \$5,007,885 | 13.35% | \$5,249,896 | 13.50% | (\$242,011) | -4.6% |
| | Capital Assets/Land (Net of Depreciation/Amort.) | \$32,513,604 | 86.65% | \$33,628,850 | 86.50% | (\$1,115,246) | -3.3% |
| | Total Assets: | \$37,521,489 | 100.00% | \$38,878,746 | 100.00% | (\$1,357,257) | -3.5% |
| <u>LIABILITIES</u> | | | | | | | |
| | Current and Other | \$1,065,691 | 24.97% | \$1,259,181 | 25.05% | (\$193,490) | -15.4% |
| | Long-Term | \$3,202,095 | 75.03% | \$3,767,200 | 74.95% | (\$565,105) | -15.0% |
| | Total Liabilities: | \$4,267,786 | 100.00% | \$5,026,381 | 100.00% | (\$758,595) | -15.1% |
| <u>NET POSITION</u> | | | | | | | |
| | Net Investment in Capital Assets | \$29,292,110 | 88.09% | \$29,922,640 | 88.39% | (\$630,530) | -2.1% |
| Restricted: | | | | | | | |
| | Specific Purposes | \$663,056 | 1.99% | \$925,297 | 2.73% | (\$262,241) | |
| | Special Revenues | \$19,257 | 0.06% | \$18,542 | 0.05% | \$715 | 3.9% |
| | Nonexpendable Trust Principal | \$19,957 | 0.06% | \$19,957 | 0.06% | \$0 | 0.0% |
| | Expendable Trust Funds | \$19,030 | 0.06% | \$18,959 | 0.06% | \$71 | |
| Unrestricted: | | | | | | | |
| | | \$3,240,292 | 9.74% | \$2,946,970 | 8.71% | \$293,322 | 10.0% |
| | Total Net Position: | \$33,253,702 | 100.00% | \$33,852,365 | 100.00% | (\$598,663) | -1.8% |

Table A - Statement of Net Position



By far the largest portion of the Town of Standish's assets, 86.65 percent, or \$32,513,604 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 position represents resources that are not subject to external restrictions on how they may be used. The *unrestricted net position* of \$3,240,292⁶ 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 Position" which is found in Statement 1 of the government wide financial statements.

⁶ The value reflected in the Statement of Net Position for unrestricted net position plus restricted net position is the equivalent to all 5 categories of fund balance reflected in Statement 3, Balance Sheet – Governmental Funds with the variance of \$480,875 comprised of adjustments for the 60-day rule of taxes, the change in accrued compensated absences and remaining capital project bond funds. 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

The chart above 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 \$13,562,864 exceeded by expenses net of program revenues of \$14,161,527. These activities resulted in a decrease in net position of \$598,663. 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 position of \$598,663 versus a prior year decrease in net position of \$1,044,680 resulting in a net change of \$446,017.

Town of Standish - Statement of Activities

| Governmental Activities | | | | | | |
|--|---------------------|----------------|----------------------|----------------|------------------|-------------|
| REVENUES: | Fiscal 2013 | | Fiscal 2012 | | Change | |
| | Dollars | Percent | Dollars | Percent | Dollars | Percent |
| General Revenues: | | | | | | |
| Taxes, levied for general purposes | 12,983,261 | 95.73% | \$12,052,668 | 95.31% | \$930,593 | 7.7% |
| Intergovernmental revenues | 575,832 | 4.24% | \$592,224 | 4.67% | (\$16,392) | -2.8% |
| Investment earnings | 3,771 | 0.03% | \$2,188 | 0.02% | \$1,583 | 72.3% |
| Miscellaneous revenues | - | 0.00% | (\$1,221) | -0.01% | \$1,221 | 0.0% |
| Total General Revenues: | \$13,562,864 | 100.00% | \$12,645,859 | 100.00% | \$917,005 | 7.3% |
| EXPENSES: | | | | | | |
| General Government | \$1,470,905 | 10.39% | \$1,059,675 | 7.70% | \$411,230 | 38.8% |
| Public Safety - Protection and Enforcement | \$1,097,841 | 7.75% | \$899,489 | 6.61% | \$198,352 | 22.1% |
| Public Works | \$2,114,074 | 14.93% | \$2,234,156 | 16.32% | (\$120,082) | -5.4% |
| Capital Outlay | \$326,700 | 2.31% | \$843,945 | 6.16% | (\$517,245) | -61.3% |
| Community Services and Health | \$68,597 | 0.48% | \$100,542 | 0.73% | (\$31,945) | -31.8% |
| Education | \$8,312,657 | 58.70% | \$7,770,724 | 56.76% | \$541,933 | 7.0% |
| Fixed Charges | \$786,688 | 5.56% | \$846,869 | 6.19% | (\$60,181) | -7.1% |
| Capital Reserve Activity | (\$15,935) | -0.11% | (\$64,861) | -0.47% | \$48,926 | -75.4% |
| Total Governmental Activities Expenditures: | \$14,161,527 | 100.00% | \$13,690,539 | 100.00% | \$470,988 | 3.4% |
| Change in Net Position: | (\$598,663) | | (\$1,044,680) | | \$446,017 | |

Table B - Net Statement of Activities

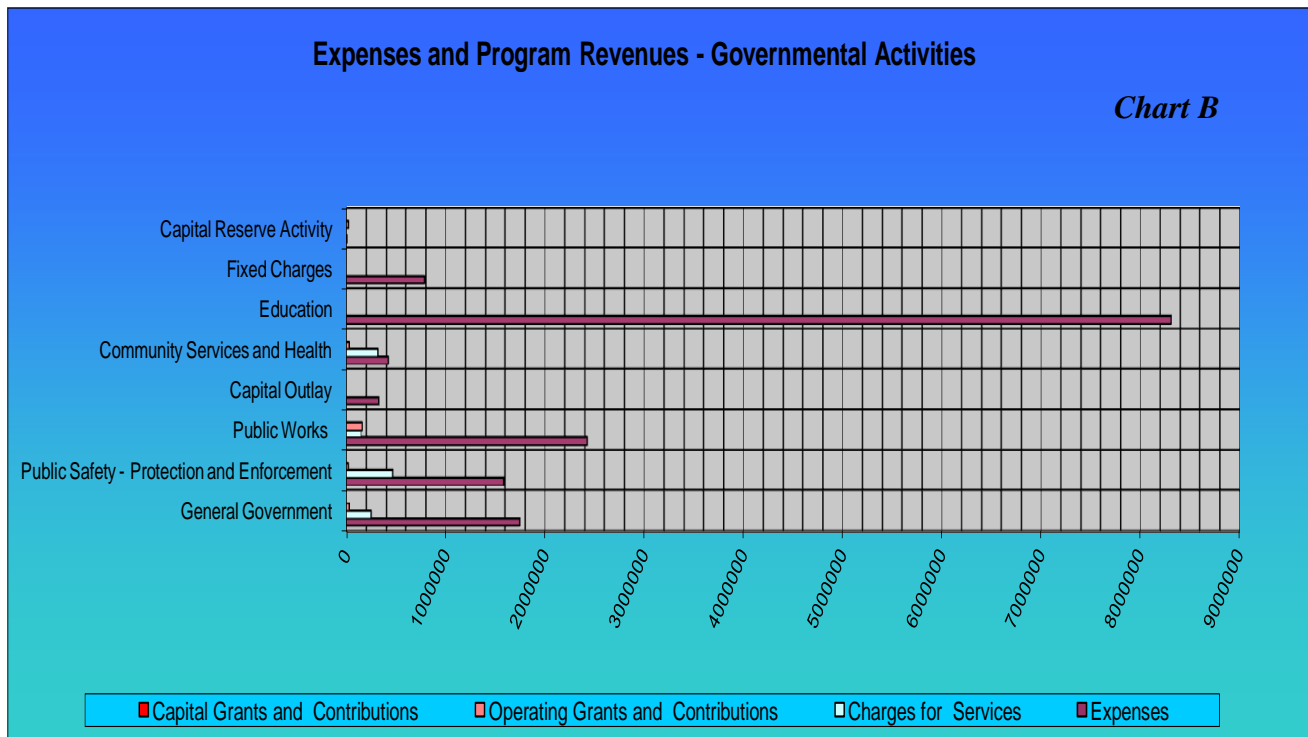
Overall revenue collection increased with a 7.3% increase in total revenues received in fiscal year 2013 over fiscal year 2012. Vehicle excise taxes increased slightly in Fiscal Year 2013 in comparison to last year where it's been a significant and stable contributor to the Town in prior years. Property taxes remain the primary source of overall revenues, particularly taxes on real estate. In FY 2012, the town received 91.25% of its budgeted state revenue sharing or \$412,818 out of a budgeted \$452,375. In FY 2013 the town received 96.4% of its budgeted funding, or \$382,546 out of \$396,906, due in part to the continual decrease of state revenue sharing each year. With the fluctuating economy this shows the unpredictability from year to year of state revenue sharing funding. Although there was some discussion in Augusta of not funding state revenue sharing in FY 2013 for FY 2014 that did not materialize, at least for the upcoming fiscal year. The town anticipates about the same amount or less revenue sharing in FY 2014. The days of substantial investment



