

TOWN OF SANFORD, MAINE
Annual Financial Report
For The Year Ended June 30, 2011

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Annual Financial Report
For the Year Ended June 30, 2011

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Independent Auditor's Report

Town Council
Town of Sanford, Maine

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

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

In our opinion, the financial statements referred to 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 Sanford, Maine, as of June 30, 2011, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 13, 2012, on our consideration of the Town of Sanford, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress, as listed in the table of contents, 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 regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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



January 13, 2012
South Portland, Maine

TOWN OF SANFORD, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2011

As management of the Town of Sanford, Maine, we present this narrative to provide you with an overview and analysis of our annual financial statements for the year ending June 30, 2011. This is the Town's seventh year of Statement No. 34 of the Governmental Accounting Standards Board (GASB) *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This information in conjunction with the notes to the financial statements found on pages 17-33, can be considered when reading the Town's financial statements.

What does the Town of Sanford's GASB 34 implementation mean to you as a reader of these financial statements and supporting required supplementary information? In short, the standard migrates governmental reporting closer to the private sector model, which is more familiar to readers of financial statements and allows for Greater Fiscal Accountability (raising and spending of public monies) and Greater Operational Accountability (demonstrating the efficiency and effectiveness of government).

Financial Highlights

- Total assets of the Town of Sanford exceeded its liabilities by \$63,680,178. The governmental activities statement showed an increase of net assets of \$2,977,030 for the fiscal year.
- The ending fund balance for all governmental funds combined was \$12,186,709.
- The ending fund balance for the general fund was \$9,293,150, an increase of \$112,006 over last year. The Town, excluding the School, has an unrestricted balance of \$9,867,009 of which \$1,727,087 is committed to on-going capital projects and \$825,038 is assigned for the subsequent year budget and other purposes. This leaves an unassigned balance of \$7,314,884 -, which is an adequate surplus. The School Department had an unassigned deficit of \$573,659. After adding back \$3,678,880 for the accrual for teacher summer salaries, which is not accrued on a budgetary basis, the School Department would have a positive fund balance of \$3,105,221.

Overview of the Financial Statement

This discussion and analysis is intended to serve as an introduction to the Town of Sanford's basic financial statements. The Town's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements:

The *government-wide financial statements* provide a broad overview of the Town of Sanford's finances. Financial information is presented in two statements –*Statement of Net Assets* and *Statement of Activities*.

The ***Statement of Net Assets*** presents information about the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, changes in net assets (increases or decreases) may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The ***Statement of Activities*** presents information about how the Town's net assets have changed during the fiscal year. All changes in net assets are reported as soon as the change or event occurs, regardless of the timing of related cash requirements. This means that revenues and expenses are reported in this statement even if the resulting cash related movement does not occur until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

TOWN OF SANFORD, MAINE
Management's Discussion and Analysis, Continued

Both of the statements distinguish between activities of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) and those activities that recover all, or a significant portion of their costs through user fees and charges (*business-type activities*). Governmental activities include general administration, public safety (police, ambulance and fire), public works, (highway and solid waste disposal), library, recreation programs, county tax, education, charitable aid, cemetery care, debt service and capital maintenance expenses. The Town currently reports no business-type activities.

The government-wide financial statements can be found on pages 9 and 10.

Fund Financial Statements

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

Governmental funds are used to report most of the Town's basic operational services. Operating expenses and revenues are recorded and the cumulative leftover balance of these activities, which is available for spending in subsequent years, is reported here. These funds are reported using an accounting method called *modified accrual*, 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 can help to determine what financial resources are available in the near future to finance the Town's activities. The governmental funds financial statements can be found on pages 11 and 12.

Fiduciary funds are used to account for monies held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town of Sanford's operational programs. The Town of Sanford is trustee for a number of funds, the majority of which are scholarships. The fiduciary funds financial statements can be found on pages 15 and 16.

Proprietary funds are used to report activities that are charged to customers for services provided by the Town. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The Town currently has no propriety funds.

Notes to the financial statements – the notes provide additional information that is essential to a full understanding of the data provided and can be found on pages 17-35.

Other Information – The combining and individual fund statements of non-major governmental funds are presented immediately following the notes to the financial statements. These schedules can be found on pages 47-65.

TOWN OF SANFORD, MAINE
Management's Discussion and Analysis, Continued

Statement of Net Assets information

The following information is a condensed version of the Statement of Net Assets. The analysis below focuses on the net assets of the Town's governmental activities.

<u>Governmental Activities</u>		
	<u>2011</u>	<u>2010</u>
Current & Other Assets	\$ 19,378,608	\$ 22,637,367
Capital Assets, net	63,587,056	59,204,447
Total Assets	82,965,664	81,841,814
Long-term Debt Outstanding	11,580,089	12,750,819
Other Liabilities	7,705,397	8,387,847
Total Liabilities	19,285,486	21,138,666
 Net Assets:		
Invested in capital assets		
net related debt:	52,466,967	48,200,736
Restricted - other purposes	2,969,865	968,562
Unrestricted	8,243,346	11,533,850
Total Net Assets	\$ 63,680,178	60,703,148

The Town of Sanford's net assets increased \$2,977,030 during the fiscal year. Net program expenses for total primary government totaled \$70,270,622 to which \$42,938,841 of total program revenues are applied for a net decrease of \$27,331,781. (See statement 2, page 10 for a detail breakdown by program unit). This net decrease is offset by general revenues of \$30,308,811, which resulted in an increase to net assets.

Financial Analysis of the Government's Funds

The Town of Sanford uses fund accounting to segregate specific types of funds/projects and demonstrate compliance with related legal requirements. Town-wide fund balances can be seen on Statement 4, page 12.

Governmental funds - The focus of the Town of Sanford governmental funds is to provide information on fiscal activity and balances of available resources. Each year the result of the expenses less revenues received is added to the beginning fund balance and any unreserved portion is available for spending at the government's discretion. As indicated in the *Financial Highlights* the Town of Sanford's governmental funds reported a combined ending fund balance of \$12,186,709.

The *general* fund balance is \$9,293,150, which is an increase of \$112,006 over fiscal 2010. After accrued teacher summer salaries are reversed, the balance is \$12,972,030. Of this balance, \$1,727,087 is committed for a number of carry forward projects unfinished at year-end and an additional \$650,000 is assigned toward the subsequent year budget. The unassigned balance is \$6,714,407. For detail comparing budget to actual expense see Statement 6 on page 14.

Although the Town had positive budget variances in expenditures totaling \$2,751,830 (Statement 6), the Town budgeted to utilize fund balance toward the capital plan or to offset the 2011 commitment, resulting in an increase in the general fund balance of \$112,006 from the prior year after adjusting for the teacher summer salary accrual. The ending fund balance at June 30, 2011 is considered well within a healthy range.

Other Governmental Funds balance of \$2,893,559 reflects composite balances of a number of other School and Town special revenue funds, capital projects funds and permanent funds.

TOWN OF SANFORD, MAINE
Management's Discussion and Analysis, Continued

Capital Asset and Debt Administration

The Town of Sanford's investment in capital assets for its' governmental-type activities totaled \$63,587,056 as of June 30, 2011. The Town's infrastructure values (roads, bridges, sidewalks, etc.) are included in this total. These assets include land, buildings and improvements, vehicles, machinery, equipment and infrastructure. For a detailed listing of the Town's capital assets and related depreciation, see page 25 in the Notes to the Financial Statements.