Town of Standish

Management's Discussion and Analysis

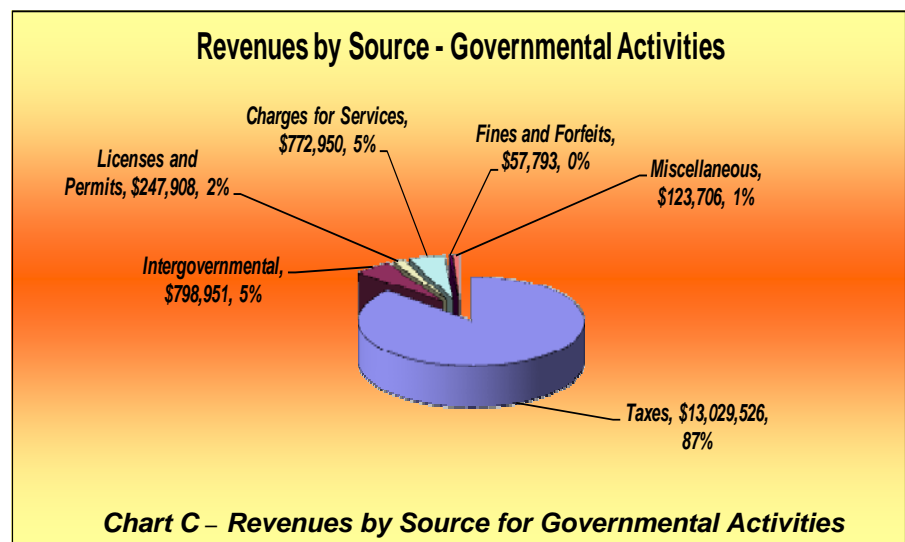
income are well behind us. After a couple of years of higher yields on fixed and liquid investments, investment income has been down for several fiscal years. In FY 2012 the town received \$1,231 from investment interest and \$2,746 in FY 2013. This is due to the continuing low rates on investment funds and reflective of the deteriorating economic condition which has continued throughout Fiscal Year 2013 as well as less cash on hand to invest, needing it for liquidity purposes. In FY 2012 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. This has come to fruition as the investment interest in FY 2013 has increased slightly.



Comparative expenses reflect an overall increase of 3.3% with the largest increase coming in education. Another increase was in general government and public safety department. All other categories saw decreases from prior year.

Governmental activities

Governmental activities decreased the Town of Standish's net position by \$598,663, as described in the beginning paragraphs of this discussion and analysis





report. Chart B, depicted above, 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 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. 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 5.

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



Town of Standish

Management's Discussion and Analysis

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 \$4,152,398 with \$3,475,759 specific to the general fund (Governmental Fund Balance Sheet, Statement 3). Approximately 75 percent of this total amount, \$2,595,059, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. Other portions of fund balance are \$462,903, categorized as *assigned fund balance*, \$303,997 as *committed fund balance*, \$52,697 as *restricted fund balance* and \$61,103 as *nonspendable fund balance*. (See Statement 3, “Balance Sheet - Government Funds”).

The Town of Standish's general fund unassigned fund balance experienced an increase of \$196,359 as depicted in Schedule 1, “Balance Sheet - General Fund” (difference between \$2,398,700 in fiscal 2012 and \$2,595,059 this fiscal year end). The key contributing factors in this balance of revenues and expenditures are as follows:

- Revenues: Overall were above target by \$183,415, with the following notable contributing segments:
 - Deferred Tax Revenue increased \$46,265 as more real estate taxes were paid after the end of the Fiscal Year than in the prior year.
 - Vehicle Excise Tax increased \$34,079 over budget with a better than expected amount of registrations in FY 2013.
 - FY 2013 included \$31,158 of FEMA reimbursement due to a snow event.
 - Building Permits increased \$22,839 as home building and projects have picked up over the course of the fiscal year.
 - Cable TV Franchise Fees showed a decrease of \$10,500 as the economy continues to sit tight. These fees tie directly to the subscriptions Time Warner has throughout the year.
 - EMS Revenues increased by \$21,017 as the town began servicing other locales in addition to Standish.
 - Dispatch Services also increased due to the contractual fee for the EMS service offered to neighboring locales.
 - Tax Lien interest fell short of budget projections by \$20,776 due to an overestimated budget as prior year was well above but the trend could not be sustained.
 - Sale of Property came in well above budget as the \$59,282 increase included an unpredicted sale of an old property (old town hall) that was given back to the town and ultimately sold.
- Expenditures: Overall expenses were within appropriations by \$484,773 of which \$112,903 is carried forward to 2014, with the following significant variances by governmental category:
 - General government expended \$157,190 less than appropriated against a total budget of \$1,838,838.
 - Public Safety – Protection and Enforcement was within its budget of 1,491,971 by \$65,342.



Town of Standish

Management's Discussion and Analysis

- Capital Outlays expended \$18,187 less than appropriated against a total budget of \$20,798.
- Public Works expended \$153,143 less than appropriated against a total budget of \$1,640,308.
- Community Services and Health expended \$50,703 less than appropriated against a total budget of \$451,525.
- Fixed Charges, net of overlay, expended \$115 more than appropriated against a combined total budget of \$1,455,710.
- The overlay, a provision for tax abatements, provided for at the time of tax commitment, was placed at \$31,618 by the Town Assessor, in anticipation of abatement activity after the Town's 2013 commitment.

General Fund Budgetary Highlights

In FY 2013 the town did not have any special town meeting(s). The overall fiscal year 2013 budget incorporated anticipated revenues of \$14,816,534, total budgeted expenditures of \$15,252,130, sources (uses) of other surplus (undesignated fund balance) of (\$435,596) including the use of surplus of \$350,000 and prior year carry-over (designated fund balances) of \$85,596. Actual revenues were above budget levels by \$183,415 and expenditures were below appropriation by \$484,773. Without considering the authorization to draw \$350,000 from surplus or use of carry forward amounts of \$85,596, the overall excess revenues combined with unexpended funds of the general fund were \$668,188 compared to the net difference of FY 2012's revenue and expense equaling \$52,186.

Capital Asset and Debt Administration

Capital assets: The Town of Standish's investment in capital assets for its governmental activities as of June 30, 2013, amounts to \$32,513,604 (net of debt and accumulated depreciation/amortization) compared to \$33,628,850 as of June 30, 2012. The total decrease in the Town of Standish's investment in capital assets for FY 2012 was 3.3%.

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

| Town of Standish's Comparison of Capital Assets by Class | | | | | | |
|--|--------------|------------|--------------|------------|---------------|------------|
| Asset Class | Fiscal 2013 | | Fiscal 2012 | | Change | |
| | Dollars | % of Total | Dollars | % of Total | Dollars | % of Total |
| Buildings | \$3,236,163 | 9.95% | \$3,313,051 | 9.85% | (\$76,888) | -2.3% |
| Equipment | \$454,247 | 1.40% | \$524,895 | 1.56% | (\$70,648) | -13.5% |
| Improvements | \$2,747 | 0.01% | \$3,154 | 0.01% | (\$406) | -12.9% |
| Infrastructure | \$26,779,630 | 82.36% | \$27,647,563 | 82.21% | (\$867,933) | -3.1% |
| Intangibles | \$675 | 0.00% | \$744 | 0.00% | (\$70) | -9.4% |
| Land | \$694,444 | 2.14% | \$694,444 | 2.07% | \$0 | 0.0% |
| Vehicles | \$1,345,699 | 4.14% | \$1,445,000 | 4.30% | (\$99,301) | -6.9% |
| Grand Total | \$32,513,604 | 100.00% | \$33,628,850 | 100.00% | (\$1,115,246) | -3.3% |

Table C - Change in Net Book Value of Capital Assets



Town of Standish

Management's Discussion and Analysis

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.

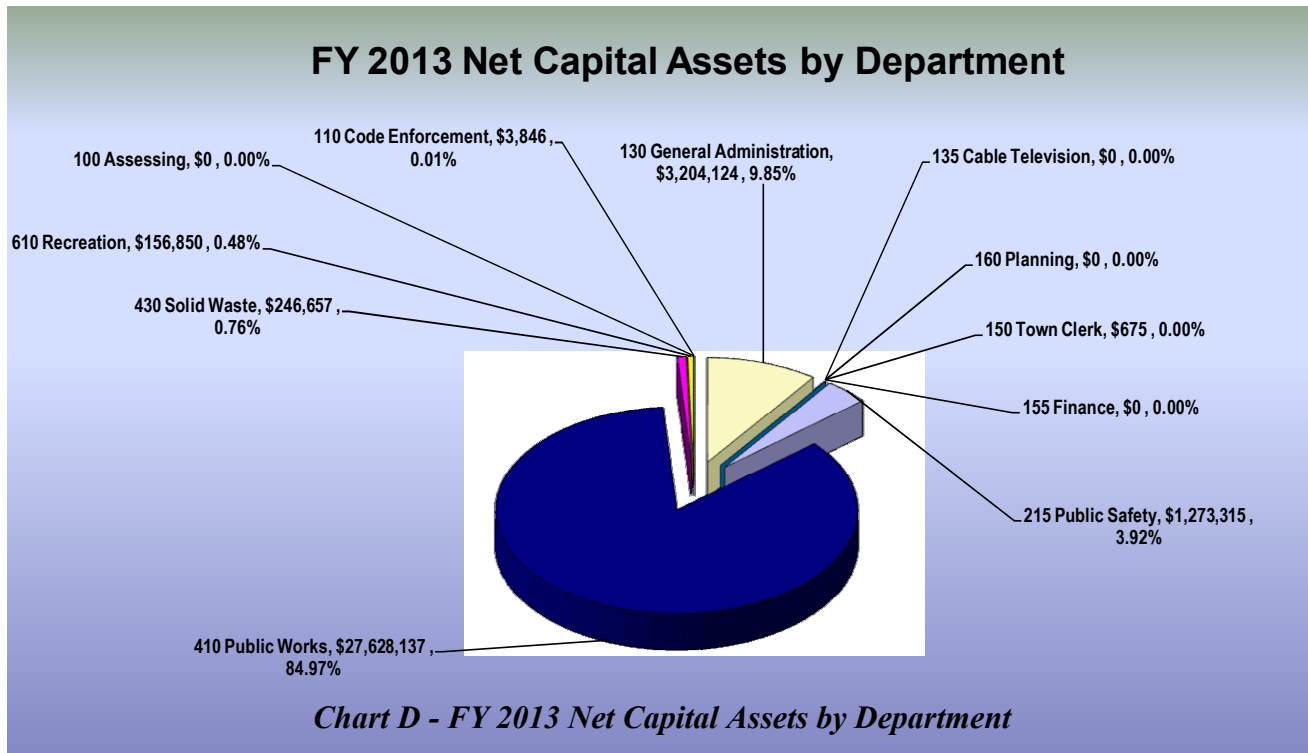


Chart D, shown above, presents the Town of Standish Capital Assets in conjunction with the Town's departments and associated areas of accountability. Annually each department head participates in a comprehensive planning and analysis, physical inventorying, processing to catalog, assessing condition as well as determining dates of acquisition of new capital items greater than \$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 reclamation, reconstruction and paving of Manchester Rd. (0.95 miles) and the repaving of Harmons Beach Rd. (0.625 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



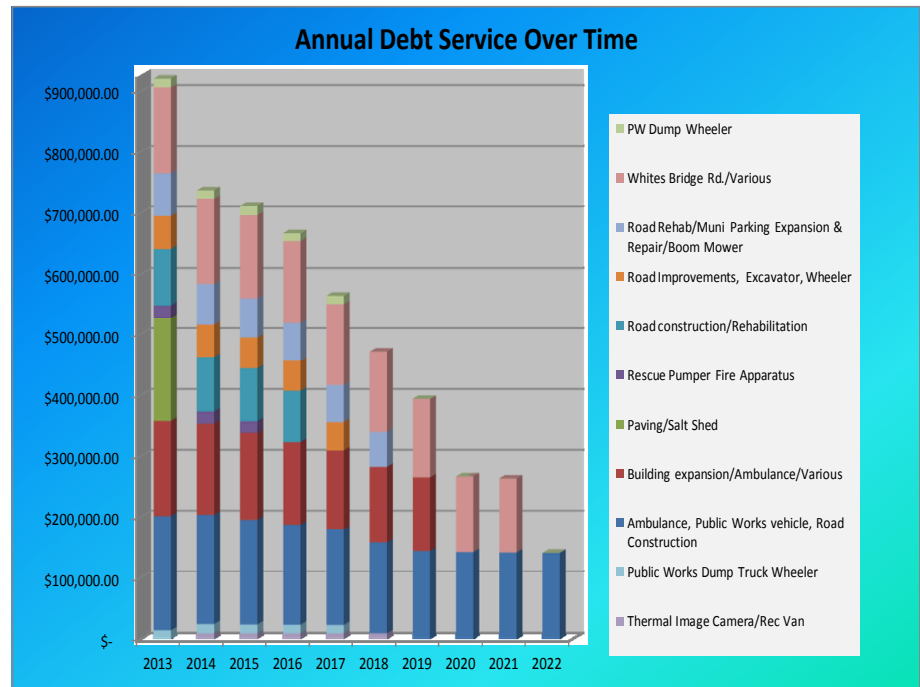
Town of Standish

Management's Discussion and Analysis

- 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, 2013.” Depreciation/Amortization expense, in aggregate, reflects a system that recognizes age and obsolescence to the Town’s capital assets over time. A value of (\$1,115,246) found on Statement 6, “is the amount by which depreciation for Fiscal 2013, in the amount of (\$1,528,348) exceeded capital outlay for the year, in the amount of 413,102.” The change to the Town’s Capital Assets by Class (as depicted in Table C of this report) of (\$1,115,246) reflects that in aggregate the Town’s contribution to and acceptance of capital assets fell below depreciation in fiscal year 2013.

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 2013 fiscal year, the Town of Standish had total bonded debt outstanding of \$3,811,199, with almost 100% being general obligation bonds, backed by the full faith and credit of the Town (1.0% 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 6 of the “Notes to the Financial Statements.” In Fiscal Year 2013, \$44,000



of bonded indebtedness was approved in the budget. The Town of Standish participated with the Maine Municipal Bond Bank in their fall offering. Debt service for the FY 2013 Bond included funds for a thermal imaging camera and dry hydrants for the public safety department as well as a recreation van and field rehabilitation funds. The town was required to make an interest only payment amount of \$196 in FY 2013 and it is reflected in the stacked bar chart above. A total of \$766,304 of principle payments were made against all long term debt in 2013. The difference of (\$722,304) between bond principals received and paid in 2013 is shown on Statement 6. The level of debt at the end of Fiscal Year 2013 is still well within appropriate limits set by the state and accepted limits of the industry as described in the following paragraph.



Town of Standish

Management's Discussion and Analysis

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 \$1,001,000,000, is \$150,150,000, which is significantly higher than that of the Town of Standish's outstanding general obligation principal balance of \$3,811,199; in fact, Standish's general obligation bonded indebtedness calculates at about 2.60% of its statutory limit. If Standish's population is 9,874, the Town's debt allocates to about \$386 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 2013, 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 2013 was premised upon modest new growth while existing properties' valuation decreased and with consideration of the parameters of a calculated 1.63% growth limitation factor as defined within LD 1. The Town's calculated property tax levy limit was calculated at \$2,616,022. The proposed "Net Fiscal 2013 Municipal Budget," calculated at \$2,543,763, fell beneath LD1 cap limits. The adopted budget for Fiscal 2013 had a property tax rate of \$11.60 per thousand.

A review of Planning Board activity and approvals can be an indicator of Standish's economic momentum. During Fiscal Year 2013, July 1, 2012 through to June 30, 2013, the Planning Department for the Town of Standish was busy with its usual mix of approvals.

Site Plan Application

- Paul Thompson, Map 36 Lot 9 14 Oak Hill Road
- Northern New England Div.-Salvation Army, Map 17, Lot 2 360 Barker Road
- Aaron Menard, Map 32, Lot 15 1 Main Street Steep Falls



Town of Standish

Management's Discussion and Analysis

- Paul Thompson, Map 36, Lot 9 14 Oak Hill Road(request for temp use of Town land)

Site Plan Review

- Hunt Real Estate, Map 10, Lot 70 120 Ossipee Trail East

Amendment to Subdivision

- Burning Rose Land Development, Map 64 Lot 70 70 Ossipee Trail East

Shoreland Zoning

- Frank & Donna Roethel, Map 47, Lot 19 11 Forrest Street
- Christopher & Sandra Ward, Map 51, Lot 37 97 Ward's Cove Road
- Norma Peters, Map 22, Lot 25 17 Bonny Eagle Pond Road
- Snug Harbor Association, Map 49, Lot COM Snug Harbor Road
- James Dyer, Map 43, Lot 98 91 Smooth Ledge Road

Site Plan Amendment

- New Cingular Wireless dba AT&T Mobility Corp. , Map 9 Lot 38A Oak Hill Road

Gravel Pit Renewal-5 year

- Brian Leavitt,dba Leavitt Earthworks, Map 12, Lots 4,5, Lot 42B Boundary Road

Public Hearings

- Amendment to Standish Town Code(Conservation Subdivision) Chapter 181, Land use
- Amendment to Land Use Codes, Drive Through Standards
- Amendment to Standish Town Code, Chapter 181 Standish Corner District

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 affordable home with desirable amenities."⁷ 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 15% of 2008 prices. A review of building permits issued by the Town of Standish Code Enforcement Officer provides the following statistics:

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



Town of Standish

Management's Discussion and Analysis

| Building Permit by Type | Fiscal '08 | Fiscal '09 | Fiscal '10 | Fiscal '11 | Fiscal '12 | Fiscal '13 |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Man/Mob Homes: | 8 | 8 | 6 | 7 | 6 | 5 |
| Single Family Residences: | 30 | 16 | 20 | 14 | 14 | 23 |
| Duplexes: | 0 | 0 | 0 | 0 | 0 | 0 |
| Multi-Family Residences: | 0 | 0 | 1 | 0 | 1 | 0 |
| Commercial Combined: | 3 | 6 | 3 | 1 | 3 | 3 |

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. However this past year the town experienced an upswing in building permit applications as well as building permit fees.

The State of Maine has changed the Homestead Exemption program 2 years ago. 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 and beyond. 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 upcoming fiscal 2014 year will increase by \$112,072 from \$2,543,763 to \$2,655,835. The SAD #6 educational assessment will increase by \$313,133 (up from \$8,352,980 to \$8,666,113) as a result of educational costs increasing district wide. The Town of Standish's valuation percentage will decrease slightly in FY 2014 per SAD #6 to 39.29% as the total amount charged by the district increased to \$21,928,000. Cumberland County's assessment will increase by \$18,147 (up from \$612,439 to \$630,586). In short, the 2014 budget is created with the intent of not increasing but hoping to lower governmental spending in light of the economic landscape although some items. Most aspects of the 2014 budget appropriations stayed close to the same with all capital items passing the referendum vote unlike the 2013 budget. Capital items are bonded with Maine Municipal Bond Bank in the upcoming fiscal year as was the case in past years.



Town of Standish

Management's Discussion and Analysis

*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 from May 15 until September 15 or thereabouts.*

*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.

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 mil 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, shows that the actual expenditures were \$14,767,357 compared to an unassigned fund balance of \$2,595,059 displayed in Schedule 1, yields a ratio of 17.57% (\$2,595,059 divided by \$14,767,357). 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. FY 2013's "target level" for unassigned fund balance was \$2,857,133, or 18.75% of the budget items listed in the Fund Balance policy.