Major capital assets approved this fiscal year included the following:

- Police Vehicles
- Replacement of Fire Department Car 2
- Reconstruct Airport Runway 7-25
- Airport Sign
- Blouin Field Improvements
- Dams Maintenance
- Trails Construction
- Energy Improvements
- Town Hall/Annex Interior
- Sidewalk Repair
- Streets Urban/Roads Rural
- Crack Sealing
- Crushing Hot Top, Tar & Cement
- Drainage
- Municipal Highway Garage
- Public Works Equipment
- Server & Storage Consolidation
- Citrix Servers

Long -term Debt

The Town of Sanford's long-term liabilities at fiscal year end totals \$13,507,774. The long-term liability activity was as follows: bonds and notes payable \$11,031,841, capital leases \$88,248, compensated absences \$1,379,465, other postemployment benefits \$548,220 and landfill postclosure care costs \$460,000. \$1,265,107 is due within one year. It should be noted that the State Department of Education contributes significantly on an annual basis to the payment of school related bond debt. Detailed information of the Town's various outstanding bonds can be viewed in the Notes to Basic Financial Statements on page 26.

State statutes limit the amount of general obligation debt a municipality may issue to 15 percent of the total State's assessed valuation of the Town \$1,458,800,000. The current debt limitation for the Town of Sanford is \$218,820,000 and Sanford's total debt is well under this limit.

The Town Council and School Committee continue to work at keeping the property tax rate as low as possible and still provide quality services. The rate this year increased .10 mils to 16.52.

Request for Information

This financial report is designed to provide a general overview of the Town of Sanford'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 information should be addressed to Ronni Lynn Champlin, Finance Director, Town of Sanford, Maine, 919 Main Street, Sanford, Maine 04073.

BASIC FINANCIAL STATEMENTS

TOWN OF SANFORD, MAINE
Statement of Net Assets
June 30, 2011

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 15,448,984
Investments	686,804
Receivables:	
Taxes and liens - current year	1,021,619
Taxes - prior years	343,341
Tax liens - prior years	483,982
Accounts, net of allowance	1,261,946
Inventories	22,432
Land (held for investment)	109,500
Capital assets, not being depreciated	11,954,620
Capital assets, net of accumulated depreciation	51,632,436
Total assets	82,965,664
LIABILITIES	
Accounts payable and other current liabilities	1,518,235
Accrued payroll	4,190,852
Accrued interest	68,625
Compensated absences payable	1,379,465
Other post employment benefits	548,220
Noncurrent liabilities:	
Due within one year	1,265,107
Due in more than one year	10,314,982
Total liabilities	19,285,486
NET ASSETS	
Invested in capital assets, net of related debt	52,466,967
Restricted for:	
Nonexpendable trust principal	6,000
Permanent funds	1,045,257
Grants and other purposes	1,918,608
Unrestricted	8,243,346
Total net assets	\$ 63,680,178

See accompanying notes to financial statements.

TOWN OF SANFORD, MAINE
Statement of Activities
For the year ended June 30, 2011

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net assets Governmental activities
		Charges for services	Operating grants and contributions	Capital grants and contributions	
General government	\$ 8,014,336	245,336	2,372,042	-	(5,396,958)
Public services	1,769,923	250,270	16,996	-	(1,502,657)
Public safety	7,721,981	1,598,722	133,938	-	(5,989,321)
Public works	6,674,351	356,530	763,998	413,546	(5,140,277)
Education	43,901,545	-	31,518,639	-	(12,382,906)
County tax	808,389	-	-	-	(808,389)
Interest on debt	413,840	-	-	-	(413,840)
Capital expenses	419,522	-	-	5,268,824	4,849,302
Other	546,735	-	-	-	(546,735)
Total governmental activities	\$ 70,270,622	2,450,858	34,805,613	5,682,370	(27,331,781)

General revenues:

Property taxes, levied for general purposes	24,443,818
Payments in lieu of taxes	29,939
Interest and penalties on taxes	122,227
Excise taxes	2,525,412
Franchise fees	156,297
Grants and contributions not restricted to specific programs:	
Homestead and BETE exemption	458,542
Other State aid	370,439
State Revenue Sharing	1,853,436
Donations and contributions	94,959
Unrestricted investment earnings	164,211
Miscellaneous revenues	143,761
Loss on disposal of assets	(54,230)
Total general revenues	30,308,811

Change in net assets 2,977,030

Net assets - beginning 60,703,148

Net assets - ending \$ 63,680,178

See accompanying notes to financial statements.

TOWN OF SANFORD, MAINE
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 13,361,208	2,087,776	15,448,984
Investments	-	686,804	686,804
Receivables:			
Taxes and liens - current year	1,021,619	-	1,021,619
Taxes - prior years	343,341	-	343,341
Tax liens - prior years	483,982	-	483,982
Accounts, net of allowance	577,916	684,030	1,261,946
Inventory	-	22,432	22,432
Land (held for investment)	-	109,500	109,500
Interfund loans receivable	-	37,012	37,012
Total assets	\$ 15,788,066	3,627,554	19,415,620
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and payroll withholdings	940,328	577,907	1,518,235
Accrued payroll	4,034,764	156,088	4,190,852
Interfund loans payable	37,012	-	37,012
Deferred revenues	1,482,812	-	1,482,812
Total liabilities	6,494,916	733,995	7,228,911
Fund balances:			
Nonspendable - inventory	-	22,432	22,432
Nonspendable - principal	-	6,000	6,000
Restricted	26,618	2,937,247	2,963,865
Committed	1,727,087	698,720	2,425,807
Assigned	825,038	-	825,038
Unassigned	6,714,407	(770,840)	5,943,567
Total fund balances	9,293,150	2,893,559	12,186,709
Total liabilities and fund balances	\$ 15,788,066	3,627,554	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	63,587,056
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,482,812
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.	
Bonds and notes payable	(11,031,841)
Capital leases	(88,248)
Other post employment benefits	(548,220)
Accrued interest	(68,625)
Landfill liability	(460,000)
Compensated absences	(1,379,465)

Net assets of governmental activities	\$ 63,680,178
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See accompanying notes to financial statements.

TOWN OF SANFORD, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2011

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 26,595,964	522,308	27,118,272
Licenses, permits and fees	2,154,814	-	2,154,814
Intergovernmental	27,449,920	15,111,070	42,560,990
Charges for services	186,749	557,857	744,606
Investment income	93,519	70,692	164,211
Donations and contributions	-	94,959	94,959
Other	270,187	220,658	490,845
Total revenues	56,751,153	16,577,544	73,328,697
Expenditures:			
Current:			
General government	5,245,104	2,590,907	7,836,011
Public services	1,630,814	139,718	1,770,532
Public safety	7,284,397	253,535	7,537,932
Public works	3,720,210	1,144,526	4,864,736
Education	36,075,130	7,361,103	43,436,233
County tax	808,389	-	808,389
Other	546,735	-	546,735
Debt service	1,250,859	-	1,250,859
Capital expenditures	191,282	7,601,135	7,792,417
Total expenditures	56,752,920	19,090,924	75,843,844
Excess (deficiency) of revenues over (under) expenditures	(1,767)	(2,513,380)	(2,515,147)
Other financing sources (uses):			
Transfers in	133,797	-	133,797
Transfers out	(25,244)	(108,553)	(133,797)
Proceeds from debt	-	-	-
Proceeds from capital leases	5,220	-	5,220
Total other financing sources (uses)	113,773	(108,553)	5,220
Net change in fund balances	112,006	(2,621,933)	(2,509,927)
Fund balances, beginning of year, reclassified	9,181,144	5,515,492	14,696,636
Fund balances, end of year	\$ 9,293,150	2,893,559	12,186,709

See accompanying notes to financial statements.