As of the close of the fiscal year 2013 the Town's General Fund reported an ending Unassigned fund balance of \$2,595,059 compared to what was unassigned fund balance of \$2,380,182 for prior year, an increase of \$214,877 minus a post FY 2012 audit reclassification of \$18,518 for a total increase of \$196,359 which is due to reclassifications among the categories that make up fund balance such as Nonspendable, Restricted, Committed, Assigned and Unassigned from one year to the next⁸.

Application of the "target level" to the actual level of spending \$14,767,357 would have yielded an unassigned fund balance of \$2,768,879, a difference of \$173,820 from the actual unassigned fund balance of \$2,595,059⁹. The audited unassigned fund balance fell short of the FY 2013 "target level" of \$2,857,133 by \$262,074. It should be noted that once into the FY 2014 year, the "target level" becomes \$3,143,930 due to the new FY 2014 proposed budget used to compute the "target level." The Town Manager has indicated that he intends to submit a budget for fiscal year 2014 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.
- Rising educational costs, lack of state aid to the school district and the town's proportional percentage of that cost.

⁸ Please see Schedule 1, "Balance Sheet – General Fund, With Comparative Totals for the Year Ended June 30, 2013," and Schedule 2, "Statement of Changes in Fund Balance – General Fund for the Year Ended June 30, 2013," of the financial statements. Other 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, 2013"

⁹ Please see Statement 5, "Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds for the year ended June 30, 2013" and Exhibit 1, "Statement of Revenues and Expenditures – Budget and Actual – General Fund – Budget Basis Year Ended June 30, 2013," of the financial statements.



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:**
scottg@standish.org

These Fiscal 2013 Audited Financial Reports are available for review and printing in "PDF-file format" from our municipal website, www.standish.org. Simply navigate from the home page as follows:

- 1) Select "Treasurer" on the left side selection bar.
- 2) Select "FY 2013 Audited Financial Statement" under the Additional Links section on the left hand side of the Finance Department page.

TOWN OF STANDISH, MAINE
JUNE 30, 2013

BASIC FINANCIAL INFORMATION

TOWN OF STANDISH, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2013

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS: | |
| Cash/Investments | \$ 3,821,446 |
| Receivables (Net of Allowance for Uncollectibles): | |
| Taxes | 699,114 |
| Liens | 172,778 |
| Accounts | 217,284 |
| Tax Acquired Property | 36,160 |
| Inventory and Prepaid Expense | 60,943 |
| Other Assets | 160 |
| Capital Assets: | |
| Land | 694,444 |
| Other Capital Assets, Net of Depreciation | 31,819,160 |
| Total Capital Assets | <u>32,513,604</u> |
| TOTAL ASSETS | <u>37,521,489</u> |
| LIABILITIES: | |
| Accounts Payable | 159,289 |
| Accrued Liabilities | 24,340 |
| Accrued Wages and Compensated Absences | 163,805 |
| Accrued Interest Payable | 20,653 |
| Deferred Revenues | 88,500 |
| Long-Term Liabilities: | |
| Due Within One Year | 609,104 |
| Due in More Than One Year | 3,202,095 |
| Total Liabilities | <u>4,267,786</u> |
| NET POSITION | |
| Net Investment in Capital Assets | 29,292,110 |
| Restricted for: | |
| Specific Purposes | 663,056 |
| Special Revenues | 19,257 |
| Nonexpendable Trust Principal | 19,957 |
| Expendable Trust Funds | 19,030 |
| Unrestricted | 3,240,292 |
| | <u>\$ 33,253,702</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

TOWN OF STANDISH, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

| | Program Revenues | | | Net (Expense) Revenue and Changes In Net Position |
|--|----------------------|-------------------------|--|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | |
| FUNCTIONS/PROGRAMS | | | | |
| Primary Government | | | | |
| Governmental Activities | | | | |
| General Government | \$ 1,747,534 | \$ 245,471 | \$ 31,158 | \$ (1,470,905) |
| Public Safety - Protection and Enforcement | 1,585,299 | 466,817 | 20,641 | (1,097,841) |
| Public Works | 2,422,650 | 147,396 | 161,180 | (2,114,074) |
| Capital Outlay | 326,700 | - | - | (326,700) |
| Community Services and Health | 418,592 | 319,214 | 30,781 | (68,597) |
| Education | 8,312,657 | - | - | (8,312,657) |
| Fixed Charges | 786,688 | - | - | (786,688) |
| Capital Reserve Activity | 7,239 | - | 23,174 | 15,935 |
| Total Governmental Activities | 15,607,359 | 1,178,898 | 266,934 | (14,161,527) |
| TOTAL PRIMARY GOVERNMENT | \$ 15,607,359 | \$ 1,178,898 | \$ 266,934 | \$ (14,161,527) |
| General Revenues: | | | | |
| Taxes-Property | | | | \$ 11,529,439 |
| Taxes-Excise | | | | 1,453,822 |
| Intergovernmental | | | | 575,832 |
| Investment Earnings | | | | 3,771 |
| Total General Revenues | | | | 13,562,864 |
| Change in Net Position | | | | (598,663) |
| Net Position - July 1, 2012 | | | | 33,852,365 |
| Net Position - June 30, 2013 | | | | \$ 33,253,702 |

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, 2013

| | General Fund | Capital Project Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|----------------------------|--------------------------------|--------------------------------|
| ASSETS: | | | | |
| Cash/Investments | \$ 3,264,450 | \$ 510,400 | \$ 46,596 | \$ 3,821,446 |
| Receivables: | | | | |
| Taxes | 699,114 | - | - | 699,114 |
| Liens | 172,778 | - | - | 172,778 |
| Accounts | 217,284 | - | - | 217,284 |
| Tax Acquired Property | 36,160 | - | - | 36,160 |
| Inventory and Prepaid Expense | 60,943 | - | - | 60,943 |
| Due from Other Funds | - | 100,506 | 19,684 | 120,190 |
| Other Assets | 160 | - | - | 160 |
| TOTAL ASSETS | 4,450,889 | 610,906 | 66,280 | 5,128,075 |
| LIABILITIES AND FUND BALANCES: | | | | |
| Liabilities: | | | | |
| Accounts Payable | 158,742 | 547 | - | 159,289 |
| Accrued Liabilities | 24,340 | - | - | 24,340 |
| Accrued Wages and Compensated Absences | 102,484 | - | - | 102,484 |
| Deferred Revenues | 569,374 | - | - | 569,374 |
| Due to Other Funds | 120,190 | - | - | 120,190 |
| Total Liabilities | 975,130 | 547 | - | 975,677 |
| Fund Balances: | | | | |
| Nonspendable | 61,103 | - | 19,957 | 81,060 |
| Restricted For: | | | | |
| Special Revenues | - | - | 19,257 | 19,257 |
| Permanent Funds | - | - | 19,030 | 19,030 |
| Impact Fees | 52,697 | - | - | 52,697 |
| Capital Bond Funds | - | 610,359 | - | 610,359 |
| Committed For: | | | | |
| Special Revenues | - | - | 8,036 | 8,036 |
| Reserves | 303,997 | - | - | 303,997 |
| Assigned For: | | | | |
| Subsequent Years' Expenditures, Ongoing | | | | |
| Engineering and Equipment Purchases | 112,903 | - | - | 112,903 |
| Use of Fund Balance | 350,000 | - | - | 350,000 |
| Unassigned | 2,595,059 | - | - | 2,595,059 |
| | 3,475,759 | 610,359 | 66,280 | 4,152,398 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 4,450,889 | \$ 610,906 | \$ 66,280 | \$ 5,128,075 |

The reconciliation of the governmental balance sheet to the statement of net position 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 POSITION
JUNE 30, 2013

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

| | | | |
|--|----|-----------------|--------------------------|
| Total Fund Balance (From Statement 3) | | \$ | 4,152,398 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | | 32,513,604 |
| Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. | | | 480,875 |
| 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 | \$ | (61,322) | |
| Long-Term Debt | | (3,811,199) | |
| Accrued Interest Payable | | <u>(20,653)</u> | <u>(3,893,174)</u> |
| Net Position of Governmental Activities | | \$ | <u><u>33,253,702</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, 2013

| | General Fund | Capital Project Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|----------------------------|--------------------------------|--------------------------------|
| REVENUES: | | | | |
| Taxes | \$ 13,029,526 | \$ - | \$ - | \$ 13,029,526 |
| Intergovernmental | 798,951 | - | - | 798,951 |
| Charges for Services | 772,950 | - | - | 772,950 |
| Licenses, Permits and Fees | 247,908 | - | - | 247,908 |
| Fines and Forfeits | 57,793 | - | - | 57,793 |
| Miscellaneous | 92,821 | - | 30,885 | 123,706 |
| Total Revenues | <u>14,999,949</u> | <u>-</u> | <u>30,885</u> | <u>15,030,834</u> |
| EXPENDITURES: | | | | |
| General Government | 1,681,648 | - | - | 1,681,648 |
| Public Safety - Protection and Enforcement | 1,426,629 | - | 29,137 | 1,455,766 |
| Public Works | 1,487,165 | - | - | 1,487,165 |
| Capital Outlay | 2,611 | 324,089 | - | 326,700 |
| Community Services and Health | 400,822 | - | - | 400,822 |
| Education | 8,312,657 | - | - | 8,312,657 |
| Fixed Charges | 1,455,825 | - | - | 1,455,825 |
| Capital Reserve Activity - Net | 150,288 | - | - | 150,288 |
| Total Expenditures | <u>14,917,645</u> | <u>324,089</u> | <u>29,137</u> | <u>15,270,871</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 82,304 | (324,089) | 1,748 | (240,037) |
| OTHER FINANCING SOURCES: | | | | |
| Transfer from the Reserve | - | 37,280 | - | 37,280 |
| Bond Proceeds | - | 44,000 | - | 44,000 |
| | <u>-</u> | <u>81,280</u> | <u>-</u> | <u>81,280</u> |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES | 82,304 | (242,809) | 1,748 | (158,757) |
| FUND BALANCES - JULY 1, 2012 | <u>3,393,455</u> | <u>853,168</u> | <u>64,532</u> | <u>4,311,155</u> |
| FUND BALANCES - JUNE 30, 2013 | <u>\$ 3,475,759</u> | <u>\$ 610,359</u> | <u>\$ 66,280</u> | <u>\$ 4,152,398</u> |