TOWN OF SANFORD, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the year ended June 30, 2011

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 26,535,600	26,535,600	26,595,964	60,364
Licenses, permits and fees	2,937,947	2,937,947	2,154,814	(783,133)
Intergovernmental	24,164,421	24,164,421	24,070,714	(93,707)
Investment income	100,000	100,000	93,519	(6,481)
Other	153,267	176,067	248,197	72,130
Total revenues	53,891,235	53,914,035	53,163,208	(750,827)
Expenditures:				
Current:				
General government	4,946,790	4,969,590	5,040,223	(70,633)
Public services	1,860,790	1,860,790	1,606,137	254,653
Public safety	7,368,918	7,368,918	7,284,397	84,521
Public works	3,915,768	3,915,768	3,715,587	200,181
County tax	808,389	808,389	808,389	-
Education	33,193,084	33,193,084	32,754,040	439,044
Other	699,687	699,687	546,735	152,952
Capital expenditures	1,157,925	1,828,149	186,062	1,642,087
Debt service	1,299,884	1,299,884	1,250,859	49,025
Total expenditures	55,251,235	55,944,259	53,192,429	2,751,830
Excess (deficiency) of revenues over (under) expenditures	(1,360,000)	(2,030,224)	(29,221)	2,001,003
Other financing sources (uses):				
Transfers in	-	-	85,000	85,000
Transfers out	-	-	(25,244)	(25,244)
Use of designated fund balance	-	670,224	-	(670,224)
Budgeted use of fund balance - Town	650,000	650,000	-	(650,000)
Budgeted use of fund balance - Education	710,000	710,000	-	(710,000)
Total other financing sources (uses)	1,360,000	2,030,224	59,756	(1,970,468)
Net change in fund balance - budgetary basis	-	-	30,535	30,535
Reconciliation to GAAP basis:				
Change in general fund committed funds			23,355	
Change in teacher summer salaries			58,116	
Net change in fund balance - GAAP basis			112,006	
Fund balance, beginning of year, reclassified			9,181,144	
Fund balance, end of year	\$		9,293,150	

See accompanying notes to financial statements.

TOWN OF SANFORD, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

		Private-purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$	79,788	370,513
Investments		788,405	-
Total assets		868,193	370,513
LIABILITIES			
Held on behalf of student groups		-	370,513
Total liabilities		-	370,513
NET ASSETS			
Held in trust	\$	868,193	-

See accompanying notes to financial statements.

TOWN OF SANFORD, MAINE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2011

	Private-purpose Trust Funds
Additions:	
Investment income	\$ 146,792
Donations	5,815
Total additions	152,607
Deductions:	
Scholarships/other	12,729
Total deductions	12,729
Change in net assets	139,878
Net assets, beginning of year	728,315
Net assets, end of year	\$ 868,193

See accompanying notes to financial statements.

TOWN OF SANFORD, MAINE
Notes to Basic Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures of the Town of Sanford conform to generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth in accounting principles generally accepted in the United States of America which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. It is the Town's judgment, based on all pertinent facts derived from the analysis of these criteria, that there are no entities that would be considered potential component units within the Town of Sanford that should be included as part of these financial statements.

Related Organizations

The Town's officials are responsible for appointing the members of the Board of Trustees of the Sanford Housing Authority, but the Town's accountability does not extend beyond making the appointments. Thus, the accounts of the Sanford Housing Authority are not included in the accompanying financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

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

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 are reported as separate columns in the fund financial statements.

TOWN OF SANFORD, MAINE
Notes to Basic Financial Statements, Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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. "On-behalf" payments are recognized as revenue and expenditures upon payment or earlier if the susceptible to accrual criteria are met.

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.

The Town reports the following major governmental fund:

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

Additionally, the Town reports the following fund type:

Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. The Town's fiduciary funds include the following fund types:

Private-purpose trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. The funds are used to account for assets that the Town holds for others in an agency capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

TOWN OF SANFORD, MAINE
Notes to Basic Financial Statements, Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term certificates of deposit.

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, corporate securities, financial institutions stock and other stock investments.

Investments are reported at fair value, except that investments that have a remaining maturity at time of purchase of one year or less are stated at amortized cost. Income earned from the investment of pooled cash is allocable to various funds.

2. Receivables and Payables

All outstanding balances between funds are reported as "interfund loans receivable/payable."

3. Inventory

Inventories are valued at cost using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets, if material to the basic financial statements, is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government are depreciated using the straight-line method over the assets' estimated useful lives ranging from 5 to 50 years.

5. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for vacation pay and the buy-out of sick leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

TOWN OF SANFORD, MAINE
Notes to Basic Financial Statements, Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

6. Long-term Obligations

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

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

7. Fund Equity

Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision-making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources that have not been restricted, committed, or assigned to specific purposes. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The Town Council has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. Likewise, the Town Council or a body or official delegated by the Town Council may assign unspent budgeted amounts to specific purposes in the General Fund at year end based on Department requests.

Although not a formal policy, when both restricted and unrestricted resources are available for use, it is the Town’s intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the Town’s intent to use committed or assigned resources first, and then unassigned resources as they are needed.

8. Comparative Data/Reclassifications

Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

TOWN OF SANFORD, MAINE
Notes to Basic Financial Statements, Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

9. Use of Estimates

Preparation of the Town's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An annual budget is adopted at the Town Meeting for the General Fund. The budget is prepared substantially in accordance with accounting principles generally accepted in the United States of America, except that the general fund revenues and expenditures related to "on-behalf payments" made by the State of Maine to the Maine Public Employees Retirement System for teachers and certain other school employees and teachers' summer salaries are not budgeted. A reconciliation of amounts determined under accounting principles generally accepted in the United States of America to those presented on a budgetary basis is included on Statement 6. The legal level of control is at the department level. The accounting system is employed as a budgetary management control device to monitor the individual departments.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2011, expenditures exceeded appropriations in the following categories:

Town Council	\$ 3,724	Employee benefits	41,297
Administration	21,304	Mtn. View Acres	2,605
Town clerk/tax collector	29,573	Central dispatch	167,536
Legal services	69,373	Police - other	141,223
Insurance	1,657	Other	2,760

C. Deficit Fund Balances

At June 30, 2011, the following funds had deficit fund balances:

Riverfront grant	\$ 63	Brownfields area planning grant	3,052
Title 1 ARRA	1,094	EDA Regional Airport	352,348
IDEA - ARRA	70,209	Enhancement grant	8,342
Preschool - ARRA	14,058	B&M Rail Bed trail	6,677
Bulletproof vest	805	Fagan Mill (Eminent)	196,301
ATV enforcement grant	2,639	Aerofab Mill	2,108
2010 JAG recovery grant	3,178	Airport improvement program	32,862
Brownfields assessment	36,212	Mid Town Mall	892
Brownfields Aerofab cleanup	40,000		

These deficits will be funded by future grant revenue, charges for services or future bond proceeds.

TOWN OF SANFORD, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Custodial credit risk- deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy is to have its deposits covered by F.D.I.C. insurance or by additional insurance purchased on behalf of the Town by the respective banking institution. As of June 30, 2011, none of the Town's bank balance of \$7,514,000 was exposed to custodial credit risk because it was uninsured and uncollateralized. All of the Town's deposits were covered by the F.D.I.C. or by additional insurance purchased on behalf of the Town by the respective banking institutions in the Town's name.

Custodial credit risk- investments – For investments, this is the risk that in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Town's policy is to have its deposits covered by F.D.I.C. insurance or by additional insurance purchased on behalf of the Town by the respective banking institution. All of the Town's \$9,222,061 investment in money market and repurchase/sweep agreements was covered by the F.D.I.C. or by additional insurance purchased on behalf of the Town by the respective banking institutions in the Town's name. These are treated as cash equivalents for financial statement purposes.

At June 30, 2011, the Town had the following investments and maturities:

	Fair value	Less than 1 year	1-5 years	More than 5 years
U. S. Government securities	\$ 380,727	119,974	178,376	82,377
Equities/stock	733,099		Not applicable	
Mutual funds (1)	361,383		Not applicable	
Total investments	\$ 1,475,209	119,974	178,376	82,377

(1) Mutual funds are not considered securities and are exempt from credit risk disclosure noted below.

Investments have been reported as follows:

Reported in governmental funds	\$ 686,804
Reported in fiduciary funds	788,405
Total investments	\$ 1,475,209

Interest Rate Risk: The Town does not have a policy related to interest rate risk.

Credit Risk: Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. The Town does not have a formal policy related to credit risk.

TOWN OF SANFORD, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

B. Receivables

Receivables as of year-end for the Town's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts of \$327,243, are as follows:

	<u>General fund</u>	<u>Nonmajor funds</u>	<u>Total</u>
Receivables:			
Taxes	\$ 1,364,960	-	1,364,960
Liens	483,982	-	483,982
Accounts	1,089,219	684,030	1,773,249
Allowance	(511,303)	-	(511,303)
<u>Net total receivables</u>	<u>\$ 2,426,858</u>	<u>684,030</u>	<u>3,110,888</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the *deferred revenue* is reported in the governmental funds as follows:

	<u>Unavailable</u>
<u>Delinquent property taxes receivable (general fund)</u>	<u>\$ 1,482,812</u>
<u>Total deferred/unearned revenue for governmental funds</u>	<u>\$ 1,482,812</u>

C. Property Tax

Property taxes for the current year were committed on August 3, 2010, on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value. The assessed value represented 99% of the estimated State valuation of \$1,458,800,000.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$155,712 for the year ended June 30, 2011.

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

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

TOWN OF SANFORD, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

C. Property Tax, Continued

The following summarizes the 2011 and 2010 levies:

	<u>2011</u>	<u>2010</u>
Assessed value	\$ 1,446,585,980	1,466,711,550
Tax rate (per \$1,000)	16.52	16.42
Commitment	23,897,600	24,083,404
Supplemental taxes assessed	3,865	1,596
Total levy	23,901,465	24,085,000
Less:		
Abatements	-	24,472
TIF property tax revenue	522,307	479,325
Collections	22,357,539	22,487,525
Receivable at end of year	\$ 1,021,619	1,093,678

Due date(s)	½ September 15, 2010 ½ March 15, 2011	½ September 15, 2009 ½ March 15, 2010
Interest rate on delinquent taxes	7.00%	9.00%
Collection rate	95.73%	95.36%

D. Interfund Receivables, Payables, and Transfers

Individual interfund loans receivable and payable balances and transfers at June 30, 2011 were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>	<u>Interfund transfers</u>
General Fund	\$ -	37,012	108,553
Other Governmental Funds	37,012	-	(108,553)
Totals	\$ 37,012	37,012	-

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

TOWN OF SANFORD, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

E. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance June 30, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2011</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,284,030	34,700	34,700	3,284,030
Construction in progress	7,467,366	6,857,508	5,687,284	8,637,590
<u>Artwork</u>	<u>33,000</u>	<u>-</u>	<u>-</u>	<u>33,000</u>
Total capital assets, not being depreciated	10,784,396	6,892,208	5,721,984	11,954,620
Capital assets, being depreciated:				
Land improvements	1,093,316	-	-	1,093,316
Buildings and building improvements	18,231,631	5,720,727	29,508	23,922,850
Machinery and equipment	7,620,622	355,826	83,521	7,892,927
Vehicles	5,488,820	297,196	79,927	5,706,089
Library supplies	1,566,315	-	-	1,566,315
<u>Infrastructure</u>	<u>66,496,356</u>	<u>-</u>	<u>-</u>	<u>66,496,356</u>
Total capital assets being depreciated	100,497,060	6,373,749	192,956	106,677,853
Less accumulated depreciation for:				
Land improvements	369,298	30,182	-	399,480
Buildings and building improvements	8,724,115	472,181	29,508	9,166,788
Machinery and equipment	4,902,299	527,372	83,521	5,346,150
Vehicles	3,004,202	345,217	60,697	3,289,022
Library supplies	829,794	104,473	-	934,267
<u>Infrastructure</u>	<u>34,247,301</u>	<u>1,662,409</u>	<u>-</u>	<u>35,909,710</u>
Total accumulated depreciation	52,077,009	3,141,834	173,426	55,045,417
Total capital assets being depreciated, net	48,420,051	3,231,915	19,530	51,632,436
Governmental activities capital assets, net	\$ 59,204,447	10,124,123	5,741,514	63,587,056

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 140,163
Public safety	192,369
Public works, including depreciation of general infrastructure assets	1,962,704
<u>Education</u>	<u>846,598</u>
Total depreciation expense	\$ 3,141,834

TOWN OF SANFORD, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

F. Long-term Debt

Changes in Long-term Liabilities

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

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Bonds and notes payable	\$ 12,086,181	-	1,054,340	11,031,841	1,174,920
Capital leases	169,638	5,220	86,610	88,248	55,187
Compensated absences	1,350,142	29,323	-	1,379,465	-
Other postemployment benefits	547,118	1,102	-	548,220	-
Landfill postclosure care costs	495,000	-	35,000	460,000	35,000
<u>Long-term liabilities</u>	<u>\$ 14,648,079</u>	<u>35,645</u>	<u>1,175,950</u>	<u>13,507,774</u>	<u>1,265,107</u>

Capital Leases

The Town and School Department have lease agreements for office equipment, buses, software, and a loader. Those leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of their inception in the government-wide financial statements. The following is a schedule of future minimum lease payments under the capital lease and the present value of the minimum lease payment at June 30, 2011:

<u>Fiscal year ending</u>	
2012	\$ 57,995
2013	31,534
2014	1,044
2015	1,044
2016	435
Total minimum lease payments	92,052
<u>Less: amount representing interest</u>	<u>3,804</u>
<u>Present value of future minimum lease payments</u>	<u>\$ 88,248</u>

TOWN OF SANFORD, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

F. Long-term Debt, Continued

Bonds and Notes Payable

General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds are issued as serial bonds, generally with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

	<u>Originally issued</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance</u>
Bonds and notes payable:					
Nasson College Academic Building Bonds	\$ 131,000	1969	2019	3.00%	31,754
School Renovation	1,000,000	2002	2012	2.50-3.40%	200,000
School Paving	600,000	2004	2014	3.019-3.644%	240,000
School Revolving Loan	248,175 (2)	2010	2014	0.00%	65,915
Police Station Part 1	3,210,000	2010	2029	2.00-5.50%	3,104,680
Police Station Part 2	3,000,000	2010	2030	3.436%	3,000,000
PW Equipment	1,310,000	2004	2011	3.019-3.119%	187,143
PW/Fire 2006 Series B Bonds	1,100,000	2006	2016	2.00-5.35%	660,000
School Revolving Loan Fund	1,000,000 (1)	2006	2016	0.00%	190,200
Airport Improvement	670,000	2006	2016	1.00-6.00%	382,858
Roundabout/Millyard	3,650,000	2008	2024	2.075-5.575%	2,969,291
<u>Total bonds and notes payable</u>					<u>\$ 11,031,841</u>

(1) The original amount of the note was \$1,000,000, of which \$683,000 was forgiven by the State of Maine.

(2) The original amount of the note was \$248,175 of which \$165,781 was forgiven by the State of Maine.

The annual debt service requirements to amortize bonds and notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,174,920	385,873	1,560,793
2013	1,006,170	347,146	1,353,316
2014	925,065	308,101	1,233,166
2015	762,985	276,824	1,039,809
2016	595,999	256,363	852,362
2017-2021	2,495,014	1,022,978	3,517,992
2022-2026	2,272,066	499,800	2,771,866
2027-2031	1,799,622	125,627	1,925,249
Totals	\$ 11,031,841	3,222,712	14,254,553

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. Additionally, no municipality shall incur debt in the aggregate in excess of 15% of its State assessed valuation. At June 30, 2011, the Town's outstanding debt did not exceed these limits.