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

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, 2013

Net change in fund balances - total governmental funds (from Statement 5) **\$ (158,757)**

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 depreciation exceeded capital outlay in the current period is as follows:

| | | |
|----------------|--------------------|-------------|
| Capital Outlay | \$ 413,102 | |
| Depreciation | <u>(1,528,348)</u> | (1,115,246) |

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The amount by which bond repayments exceeded bond proceeds is as follows:

| | | |
|------------------------|-----------------|---------|
| Bond Repayments | 766,304 | |
| Bond and Note Proceeds | <u>(44,000)</u> | 722,304 |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statement. (46,265)

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. (699)

Change in net position of governmental activities (see Statement 2) **\$ (598,663)**

TOWN OF STANDISH, MAINE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

| | |
|-------------------------|-------------------------------------|
| | <u>Agency</u> Developer Bonds |
| ASSETS: | |
| Cash | <u>\$ 600,098</u> |
| LIABILITIES: | |
| Accounts Payable | <u>\$ 600,098</u> |

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

TOWN OF STANDISH, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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) (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 basic financial statements. In accordance with GASB, the Town (the primary government) is financially accountable if it appoints a voting majority of the organization's 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. The Town also is financially accountable for organizations that are fiscally dependent on it and there is a financial benefit or burden relationship. 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 basic financial statements to be misleading or incomplete.

Based on the application of these criteria, there are no other entities 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 position 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 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. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the Town.

TOWN OF STANDISH, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Government-Wide Financial Statements (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 report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs—that is, for the benefit of the town or its citizenry.

Fiduciary Funds

Agency Funds - Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements or results of operations. These funds, along with any component units that are fiduciary in nature, are not incorporated into the government-wide statements.

TOWN OF STANDISH, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

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

Modified Accrual

Governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "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 generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, as well as certain compensated absences, claims and judgments, are recorded only when the payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance.

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

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

Resources received in advance are recorded as deferred revenues. Deferred revenues arise when resources are received by the Town before it has a legal claim to them. In subsequent periods when both the measurable and available criteria are met, or when the Town has legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Cash 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. 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, 2013

Note 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Inventory

Inventory is valued at cost and consists of sand, gravel, salt, and other chemicals and materials used in road maintenance.

Interfund Transactions

During the course of normal operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due to/due from other funds” on the balance sheet of the governmental funds and fiduciary funds. As a general rule, the effect of interfund activity is eliminated from the government-wide financial statements.

Operating transfers occur when the Town transfers budgeted resources between funds.

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

| | |
|-------------------------------------|----------|
| Buildings and Building Improvements | 25 to 50 |
| Vehicles and Equipment | 5 to 20 |
| Infrastructure | 10 to 40 |

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.

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, 2013

Note 1 - SUMMARY OF ACCOUNTING POLICIES (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, 2013, the accrual for compensated absences was determined to be \$87,724 (\$88,995 at June 30, 2012).

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 material to basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt and premiums received are reported as other financing resources. Discounts on debt issuances are reported as other financing uses.

Net Position and Fund Equity Classifications

Net position is required to be classified into the following three components:

Net investment in capital assets - 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 | \$ 53,661,515 |
| Accumulated Depreciation | (21,147,911) |
| Bonds and Notes Payable | (3,200,841) |
| Accrued Interest Payable | <u>(20,653)</u> |
| Total Net Investment in Capital Assets | <u>\$ 29,292,110</u> |

Restricted - This component consists of constraints placed on the use of net position 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 position that does not meet the definition of "restricted" or "net investment in capital asset".

TOWN OF STANDISH, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1 - SUMMARY OF ACCOUNTING POLICIES (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 the "target level", 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 tax, and the overlay . 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. Actual results could differ from these estimates.

TOWN OF STANDISH, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 2 - DEPOSITS

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. Deposit and investment of funds can only be made in financial institutions that are insured by the FDIC or the FSLIC. Any funds deposited or invested above the \$250,000 insurance limit must be collateralized by the financial institution, or the excess funds must be placed with other financial institutions. As of June 30, 2013, \$2,627,700 of the Town's bank balance of \$3,778,402 was insured by the FDIC, and the remaining \$1,150,702 was insured by an irrevocable standby letter of credit.

Note 3 - PROPERTY TAX

The Town's property taxes for the July 1, 2012 - June 30, 2013 fiscal year were committed on September 12, 2012. Taxes were due semi-annually on November 15, 2012 and May 15, 2013. Unpaid taxes are charged interest of 7% per annum. The tax commitment was based on the April 1, 2012 assessed real estate and personal property values totaling \$992,030,710.

The following summarizes the levy:

VALUATION AND ASSESSMENT

VALUATION:

| | |
|-------------------|------------------|
| Real Estate | \$ 988,171,159 |
| Personal Property | <u>3,859,551</u> |
| Total Valuation | 992,030,710 |

| | |
|------------------------------|--------------|
| TAX RATE PER THOUSAND | <u>11.60</u> |
|------------------------------|--------------|

| | |
|-----------------------|-----------------------------|
| TAX COMMITMENT | <u><u>\$ 11,507,556</u></u> |
|-----------------------|-----------------------------|

TOWN OF STANDISH, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 3 - PROPERTY TAX (Continued)

COLLECTION OF 2012/2013 TAXES

| | | |
|----------------------------------|---------------|-------------------|
| ORIGINAL COMMITMENT | | \$ 11,507,556 |
| SUPPLEMENTAL COMMITMENT | | <u>21,883</u> |
| | | 11,529,439 |
| Less: Collection in Current Year | | |
| (Net of Adjustments and Refunds) | \$ 10,836,901 | |
| Abatements | <u>35,532</u> | <u>10,872,433</u> |
| | | <u>\$ 657,006</u> |

TAXES RECEIVABLE-JUNE 30, 2013

Taxes receivable at June 30, 2013 are as follows:

| | |
|----------------------|-------------------|
| Taxes - Current Year | \$ 657,006 |
| Taxes - Prior Years | <u>42,108</u> |
| | <u>\$ 699,114</u> |

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 \$31,618 for the year ended June 30, 2013.

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, 2013 are recognized as revenues. The remaining receivables estimated to be collectible subsequent to the sixty (60) day period are recorded as deferred revenues.

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.

TOWN OF STANDISH, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was:

| | Balance July 1, <u>2012</u> | <u>Additions</u> | <u>Retirements</u> | Balance June 30, <u>2013</u> |
|--|-----------------------------------|-----------------------|--------------------|------------------------------------|
| Governmental Activities: | | | | |
| Capital Assets, not Being Depreciated: | | | | |
| Land | \$ 694,444 | \$ - | \$ - | \$ 694,444 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings | 4,153,318 | - | - | 4,153,318 |
| Improvements Other than Buildings | 46,124 | - | - | 46,124 |
| Machinery and Equipment | 3,874,388 | 25,025 | - | 3,899,413 |
| Infrastructure | <u>44,480,139</u> | <u>388,077</u> | <u>-</u> | <u>44,868,216</u> |
| Total Capital Assets, Being Depreciated: | <u>52,553,969</u> | <u>413,102</u> | <u>-</u> | <u>52,967,071</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings | 840,267 | 76,888 | - | 917,155 |
| Improvements Other than Buildings | 42,970 | 406 | - | 43,376 |
| Machinery and Equipment | 1,903,748 | 195,044 | - | 2,098,792 |
| Infrastructure | <u>16,832,578</u> | <u>1,256,010</u> | <u>-</u> | <u>18,088,588</u> |
| Total | <u>19,619,563</u> | <u>1,528,348</u> | <u>-</u> | <u>21,147,911</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 33,628,850</u> | <u>\$ (1,115,246)</u> | <u>\$ -</u> | <u>\$ 32,513,604</u> |

Depreciation was charged to governmental functions as follows:

| | |
|-------------------------------|---------------------|
| General Government | \$ 59,966 |
| Public Safety | 129,533 |
| Public Works | 1,329,087 |
| Community Services and Health | <u>9,762</u> |
| Total Depreciation | <u>\$ 1,528,348</u> |

TOWN OF STANDISH, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 5 - INTERFUND RECEIVABLES/ PAYABLES AND TRANSFERS

Interfund Receivables/ Payables

Individual interfund receivable and payable balances at June 30, 2013 per Statement 3 were as follows:

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|---------------------------|----------------------------------|-------------------------------|
| General Fund | \$ - | \$ 120,190 |
| Capital Project Fund | 100,506 | - |
| Nonmajor Special Revenues | <u>19,684</u> | <u>-</u> |
| | <u>\$ 120,190</u> | <u>\$ 120,190</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, 2013 consisted of the following:

| <u>Fund</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|----------------------|---------------------|----------------------|
| General | \$ - | \$ 37,280 |
| Capital Project Fund | <u>37,280</u> | <u>-</u> |
| | <u>\$ 37,280</u> | <u>\$ 37,280</u> |

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

TOWN OF STANDISH, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 6 - LONG-TERM DEBT

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2013:

| Governmental Activities | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due within One Year |
|---------------------------------|------------------------------|------------------|-------------------|---------------------------|--|
| Bonds and Notes Payable: | | | | | |
| Bonds Payable | \$ 4,467,503 | \$ 44,000 | \$ 753,104 | \$ 3,758,399 | \$ 595,904 |
| Notes Payable | <u>66,000</u> | <u>-</u> | <u>13,200</u> | <u>52,800</u> | <u>13,200</u> |
| Total | <u>\$ 4,533,503</u> | <u>\$ 44,000</u> | <u>\$ 766,304</u> | <u>\$ 3,811,199</u> | <u>\$ 609,104</u> |

General long-term debt consists of the following:

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. \$ 37,000

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. 245,887

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. 187,468

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. 287,125

TOWN OF STANDISH, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 6 - LONG-TERM DEBT (Continued)

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.

\$ 726,448

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.

968,000

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.

1,262,471

2012 General Obligation Bonds dated October 25, 2012; annual principal payment in November of \$8,800. Semi-annual interest payable in May and November, variable interest rate from 0.33% to 2.38% per annum. Final installment due November 2017. Authorized and issued \$44,000.

44,000

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 2017. Authorized and issued \$66,000.

52,800

\$ 3,811,199

TOWN OF STANDISH, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 6 - LONG-TERM DEBT (Continued)

The annual requirement to amortize debt outstanding as of June 30, 2013 is as follows:

| <u>Fiscal Year</u> <u>Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|---------------------|-------------------|---------------------|
| 2014 | \$ 609,104 | \$ 112,995 | \$ 722,099 |
| 2015 | 609,104 | 87,210 | 696,314 |
| 2016 | 590,604 | 63,019 | 653,623 |
| 2017 | 508,641 | 40,511 | 549,152 |
| 2018 | 448,574 | 25,088 | 473,662 |
| 2019 - 2023 | <u>1,045,172</u> | <u>20,773</u> | <u>1,065,945</u> |
| | <u>\$ 3,811,199</u> | <u>\$ 349,596</u> | <u>\$ 4,160,795</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, 2013, of \$3,811,199 was \$146,338,801 below the Town's statutory debt limit.

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

| | <u>Outstanding</u> <u>Bonds & Notes</u> | <u>State Assessed</u> <u>Value of</u> <u>\$1,001,000,000</u> | <u>Debt Limit</u> | <u>Margin</u> |
|--------------------|--|--|-----------------------|-----------------------|
| Municipal Purposes | <u>\$ 3,811,199</u> | <u>15%</u> | <u>\$ 150,150,000</u> | <u>\$ 146,338,801</u> |

Total interest expense on long-term debt was \$140,364 for the year.

Note 7 - SHORT-TERM DEBT OBLIGATIONS

During the year, the Town had a \$1,526,700 and a \$2,000,000 tax anticipation notes for working capital needs.

Short-term debt activity for the year ended June 30, 2013 was as follows:

| | <u>Beginning</u> <u>Balance</u> | <u>Issued</u> | <u>Redeemed</u> | <u>Ending</u> <u>Balance</u> |
|----------------------------|------------------------------------|---------------------|---------------------|---------------------------------|
| Revenue Anticipation Notes | <u>\$ -</u> | <u>\$ 3,526,700</u> | <u>\$ 3,526,700</u> | <u>\$ -</u> |

TOWN OF STANDISH, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 8 - 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 2.59% (\$955,314) of Cumberland County's outstanding debt of \$36,925,000, and 39.92% (\$9,268,152) of Maine School Administrative District No. 6's outstanding bonded debt of \$23,214,837.

Note 9 - 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, 2012, (the latest date available,) includes total assets of \$60,491,701, total liabilities of \$22,953,734 and unrestricted net position of \$9,881,421. The liabilities include an accrual for landfill closure and postclosure care amounting to \$15,694,020. ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2013 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, 2013, pertinent outstanding material recycling facility bonds of ecomaine totaled \$166,230 of which the Town of Standish's share, based on estimated tonnage to be delivered, amounts to \$54,720 (33%). 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, 2013

Note 9 - 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 Maine DOT's policy requires a municipality to have completed the design phase of a project before being eligible to receive construction funding. During fiscal year 2012, 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 by October 15, 2015, the Town will have to return \$24,106 of the grant to the MaineDOT.

Note 10- 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, 2013.

Note 11 - 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, 2013

Note 12 – 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:

| | Nonspendable | Restricted | Committed | Assigned |
|--|---------------------|-------------------|-------------------|-------------------|
| General Fund Reserves for Capital Expenditures | | | | |
| Prepaid Expenses and Inventories | \$ 61,103 | \$ - | \$ - | \$ - |
| Multi-Purpose Skate Park | - | - | 7,165 | - |
| Impact Fees | - | 52,697 | - | - |
| Community Center | - | - | 23,262 | - |
| Bond Levelization | - | - | 140,218 | - |
| Conservation | - | - | 40,587 | - |
| Athletic Fields Improvement | - | - | 2,263 | - |
| Government Access | - | - | 8,177 | - |
| New Fire Engine #4 | - | - | 81,865 | - |
| Donations | - | - | 460 | - |
| General Fund Subsequent Years Expenditures: | | | | |
| General Government | | | | |
| Assessor | - | - | - | 405 |
| General Administration | - | - | - | 210 |
| Finance | - | - | - | 135 |
| Planning Board | - | - | - | 8,140 |
| Public Safety | - | - | - | 34,513 |
| Capital Outlay | | | | |
| General Administration | - | - | - | 8,000 |
| Public Works | - | - | - | 7,793 |
| Public Safety Equipment | - | - | - | 2,394 |
| Public Works | | | | |
| Highway | - | - | - | 49,580 |
| Solid Waste Services | - | - | - | 1,733 |
| Fund Balance Appropriated 2013 | - | - | - | 350,000 |
| Capital Project Fund | - | 610,359 | - | - |
| Other Governmental Funds: Permanent Funds | | | | |
| Hasty Fund | 14,911 | 14,662 | - | - |
| Wescott Fund | 5,046 | 4,368 | - | - |
| Special Revenue Funds | | | | |
| Bottles 4 Fuel | - | - | 7,610 | - |
| Public Safety Fair Funds | - | - | 426 | - |
| Homeland Security Grant | - | 953 | - | - |
| Fire Prevention/Education Grant | - | 225 | - | - |
| Comp Plan Upgrade Grant | - | 6,379 | - | - |
| Steep Falls Library Grant | - | 6,489 | - | - |
| Standish Corn Grant | - | 5,211 | - | - |
| Total | <u>\$ 81,060</u> | <u>\$701,343</u> | <u>\$ 312,033</u> | <u>\$ 462,903</u> |

TOWN OF STANDISH, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013, the Town's share of the retirement contributions on behalf of the qualified employees amounted to \$73,509. 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 and Medicare Program. The Town's contribution was \$138,832, for the year ended June 30, 2013.

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 position.

Note 15 – RELATED-PARTY TRANSACTIONS

During the year, the Town entered into a contract with the Cumberland County, State of Maine, to facilitate a grant to an assisted business, owned by one of the Councilors. The grant is provided by the US Department of Housing and Urban Development to purchase business equipment and create at least 7 full-time jobs to be taken for Town residents. The grant involves matching funds to be paid by the assisted business. No expenditure is to be incurred by the Town in connection with the grant. The Town makes payments on the grant invoices and then receives reimbursement in the same amounts from the Cumberland County. The amount disbursed and received by the Town was \$20,641.

Note 16 - SUBSEQUENT EVENTS

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through November 8, 2013, the date the financial statements were available to be issued.

In August, 2013, the Town Council approved a tax anticipation note not to exceed \$1,030,546 for the working capital needs.

TOWN OF STANDISH, MAINE
JUNE 30, 2013

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF STANDISH, MAINE
BUDGETARY COMPARISON SCHEDULE -
BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

| | Original and Final <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|-----------------------------------|---|----------------------|---|
| TAXES: | | | |
| Real Estate | \$ 11,507,556 | \$ 11,529,439 | \$ 21,883 |
| Change in Deferred Tax Revenue | - | 46,265 | 46,265 |
| Excise: | | | |
| Vehicle | 1,400,000 | 1,434,079 | 34,079 |
| Boat | 21,500 | 19,743 | (1,757) |
| | <u>12,929,056</u> | <u>13,029,526</u> | <u>100,470</u> |
| INTERGOVERNMENTAL: | | | |
| State Municipal Revenue Sharing | 396,906 | 382,546 | (14,360) |
| Homestead Exemption Reimbursement | 131,423 | 131,423 | - |
| Local Road Assistance | 165,000 | 161,180 | (3,820) |
| General Assistance | 40,000 | 28,722 | (11,278) |
| Tree Growth | 56,012 | 56,012 | - |
| Veterans Tax Loss Reimbursement | 5,892 | 5,814 | (78) |
| Snowmobile Reimbursement | 3,952 | 2,059 | (1,893) |
| BETE Reimbursement | 31 | 37 | 6 |
| FEMA Reimbursement | - | 31,158 | 31,158 |
| | <u>799,216</u> | <u>798,951</u> | <u>(265)</u> |
| LICENSES AND PERMITS: | | | |
| Transfer Station Sticker Fees | 80,000 | 81,625 | 1,625 |
| Building Permits/Code Enforcement | 50,000 | 72,839 | 22,839 |
| Transfer Station User Fees | 34,000 | 37,198 | 3,198 |
| Plumbing | 8,000 | 14,303 | 6,303 |
| Sport Licenses/RV Agent Fees | 4,200 | 3,590 | (610) |
| Marriage Licenses | 1,600 | 1,974 | 374 |
| Municipal Licenses | 5,300 | 5,243 | (57) |
| Recycling Revenue | 34,000 | 28,558 | (5,442) |
| CEO Consultant Fees | 5,000 | - | (5,000) |
| Dog Licenses | 2,900 | 2,326 | (574) |
| Septage Permits | 200 | 15 | (185) |
| Recording/Advertising Fees | 350 | 237 | (113) |
| | <u>225,550</u> | <u>247,908</u> | <u>22,358</u> |
| CHARGES FOR SERVICES: | | | |
| Motor Vehicle Agent Fee | 30,000 | 30,386 | 386 |
| Planning Board | 10,000 | 3,829 | (6,171) |
| Animal Control | 850 | 800 | (50) |
| Boat Launch Fees | 20,000 | 18,114 | (1,886) |
| Cable TV Franchise Fees | 128,423 | 117,923 | (10,500) |
| EMS Revenues | 330,000 | 351,017 | 21,017 |
| Dispatch Services | 8,000 | 18,500 | 10,500 |
| Subscription Fees | 6,000 | 10,349 | 4,349 |
| Recreation | 197,270 | 201,291 | 4,021 |
| Passport Services | 6,800 | 7,135 | 335 |
| Vital Statistics | 4,100 | 3,444 | (656) |
| Appeals Board | 600 | - | (600) |
| Other | 9,450 | 10,162 | 712 |
| | <u>751,493</u> | <u>772,950</u> | <u>21,457</u> |