TOWN OF SANFORD, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

F. Long-term Debt, Continued

Landfill Closure and Postclosure Care Costs

Under State law, Maine communities had until December 31, 1994 to close existing landfills under a Maine Department of Environmental Protection (DEP) approved plan. Prior to 1995, DEP expressed a strong concern over leachate emanating from the former landfill operation at Rushton Street. The landfill was closed in 1982 under a consent decree with DEP and has not accepted waste since that time. A portion of the site continues to be used as a staging area for certain demolition debris and other waste and the Town's transfer station is located adjacent to the closed landfill. The DEP retained, at its expense, an engineering firm to determine the extent of contamination and the estimated cost of remedial actions needed and, in June 1995, issued a Department Order designating the site as an Uncontrolled Hazardous Substance Site and naming the Town as a responsible party. The Town had also retained an engineering firm, which presented the Town a report depicting several remedial options with estimated costs ranging from \$5,000,000 to \$15,000,000.

During fiscal year 1996, negotiations with DEP continued, and in April 1996 DEP approved the Town's "conceptual closure remedy," which was projected to cost \$6,350,000. In addition, annual costs of monitoring the site and of operation and maintenance of the remedy were projected to approximate as much as \$230,000. Based on the approval, the Town recorded a liability of \$10,950,000, representing the initial capital costs and anticipated monitoring costs over a 20 year period, at June 30, 1996.

Authorization for issuance of bonds to be used for financing the project was subject to approval at a Town meeting prior to commencement of the actual remedial activities envisioned by the plan. The November 1996 Town Meeting did not approve the financing of a \$6,350,000 remedy. However, it appropriated funds for a thorough review of alternative remedies and in May 1997, it appropriated \$1,200,000 for final remedial design and construction of a phased-in remedy. Phases one and two, involving the relocation of the waste, grading of the landfill, and installation and improvement of drainage and the monitoring of effects of these improvements, were completed at a cost of approximately \$950,000 during fiscal years 1997-1999. In November 1999, the Town agreed to the stipulations contained in an Administrative Order issued by the DEP. This order called for phase three site activities, as well as relocation of a demolition debris staging area. Phase three construction, which started in fiscal 2000, was completed during fiscal 2001 at a cost of approximately \$2,316,000. Funding for phase three of the project was provided by the utilization of \$980,000 of state reimbursement, \$739,000 of funds previously set aside by the Town, and \$597,000 of undesignated surplus approved at the October 12, 1999 Town meeting, which consists of \$147,000 appropriated prior to July 1, 2000 and a supplemental appropriation of approximately \$450,000 during fiscal 2001. Phase three included capping the current construction and demolition debris areas, additional grading, construction of a slurry wall, and installation of extraction wells and pumps.

The Town completed phase three improvements in 2000 and since then, has been operating the landfill remediation system. If the DEP determines that the Town's remedial action has not caused surface water quality to meet the State's Class B surface water standards, the Town and DEP "shall meet to jointly evaluate the technical feasibility of further remediation under this paragraph [paragraph 34 of the Administrative Order], and the Respondent [Town] shall perform further remediation as required by MEDEP subject to" the Order's dispute resolution provisions. Under the terms of the DEP Administrative Order, the Town was to submit a study report by December 31, 2004 to demonstrate the effects that these phased improvements had on water quality in the southern tributary of the Mousam River and discuss with DEP what, if any, additional remediation measures must be undertaken at the Site. That report was submitted and discussions did occur.

TOWN OF SANFORD, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

F. Long-term Debt, Continued

The testing to date shows significant water quality improvement, but the data also shows that the southern tributary of the Mousam River is exceeding certain water quality parameters. To this date, no additional remediation measures have been determined to be necessary. Data collected up to and including 2007 continue to show that the corrective actions are performing as intended in the remedial design. While it is possible that the Town will be required to spend additional amounts at this site, those amounts, if any, are unknown at this time. In the past it has been stated that it is possible that the ultimate cost of the project may be less than the amounts recorded on the government-wide financial statements if no further remedial actions are necessary, and that no further adjustment to such provision will be reflected until such time as the results of phases one, two, and three discussed above are known. In July 2004, the Town submitted the semi-annual report and in December 2004, the Town submitted the "Remedial Action Evaluation Report" and the 2004 annual report. As of December 31, 2009, the Town has submitted the next scheduled remedial action assessment. The Town continues to perform routine testing and files electronic semi-annual and written annual reports to the MDEP. The "2008 Annual Report," dated February 2009, observed improving water quality as a result of the Town's activities, and the 2008 Annual Report indicates that the corrective actions "are performing as intended by the remedial design." The most recent report was the "2010 Annual Water Quality Report/2010 Remedial Action Evaluation Report," submitted to MDEP on December 30, 2010. This report indicated that the 2005 to 2010 remedial actions are capable of maintaining the improved water quality conditions in the Southern Tributary, despite significant additional water flux at the landfill and a variety of unusual natural conditions. The town has met the objective of reducing contamination in the Southern Tributary and has demonstrated that the remedial actions can maintain improvements. In the event that the stable water quality parameters achieved through the remediation project deteriorate or regulations change, the Town would likely commission additional engineering evaluation and determine the scope and cost of future improvements. Therefore, at June 30, 2011, the Town's recorded liability representing the remaining cost related to closure and post closure is \$420,000. This is based upon 12 additional years of monitoring the site at an annual cost of \$35,000 per year. Actual costs may increase due to the results of monitoring, inflation, changes in technology, or changes in laws and regulations.

In August 1994, a former privately owned landfill operation (Whichers Mill) to which the Town had contributed and directed solid waste was permanently closed. The Town will be responsible for maintaining and monitoring the former landfill site and has recorded such estimated future costs, totaling \$40,000, as a liability in the government-wide financial statements. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Overlapping Debt

The Town is subject to an annual assessment of its proportional share of York County expenses, including debt repayment, as determined by the percentage of the Town's State valuation to the County's State valuation. At June 30, 2011, the Town's share is 5.07% or \$649,698 of York County's \$12,821,105 long-term debt outstanding as of June 30, 2011.

TOWN OF SANFORD, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

G. Fund Balances

As of June 30, 2011, fund balance components consisted of the following:

	General Fund	Other Governmental Funds	Total
Nonspendable:			
Inventory	\$ -	22,432	22,432
Principal for permanent funds	-	6,000	6,000
Total nonspendable	-	28,432	28,432
Restricted:			
Adult education	26,618	-	26,618
General government	-	622,965	622,965
Public services	-	28,038	28,038
Education	-	984,108	984,108
Public safety	-	50,121	50,121
Public works	-	196,778	196,778
Capital projects	-	9,980	9,980
Permanent funds	-	1,045,257	1,045,257
Total restricted	26,618	2,937,247	2,963,865
Committed:			
Capital plan	1,727,087	-	1,727,087
Capital projects	-	698,720	698,720
Total committed	1,727,087	698,720	2,425,807
Assigned:			
Subsequent budget	650,000	-	650,000
General government	136,036	-	136,036
Public services	38,852	-	38,852
Public works	150	-	150
Total assigned	825,038	-	825,038
Unassigned	6,714,407	(770,840)	5,943,567
Total fund balance	\$ 9,293,150	2,893,559	12,186,709

TOWN OF SANFORD, MAINE
Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS, CONTINUED

G. Fund Balances, Continued

For fiscal year ending June 30, 2011 the Town adopted Government Accounting Standards Board Statement No. 54 (GASB 54). Fund balances were reclassified as follows to meet the new definition of fund types as described in GASB 54:

	General Fund	Other Governmental Funds
Fund balance, July 1, 2010	\$ 9,050,307	5,646,329
<u>Reclassification</u>	<u>130,837</u>	<u>(130,837)</u>
<u>Fund balance July 1, 2010, reclassified</u>	<u>\$ 9,181,144</u>	<u>5,515,492</u>

H. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2011:

	Governmental <u>activities</u>
Capital assets	\$ 118,632,473
Accumulated depreciation	(55,045,417)
Bonds payable	(11,031,841)
<u>Capital leases</u>	<u>(88,248)</u>
<u>Total invested in capital assets net of related debt</u>	<u>\$ 52,466,967</u>

TOWN OF SANFORD, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION

A. 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, participates in a public entity risk pool, or is effectively self-insured. Currently, the Town participates in a public entity risk pool sponsored by Maine Municipal Association for workers' compensation. Based on the coverage provided by these pools, 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, 2011.

B. Maine Public Employees Retirement System (Maine PERS) - Consolidated Plan

Description of the Plan - The Town contributes to Maine Public Employees Retirement System Consolidated Plan, a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute at rates of 6.5% for the Regular AC Plan and Special #1C Plan of their annual covered salary and the Town of Sanford is required to contribute an actuarially determined rate. The current rate is 4.4% for the Regular AC Plan, and 10.2% for the Special #1C Plan of annual covered payroll. The contribution rates of plan members and the Town of Sanford are established and may be amended by the Maine Public Employees Retirement System Board of Trustees. The Town's required contributions to the Maine Public Employees Retirement System Consolidated Plan for the years ended June 30, 2011, 2010 and 2009 were \$255,734, \$274,245, and \$303,232, respectively, were reduced by the credits noted below equal to the required contribution for each year.

Actuarial Asset at Transition - Effective July 1, 1995, the Town joined the Consolidated Plan of the Maine Public Employees Retirement System. Upon entry, the Town ceased to be an individual sponsor of PLD #42 and instead became a participant in the Consolidated Plan. As a participant of the plan, the Town is entitled to its initial unpooled actuarial asset, which resulted from excess funding in the previous plan. At June 30, 2010 (latest available information), the remaining balance was \$1,790,141. The Town has used credits of \$255,734, \$274,245, and \$303,232 for the years ended June 30, 2011, 2010, and 2009, respectively, to reduce contributions to the plan. Such amounts include amortization of the pension assets, together with interest on the asset balance.

IV. OTHER INFORMATION, CONTINUED

B. Maine Public Employees Retirement System (Maine PERS) - Consolidated Plan, Continued

Maine PERS Teacher's Group

Description of Plan - All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group.

Funding Policy - Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to \$3,379,206 (17.76%) for the fiscal year 2011. This amount has been reported as an intergovernmental revenue and education expenditure in the statement of activities (Statement 2) and in statement 4 (GAAP basis). There is no contribution required by the School except for federally funded teachers, for which the School contributed 17.76% of their compensation. This cost is charged to the applicable grant.

C. Deferred Compensation Plan

The Town of Sanford offers certain employees a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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

D. Other Post Employment Benefits

The Governmental Accounting Standards Board (GASB) promulgated its Statement 45 which addressed the reporting and disclosure requirements for other post employment benefits (OPEB). GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the Town of Sanford for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The Town is a member of the Maine Municipal Employees Health Trust. The Trust is a multiple employer Voluntary Employee's Beneficiary Association. The Town is an individually rated member within the Association. The Trust issues a publicly available financial report. That report may be obtained by writing to the Maine Municipal Association at 60 Community Drive, Augusta, ME 04332. The Trust contracted with an outside consultant to assist in the determination and valuation of the Town's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by the consultants in October 2011 based on an actuarial valuation date of January 1, 2011.

TOWN OF SANFORD, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

D. Other Post Employment Benefits, continued

Plan Descriptions – In addition to providing pension benefits, the Town provides health care benefits for certain retired employees. Eligibility to receive health care benefits follows the same requirements as MainePERS. Eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage.

Funding Policy and Annual OPEB Cost – GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The Town currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

The following table represents the OPEB costs for the years and the annual required contribution:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Normal cost	\$ 61,419	68,560	68,560
Amortization of unfunded	114,43	117,187	117,187
Adjustment to ARC	(21,720)	(10,958)	-
Interest	18,506	11,313	3,733
Annual required contribution	\$ 172,638	186,102	189,480

Net OPEB Obligation – The City's net OPEB obligation was calculated as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
OPEB liability, July 1, 2010	\$ 375,582	189,480	-
Annual required contribution	172,638	186,102	189,480
Less: actual contributions	-	-	-
OPEB liability, June 30, 2011	\$ 548,220	375,582	189,480

Information provided by the actuary included corrections for the participation assumptions. This change affected prior year calculations which were all corrected in the current year as a change in estimate.

Funding Status and Funding Progress – The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending June 30 were as follows:

TOWN OF SANFORD, MAINE
Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION, CONTINUED

D. Other Post Employment Benefits, continued

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Annual required contribution	\$ 172,632	186,102	189,480
Actual contribution	-	-	-
<u>Percent contributed</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Actuarial accrued liability	\$ 2,057,933	2,107,460	2,107,460
<u>Plan assets</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability	\$ 2,057,933	2,107,460	2,107,460
Covered payroll	9,392,596	9,473,582	9,432,963
Unfunded actuarial accrued liability as a percentage of covered payroll	21.91%	22.25%	22.34%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information (only two years available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions – Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/11
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.0% - 9.6%

E. Commitments

The School Department has approved an option for one additional year for school bus transportation that expired in 2011. Expenses related to this contract were approximately \$1,299,226 for the year ended June 30, 2011.

TOWN OF SANFORD, MAINE
Required Supplementary Information

Schedule of Funding Progress
Retiree Healthcare Plan

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) – Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a) / c]</u>
2009	1/1/09	\$ -	2,107,460	2,107,460	0.00%	9,432,963	22.34%
2010	1/1/09	-	2,107,460	2,107,460	0.00%	9,473,582	22.25%
2011	1/1/11	-	2,057,933	2,057,933	0.00%	9,392,596	21.91%

COMBINING AND INDIVIDUAL FUND STATEMENTS

These statements provide a more detailed view of the "basic financial statements" presented in the preceding subsection.

Combining statements are presented when there is more than one fund of a given fund type. Several individual fund statements are presented to provide additional detail and to present budgetary comparison.

GENERAL FUND

The General Fund is the general operating fund of the Town. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid through other funds.

TOWN OF SANFORD, MAINE
Comparative Balance Sheets
General Fund
June 30, 2011 and 2010

	2011	2010
ASSETS		
Cash and cash equivalents	\$ 13,361,208	13,395,177
Receivables:		
Taxes and liens - current year	1,021,619	1,093,678
Taxes - prior years	343,341	326,233
Tax liens - prior years	483,982	469,806
Accounts, net of allowance	577,916	513,633
Interfund loans receivable	-	47,463
Total assets	\$ 15,788,066	15,845,990
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and payroll withholdings	940,328	1,346,627
Accrued payroll	4,034,764	3,939,429
Interfund loans payable	37,012	-
Deferred revenues	1,482,812	1,509,627
Total liabilities	6,494,916	6,795,683
Fund balance:		
Restricted for adult education	26,618	52,574
Committed for capital plan	1,727,087	658,224
Assigned for subsequent budget	650,000	650,000
Assigned for other purposes	175,038	-
Unassigned - School Department	(600,477)	(184,717)
Unassigned - Town	7,314,884	7,874,226
Total fund balance	9,293,150	9,050,307
Total liabilities and fund balance	\$ 15,788,066	15,845,990

TOWN OF SANFORD, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis of Accounting)
Year ended June 30, 2011
(with comparative totals for the year ended June 30, 2010)