TOWN OF STANDISH, MAINE
BUDGETARY COMPARISON SCHEDULE -
BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|--|--|-------------------|---|
| FINES AND FORFEITS: | | | |
| Lien Notice Filing Charges | \$ 10,000 | \$ 13,569 | \$ 3,569 |
| Tax Lien Interest | 61,000 | 40,224 | (20,776) |
| Ordinance Fines | 5,000 | 4,000 | (1,000) |
| | <u>76,000</u> | <u>57,793</u> | <u>(18,207)</u> |
| OTHER REVENUES: | | | |
| Investment Interest | 6,000 | 2,746 | (3,254) |
| Leases/Rentals | 18,000 | 16,605 | (1,395) |
| Sale of Property | 7,500 | 66,782 | 59,282 |
| Other | 3,719 | 6,688 | 2,969 |
| | <u>35,219</u> | <u>92,821</u> | <u>57,602</u> |
| TOTAL REVENUES | <u>14,816,534</u> | <u>14,999,949</u> | <u>183,415</u> |
| EXPENDITURES: | | | |
| General Government | 1,838,838 | 1,681,648 | 157,190 |
| Public Safety - Protection and Enforcement | 1,491,971 | 1,426,629 | 65,342 |
| Public Works | 1,640,308 | 1,487,165 | 153,143 |
| Capital Outlay | 20,798 | 2,611 | 18,187 |
| Community Services and Health | 451,525 | 400,822 | 50,703 |
| Education | 8,352,980 | 8,312,657 | 40,323 |
| Fixed Charges | 1,455,710 | 1,455,825 | (115) |
| | <u>15,252,130</u> | <u>14,767,357</u> | <u>484,773</u> |
| TOTAL EXPENDITURES | <u>15,252,130</u> | <u>14,767,357</u> | <u>484,773</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(435,596)</u> | <u>232,592</u> | <u>668,188</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Use of Surplus | 350,000 | - | (350,000) |
| Prior Year Carryover | 85,596 | - | (85,596) |
| | <u>435,596</u> | <u>-</u> | <u>(435,596)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>435,596</u> | <u>-</u> | <u>(435,596)</u> |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | <u>\$ -</u> | <u>232,592</u> | <u>\$ 232,592</u> |
| RECONCILIATION TO GAAP BASIS: | | | |
| Interest and Other Income to Reserves | | 24,128 | |
| Expenditures and Transfers by Reserve | | (174,416) | |
| | | <u>(150,288)</u> | |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | | <u>\$ 82,304</u> | |

TOWN OF STANDISH, MAINE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2013

NOTE 1 – BUDGETARY ACCOUNTING

Budgets are adopted for the general fund only on a basis consistent with accounting principles generally accepted in the United States of America. 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 U.S. generally accepted accounting principles.

NOTE 2 - BUDGET VS GAAP BASIS OF ACCOUNTING

The following is an explanation of the various differences and their effect on current year revenues and expenditures on a GAAP basis as presented in Statement 4:

| | |
|--|------------------|
| Excess of Revenues and Other Sources Over | |
| Expenditures and Other Uses (Exhibit 1) | \$ 232,592 |
| Interest and Other Receipts to Reserves (Schedule 1) | 24,128 |
| Expenses and Transfers from Reserves (Schedule 1) | <u>(174,416)</u> |
| Excess of Revenues Over Expenditures (Statement 5) | <u>\$ 82,304</u> |

NOTE 3 - BUDGETED USE OF SURPLUS

During the year ended June 30, 2013, the Town budgeted to utilize prior year unassigned fund balance as a budgeted use of surplus.

| | |
|-----------------------------|-------------------|
| 2012 Carry-forward Balance | \$ 85,596 |
| Current Year Use of Surplus | <u>350,000</u> |
| | <u>\$ 435,596</u> |

TOWN OF STANDISH, MAINE
JUNE 30, 2013

SUPPLEMENTAL DATA

TOWN OF STANDISH, MAINE
BALANCE SHEETS - GENERAL FUND
JUNE 30, 2013
(With Comparative Totals for the Year ended June 30, 2012)

| | <u>2013</u> | <u>2012</u> |
|---|----------------------------|----------------------------|
| ASSETS: | | |
| Cash and Temporary Investments | \$ 3,264,450 | \$ 3,343,624 |
| Accounts Receivable | 217,284 | 191,258 |
| Taxes Receivable | 699,114 | 628,904 |
| Tax Liens | 172,778 | 164,301 |
| Tax Acquired Property | 36,160 | 18,518 |
| Inventory and Prepaid Expense | 60,943 | 52,017 |
| Other Assets | 160 | 160 |
| | <hr/> | <hr/> |
| TOTAL ASSETS | <u><u>\$ 4,450,889</u></u> | <u><u>\$ 4,398,782</u></u> |
| LIABILITIES AND FUND BALANCES: | | |
| Liabilities: | | |
| Accounts Payable | \$ 158,742 | \$ 170,252 |
| Accrued Liabilities | 24,340 | 31,164 |
| Accrued Wages and Compensated Absences | 102,484 | 111,020 |
| Deferred Revenues | 569,374 | 601,276 |
| Due to Other Fund | 120,190 | 91,615 |
| | <hr/> | <hr/> |
| | <u>975,130</u> | <u>1,005,327</u> |
| Fund Balances: | | |
| Nonspendable | 61,103 | 52,177 |
| Restricted For: | | |
| Impact Fees | 52,697 | 72,129 |
| Committed For: | | |
| Reserves | 303,997 | 434,853 |
| Assigned For: | | |
| Subsequent Years' Expenditures, | | |
| Ongoing Engineering and Equipment Purchases | 112,903 | 85,596 |
| Use of Fund Balance | 350,000 | 350,000 |
| Unassigned | 2,595,059 | 2,398,700 |
| | <hr/> | <hr/> |
| | <u>3,475,759</u> | <u>3,393,455</u> |
| | <hr/> | <hr/> |
| | <u><u>\$ 4,450,889</u></u> | <u><u>\$ 4,398,782</u></u> |

TOWN OF STANDISH, MAINE
STATEMENT OF CHANGES IN FUND BALANCE - GENERAL FUND
YEAR ENDED JUNE 30, 2013

[illegible]

TOWN OF STANDISH, MAINE
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

| | ASSETS | | | LIABILITIES AND FUND BALANCE | | |
|---------------------------------|-----------------|------------------|----------------------|-------------------------------------|------------------|----------------------------|
| | | Due from | | Due to | | Total |
| | <u>Cash</u> | Other | Total | Other | Fund | Liabilities |
| | | <u>Funds</u> | <u>Assets</u> | <u>Funds</u> | <u>Balance</u> | and |
| | | | | | | <u>Fund Balance</u> |
| Bottles 4 Fuel | \$ 7,609 | \$ 1 | \$ 7,610 | \$ - | \$ 7,610 | \$ 7,610 |
| Public Safety Fair Funds | - | 426 | 426 | - | 426 | 426 |
| Homeland Security Grant | - | 953 | 953 | - | 953 | 953 |
| Fire Prevention/Education Grant | - | 225 | 225 | - | 225 | 225 |
| Comp Plan Upgrade Grant | - | 6,379 | 6,379 | - | 6,379 | 6,379 |
| Standish Corner Grant | - | 6,489 | 6,489 | - | 6,489 | 6,489 |
| Steep Falls Library Grant | - | 5,211 | 5,211 | - | 5,211 | 5,211 |
| CDBG Trailers | - | - | - | - | - | - |
| Total: | <u>\$ 7,609</u> | <u>\$ 19,684</u> | <u>\$ 27,293</u> | <u>\$ -</u> | <u>\$ 27,293</u> | <u>\$ 27,293</u> |

TOWN OF STANDISH, MAINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2013

| | Fund Balances Beginning of Year | Program Revenues | | Program Expenditures | Fund Balances End of Year |
|---------------------------------|--|--------------------------------|------------------|---------------------------------|--|
| | | Inter- Governmental | Other | | |
| Bottles 4 Fuel | \$ 6,029 | \$ - | \$ 5,242 | \$ 3,661 | \$ 7,610 |
| Public Safety Fair Funds | 1,045 | - | 3,370 | 3,989 | 426 |
| Homeland Security Grant | 953 | - | - | - | 953 |
| Fire Prevention/Education Grant | 225 | - | - | - | 225 |
| Comp. Plan Upgrade Grant | 6,379 | - | - | - | 6,379 |
| Standish Corner Grant | 5,774 | - | 1,561 | 846 | 6,489 |
| Steep Falls Library Grant | 5,211 | - | - | - | 5,211 |
| CDBG Trailers | - | 20,641 | - | 20,641 | - |
| Total: | <u>\$ 25,616</u> | <u>\$ 20,641</u> | <u>\$ 10,173</u> | <u>\$ 29,137</u> | <u>\$ 27,293</u> |