	2011			2010
	Adjusted budget	Actual	Variance positive (negative)	
Revenues:				
Taxes:				
Property taxes	\$ 23,897,600	23,944,460	46,860	24,199,815
Supplemental taxes	-	3,865	3,865	1,596
Excise taxes	2,508,000	2,525,412	17,412	2,578,097
Interest and penalties	130,000	122,227	(7,773)	153,195
Total taxes	26,535,600	26,595,964	60,364	26,932,703
Licenses, permits and fees:				
Registration fees	36,000	37,144	1,144	37,714
Cable franchise fee	140,000	156,297	16,297	151,480
Fire Department fees	200	433	233	551
Police	50,800	143,211	92,411	68,449
Dispatch	711,701	746,450	34,749	656,178
Certified mail	-	787	787	673
Digging permits	1,500	185	(1,315)	1,175
Mtn. View Acres	20,000	20,000	-	20,000
Mid Town Mall Parking	1,800	-	(1,800)	2,925
Animal control	3,500	13,981	10,481	14,913
Cemetery	90,906	-	(90,906)	-
Ambulance fees	650,000	571,141	(78,859)	695,451
Site plans	4,000	4,200	200	3,200
Subdivisions	4,750	400	(4,350)	1,550
Planning fees	350	236	(114)	339
Recreation fees	45,000	58,074	13,074	45,583
Waste transfer	1,114,940	332,456	(782,484)	129,455
Lien fees	-	546	546	482
Other licenses and fees	62,500	69,273	6,773	61,548
Total licenses, permits and fees	2,937,947	2,154,814	(783,133)	1,891,666
Intergovernmental:				
General assistance reimbursement	90,000	69,805	(20,195)	67,149
General assistance	15,000	29,063	14,063	8,890
Education	1,752,473	1,671,999	(80,474)	2,120,062
Education subsidy	19,109,307	18,927,017	(182,290)	19,600,092
School resource officer	120,261	123,506	3,245	135,726
Annex	7,800	7,764	(36)	7,764
Adult Education	118,000	121,464	3,464	132,913
Adult Education - subsidy	145,000	175,624	30,624	162,965
State Revenue Sharing	1,800,000	1,853,436	53,436	1,842,774
Homestead exemption	338,615	338,615	-	438,146
BETE Reimbursement	119,843	119,927	84	104,473
Local Road Assistance	175,000	232,116	57,116	216,410
Debt service reimbursement	339,522	339,521	(1)	346,114
Payment in lieu of taxes	19,600	29,939	10,339	32,178
Tree growth	-	8,764	8,764	10,808
Veterans exemption	14,000	22,154	8,154	-
Total intergovernmental	24,164,421	24,070,714	(93,707)	25,226,464

TOWN OF SANFORD, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis of Accounting), Continued

	2011			2010
	Adjusted budget	Actual	Variance positive (negative)	
Revenues, continued:				
Investment income	\$ 100,000	93,519	(6,481)	137,633
Other:				
Recycling	15,000	24,074	9,074	25,426
Airport	62,507	80,362	17,855	72,185
Economic Growth Council	80,000	80,000	-	55,000
Rental and lease income	360	366	6	360
Unemployment compensation	10,000	-	(10,000)	-
Employee benefits	-	41,286	41,286	226
Sale of surplus property	-	3,611	3,611	1,300
Tree growth withdrawals/abatements	-	3,178	3,178	-
Miscellaneous	8,200	15,320	7,120	11,401
Total other	176,067	248,197	72,130	165,898
Total revenues	53,914,035	53,163,208	(750,827)	54,354,364
Expenditures:				
Current:				
General governmental:				
Town Council	52,954	56,678	(3,724)	53,401
Voter registration	26,583	20,774	5,809	23,995
Administration	363,905	385,209	(21,304)	382,419
Personnel	109,339	93,043	16,296	117,990
Planning	124,610	117,752	6,858	117,958
Office of Economic Affairs	180,883	177,498	3,385	159,459
Information systems	312,941	309,644	3,297	296,805
Assessor	157,968	149,849	8,119	152,134
Town Treasurer	115,334	105,763	9,571	99,640
Town clerk/tax collector	245,808	275,381	(29,573)	257,803
General assistance	247,574	204,614	42,960	196,059
Legal services	90,000	159,373	(69,373)	153,514
Insurance	170,000	171,657	(1,657)	156,889
Employee benefits	2,771,691	2,812,988	(41,297)	2,861,556
Total general governmental	4,969,590	5,040,223	(70,633)	5,029,622

TOWN OF SANFORD, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis of Accounting), Continued

	2011			2010
	Adjusted budget	Actual	Variance positive (negative)	
Expenditures, continued:				
Current, continued:				
Public services:				
Recreation	\$ 285,186	257,694	27,492	278,319
Parks	295,011	268,437	26,574	279,666
Historical Committees	24,299	24,299	-	24,298
Mtn. View Acres	500	3,105	(2,605)	616
Town Hall/Annex	314,092	232,708	81,384	241,699
Airport	206,440	175,538	30,902	180,564
Cemetery	125,390	34,484	90,906	34,483
Library	551,006	551,006	-	551,010
Community agencies	58,866	58,866	-	65,825
Total public services	1,860,790	1,606,137	254,653	1,656,480
Public safety:				
Police department	2,731,826	2,533,905	197,921	2,529,206
Central Dispatch	1,035,784	1,203,320	(167,536)	1,116,693
Police - other	32,707	173,930	(141,223)	189,740
Fire department	3,568,601	3,373,242	195,359	3,409,780
Total public safety	7,368,918	7,284,397	84,521	7,245,419
Public works:				
Public works	2,272,252	2,231,376	40,876	2,051,813
Environmental services	1,643,516	1,484,211	159,305	1,433,038
Total public works	3,915,768	3,715,587	200,181	3,484,851
Education:				
General operations	32,347,946	31,871,654	476,292	32,664,054
Adult Education	747,342	784,590	(37,248)	728,937
St. Thomas	97,796	97,796	-	100,978
Total education	33,193,084	32,754,040	439,044	33,493,969
County tax	808,389	808,389	-	780,673
Other:				
Overlay/abatements	155,712	-	155,712	-
TIF financing	522,307	522,307	-	479,325
Other	21,668	24,428	(2,760)	29,204
Total other	699,687	546,735	152,952	508,529

TOWN OF SANFORD, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis of Accounting), Continued

	2011			2010
	Adjusted budget	Actual	Variance positive (negative)	
Expenditures, continued:				
Current, continued:				
Debt service:				
Principal	\$ 846,161	846,161	-	1,038,520
Interest	453,723	404,698	49,025	289,416
Total debt service	1,299,884	1,250,859	49,025	1,327,936
Capital Improvement Plan (Town):				
Voter Registration - Accuvote	1,000	-	1,000	-
Planning - Comprehensive Plan	7,120	1,369	5,751	-
Information Systems	68,009	4,806	63,203	22,092
Fire Department	40,835	26,177	14,658	25,593
Police Department	112,878	83,140	29,738	82,392
Public Works	1,337,157	28,012	1,309,145	619,976
Recreation	15,000	-	15,000	-
Parks	90,500	35,288	55,212	-
Town Hall/Annex	125,222	-	125,222	9,786
Airport	13,696	7,270	6,426	58,773
Capital plan reserve	16,732	-	16,732	-
Total capital improvement plan	1,828,149	186,062	1,642,087	818,612
Total expenditures	55,944,259	53,192,429	2,751,830	54,346,091
Excess (deficiency) of revenues over (under) expenditures	(2,030,224)	(29,221)	2,001,003	8,273
Other financing sources (uses):				
Transfers in	-	85,000	85,000	-
Transfers out	-	(25,244)	(25,244)	(86,686)
Use of designated fund balance	670,224	-	(670,224)	-
Budgeted use of fund balance - Town	650,000	-	(650,000)	-
Budgeted use of fund balance - Education	710,000	-	(710,000)	-
Total other financing sources (uses)	2,030,224	59,756	(1,970,468)	(86,686)
Net change in fund balance - budgetary basis	-	30,535	30,535	(78,413)
Reconciliation to GAAP basis:				
Change in general fund assigned funds		23,355		-
Change in teacher summer salaries		58,116		179,821
Net change in fund balance - GAAP basis		112,006		101,408
Fund balance, beginning of year, reclassified		9,181,144		8,948,899
Fund balance, end of year	\$	9,293,150		9,050,307