TOWN OF STANDISH, MAINE
COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2013
(With Comparative Totals for the Year ended June 30, 2012)

| | <u>NonExpendable</u> | | <u>Totals</u> | |
|--------------------------|----------------------------|---------------------------|--|---------------------------|
| | Hasty <u>Fund</u> | Wescott <u>Fund</u> | (Memorandum Only) <u>2013</u> <u>2012</u> | |
| ASSETS: | | | | |
| Cash | <u>\$ 29,573</u> | <u>\$ 9,414</u> | <u>\$ 38,987</u> | <u>\$ 38,916</u> |
| FUND BALANCE: | | | | |
| Principal | \$ 14,911 | \$ 5,046 | \$ 19,957 | \$ 19,957 |
| Income | <u>14,662</u> | <u>4,368</u> | <u>19,030</u> | <u>18,959</u> |
| | <u><u>\$ 29,573</u></u> | <u><u>\$ 9,414</u></u> | <u><u>\$ 38,987</u></u> | <u><u>\$ 38,916</u></u> |

TOWN OF STANDISH, MAINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR PERMANENT FUNDS
YEAR ENDED JUNE 30, 2013
(With Comparative Totals for the Year ended June 30, 2012)

| | <u>NonExpendable</u> | | <u>Totals</u> | |
|---|-------------------------|------------------------|-------------------------|-------------------------|
| | Hasty <u>Fund</u> | Wescott <u>Fund</u> | (Memorandum Only) | |
| | | | <u>2013</u> | <u>2012</u> |
| REVENUES: | | | | |
| Interest | \$ 53 | \$ 18 | \$ 71 | \$ 76 |
| EXPENDITURES: | | | | |
| Management Fee | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 53 | 18 | 71 | 76 |
| FUND BALANCE - JULY 1 | <u>29,520</u> | <u>9,396</u> | <u>38,916</u> | <u>38,840</u> |
| FUND BALANCE - JUNE 30 | <u><u>\$ 29,573</u></u> | <u><u>\$ 9,414</u></u> | <u><u>\$ 38,987</u></u> | <u><u>\$ 38,916</u></u> |

TOWN OF STANDISH, MAINE
COMBINING STATEMENT OF GENERAL FUND RESERVES
YEAR ENDED JUNE 30, 2013

| | Fund Balances Beginning of Year | Program Revenues | | Transfers In (Out) | Program Expenditures | Fund Balances End of Year |
|-----------------------------|--|-------------------------|-------------------------|-------------------------------|---------------------------------|--|
| | | Interest | Other | | | |
| Multi-Purpose Skate Park | \$ 2,161 | \$ 4 | \$ 5,000 | \$ - | \$ - | \$ 7,165 |
| Impact Fees | 72,129 | 134 | 17,714 | (37,280) | - | 52,697 |
| Community Center | 23,216 | 46 | - | - | - | 23,262 |
| Bond Levelization | 242,146 | 461 | - | (102,389) | - | 140,218 |
| Conservation | 47,737 | 89 | - | - | 7,239 | 40,587 |
| Athletic Fields Improvement | 2,259 | 4 | - | - | - | 2,263 |
| Government Access | 35,630 | 55 | - | (27,508) | - | 8,177 |
| New Fire Engine 4 | 81,704 | 161 | - | - | - | 81,865 |
| Donations | - | - | 460 | - | - | 460 |
| Total: | <u><u>\$ 506,982</u></u> | <u><u>\$ 954</u></u> | <u><u>\$ 23,174</u></u> | <u><u>\$ (167,177)</u></u> | <u><u>\$ 7,239</u></u> | <u><u>\$ 356,694</u></u> |

TOWN OF STANDISH, MAINE
STATEMENT OF DEPARTMENTAL OPERATIONS
YEAR ENDED JUNE 30, 2013

| Appropriation Balances | | | | | | | | | |
|---|--------------------------------|----------------|-----------------------------|-----------------|--------------|-----------|------------|-----------------|--|
| | Appropriation Balances Forward | Appropriations | Transfers and Other Credits | Total Available | Expenditures | Lapsed | | Carried Forward | |
| | | | | | | Overdrawn | Unexpended | | |
| GENERAL GOVERNMENT: | | | | | | | | | |
| Assessor | \$ - | \$ 78,685 | \$ - | \$ 78,685 | \$ 77,461 | \$ - | \$ 819 | \$ 405 | |
| Code Enforcement | - | 76,066 | - | 76,066 | 68,715 | - | 7,351 | - | |
| Employee Benefits | - | 641,594 | - | 641,594 | 569,822 | - | 71,772 | - | |
| General Administration | - | 259,561 | - | 259,561 | 257,265 | - | 2,086 | 210 | |
| Town Council | 1,500 | 44,129 | - | 45,629 | 42,801 | - | 2,828 | - | |
| Town Clerk/Collector/Treasurer | 1,100 | 173,080 | - | 174,180 | 160,754 | - | 13,426 | - | |
| Finance | 548 | 170,468 | - | 171,016 | 164,435 | - | 6,446 | 135 | |
| Planning Board | 15,432 | 99,463 | - | 114,895 | 93,561 | - | 13,194 | 8,140 | |
| Building Maintenance and Utilities | 2,683 | 199,143 | - | 201,826 | 182,045 | - | 19,781 | - | |
| Board of Appeals | - | 726 | - | 726 | 190 | - | 536 | - | |
| Insurance | - | 74,660 | - | 74,660 | 64,599 | - | 10,061 | - | |
| | 21,263 | 1,817,575 | - | 1,838,838 | 1,681,648 | - | 148,300 | 8,890 | |
| PUBLIC SAFETY - PROTECTION AND ENFORCEMENT: | | | | | | | | | |
| Public Safety | - | 965,343 | - | 965,343 | 901,411 | - | 29,419 | 34,513 | |
| Law Enforcement | - | 526,628 | - | 526,628 | 525,218 | - | 1,410 | - | |
| | - | 1,491,971 | - | 1,491,971 | 1,426,629 | - | 30,829 | 34,513 | |
| CAPITAL OUTLAY: | | | | | | | | | |
| Public Safety Equipment | 5,005 | - | - | 5,005 | 2,611 | - | - | 2,394 | |
| General Administration | 8,000 | - | - | 8,000 | - | - | - | 8,000 | |
| Public Works | 7,793 | - | - | 7,793 | - | - | - | 7,793 | |
| | 20,798 | - | - | 20,798 | 2,611 | - | - | 18,187 | |

TOWN OF STANDISH, MAINE
STATEMENT OF DEPARTMENTAL OPERATIONS (Continued)
YEAR ENDED JUNE 30, 2013

| <u>Appropriation Balances</u> | | | | | | | | | |
|---------------------------------------|---|-----------------------|--|----------------------------|----------------------|------------------|------------------------------|----------------------------|--|
| | <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> | |
| PUBLIC WORKS: | | | | | | | | | |
| Highway | \$ 42,000 | \$ 1,019,166 | \$ - | \$ 1,061,166 | \$ 963,628 | \$ - | \$ 47,958 | \$ 49,580 | |
| Solid Waste Services | - | 579,142 | - | 579,142 | 523,537 | - | 53,872 | 1,733 | |
| | <u>42,000</u> | <u>1,598,308</u> | <u>-</u> | <u>1,640,308</u> | <u>1,487,165</u> | <u>-</u> | <u>101,830</u> | <u>51,313</u> | |
| COMMUNITY SERVICES AND HEALTH: | | | | | | | | | |
| General Assistance | - | 93,780 | - | 93,780 | 61,079 | - | 32,701 | - | |
| Cable Television | - | 86,597 | 27,508 | 114,105 | 86,521 | - | 27,584 | - | |
| Recreation | 1,535 | 264,769 | - | 266,304 | 250,430 | - | 15,874 | - | |
| Libraries and Associations | - | 22,652 | - | 22,652 | 20,600 | - | 2,052 | - | |
| Provider Agencies | - | 9,700 | - | 9,700 | 9,700 | - | - | - | |
| | <u>1,535</u> | <u>477,498</u> | <u>27,508</u> | <u>506,541</u> | <u>428,330</u> | <u>-</u> | <u>78,211</u> | <u>-</u> | |
| EDUCATION | - | 8,352,980 | - | 8,352,980 | 8,312,657 | - | 40,323 | - | |
| FIXED CHARGES: | | | | | | | | | |
| Debt Service | - | 813,279 | 102,389 | 915,668 | 911,869 | - | 3,799 | - | |
| County Tax | - | 610,813 | - | 610,813 | 610,813 | - | - | - | |
| Overlay | - | 31,618 | - | 31,618 | 35,532 | 3,914 | - | - | |
| | - | <u>1,455,710</u> | <u>102,389</u> | <u>1,558,099</u> | <u>1,558,214</u> | <u>3,914</u> | <u>3,799</u> | <u>-</u> | |
| TOTAL | <u>\$ 85,596</u> | <u>\$ 15,194,042</u> | <u>\$ 129,897</u> | <u>\$ 15,409,535</u> | <u>\$ 14,897,254</u> | <u>\$ 3,914</u> | <u>\$ 403,292</u> | <u>\$ 112,903</u> | |