TOWN OF SANFORD, MAINE
Assigned Funds - General Fund
Combining Statement of Revenues, Expenses and Changes in Fund Balances
For the year ended June 30, 2011

		Fund balances beginning of year	Charges for services	Other	Expenditures	Transfers in (out)	Fund balances end of year
2073 Youth programs	\$	2,662	177	-	2,839	-	-
2087 Montreal Street		(16,223)	-	-	-	-	(16,223)
2089 Roosevelt Street		100	-	50	-	-	150
2092 Recreation		6,683	54,007	-	21,838	-	38,852
2097 Bodwell Street		-	-	-	4,623	-	(4,623)
2300 Payroll reserve		87,904	-	21,940	-	-	109,844
5002 Code enforcement		73,508	132,565	-	204,881	25,000	26,192
5003 Economic development		(23,797)	-	-	-	23,797	-
Total assigned funds	\$	130,837	186,749	21,990	234,181	48,797	154,192

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF SANFORD, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2011

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,747,805	103,170	236,801	2,087,776
Investments	-	-	686,804	686,804
Accounts receivable	246,356	419,522	18,152	684,030
Interfund loans receivable	31,012	6,000	-	37,012
Inventory	22,432	-	-	22,432
Land (held for investment)	-	-	109,500	109,500
Total assets	\$ 2,047,605	528,692	1,051,257	3,627,554
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	158,385	419,522	-	577,907
Accrued payroll	156,088	-	-	156,088
Total liabilities	314,473	419,522	-	733,995
Fund balances:				
Nonspendable - inventory	22,432	-	-	22,432
Nonspendable - principal	-	-	6,000	6,000
Restricted	1,882,010	9,980	1,045,257	2,937,247
Committed	-	698,720	-	698,720
Unassigned	(171,310)	(599,530)	-	(770,840)
Total fund balance	1,733,132	109,170	1,051,257	2,893,559
Total liabilities and fund balances	\$ 2,047,605	528,692	1,051,257	3,627,554

TOWN OF SANFORD, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Governmental Funds
For the year ended June 30, 2011

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Property taxes	\$ 522,308	-	-	522,308
Intergovernmental	9,897,419	5,213,651	-	15,111,070
Charges for services	520,207	-	37,650	557,857
Investment income	3,935	4,532	62,225	70,692
Donations and contributions	-	-	94,959	94,959
Other	165,485	55,173	-	220,658
Total revenues	11,109,354	5,273,356	194,834	16,577,544
Expenditures:				
Current:				
General government	2,590,907	-	-	2,590,907
Public services	27,579	-	112,139	139,718
Public safety	253,535	-	-	253,535
Public works	1,144,526	-	-	1,144,526
Education	7,361,103	-	-	7,361,103
Capital expenditures	-	7,601,135	-	7,601,135
Total expenditures	11,377,650	7,601,135	112,139	19,090,924
Other financing sources (uses):				
Transfers in (out)	1,447	(110,000)	-	(108,553)
Total other financing sources (uses)	1,447	(110,000)	-	(108,553)
Net change in fund balances	(266,849)	(2,437,779)	82,695	(2,621,933)
Fund balances, beginning of year	1,999,981	2,546,949	968,562	5,515,492
Fund balances, end of year	\$ 1,733,132	109,170	1,051,257	2,893,559

NONMAJOR SPECIAL REVENUE FUNDS

TOWN OF SANFORD, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2011

	Balances				Revenues				Transfers in (out)	Balances end of year
	beginning of year	Property taxes	Intergovernmental	Investment income	Other	Expenditures	Transfers in (out)	Balances end of year		
General government:										
Federal/State programs:										
2029 Technical Assistance Grant	-	-	20,000	-	-	20,000	-	-	-	-
2030 CD LMI General Account	2,000	-	-	-	-	1,564	-	-	-	436
2042 KKW	32,064	-	5,993	-	14,465	11,987	-	-	-	40,535
2047 Neighborhood Stabilization Grant	-	-	1,574,623	-	-	1,574,623	-	-	-	-
2094 Riverfront Grant	1	-	154,365	-	-	154,429	-	-	-	(63)
2099 M/MLLC Development Fund Grant	-	-	300,000	-	-	300,000	-	-	-	-
2102 Public Service Grant - Waban	-	-	40,000	-	-	40,000	-	-	-	-
Other programs - Restricted:										
2001 Millrock TIF	1,064	-	-	3	-	1,067	-	-	-	-
2002 Rainbow Rug TIF	1,942	72,652	-	16	-	68,954	-	-	-	5,656
2003 US Felt TIF	3,418	28,441	-	27	-	21,010	-	-	-	10,876
2007 Rt 109 Downtown TIF	84,678	336,673	-	338	-	207,429	-	-	-	214,260
2008 Central Tire TIF	7,143	21,736	-	24	-	26,102	-	-	-	2,801
2009 Village Green TIF	770	9,861	-	3	-	9,368	-	-	-	1,266
2010 Sanford Institute for Savings TIF	7,331	36,078	-	28	-	38,858	-	-	-	4,579
2011 Rubb TIF	2,539	16,867	-	10	-	17,250	-	-	-	2,166
2020 Impact Fees	107,946	-	-	284	-	69,028	-	-	-	177,258
2031 Springvale Rehab I, II	357	-	-	-	-	357	-	-	-	-
2032 Sanford Micro Loan Grant	27,276	-	-	-	-	27,276	-	-	-	-
2096 2010 Façade Improvement	-	-	-	93	27,634	-	-	-	-	27,727
5001 SSDC	(1,447)	-	-	-	-	-	-	1,447	-	-
Town Unemployment Compensation	54,520	-	-	645	37,362	38,803	-	-	-	53,725
School Unemployment Compensation	111,107	-	-	2,403	-	31,830	-	-	-	81,680
Total general government	442,709	522,308	2,094,981	3,875	148,489	2,590,907	1,447	1,447	622,902	
Public services:										
Other programs - Restricted:										
2080 Teen Center	7,110	-	-	25	-	-	-	-	-	7,135
2084 Airport Open House	9,447	-	-	-	3,620	2,669	-	-	-	10,398
2090 Imelda's Fund	21,511	-	-	35	13,076	24,670	-	-	-	9,952
2091 Clean Up Day	493	-	-	-	300	240	-	-	-	553
Total public services	38,561	-	-	60	16,996	27,579	-	-	-	28,038
Education:										
Federal/State programs:										
2200 School Department	591,455	-	4,910,426	-	-	4,806,549	-	-	-	695,332
2230 Title IA - ARRA	24,907	-	385,993	-	-	411,994	-	-	-	(1,094)
2250 IDEA - ARRA	147,819	-	406,788	-	-	624,816	-	-	-	(70,209)
2251 Preschool - ARRA	11,902	-	-	-	-	25,960	-	-	-	(14,058)
2265 Title IID - ARRA	25,000	-	783	-	-	25,783	-	-	-	-
5000 School Cafeteria	237,870	-	1,019,132	-	520,207	1,466,001	-	-	-	311,208
Total education	1,038,953	-	6,723,122	-	520,207	7,361,103	-	-	-	921,179

TOWN OF SANFORD, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2011

	Balances					Revenues				Balances end of year
	beginning of year	Property taxes	Intergovernmental	Investment income	Other	Expenditures	Transfers in (out)			
Public safety:										
Federal/State programs:										
2048 Party Patrol	10,000	-	-	-	-	10,000	-	-	-	-
2049 Seat Belt Enforcement	-	-	7,000	-	-	7,000	-	-	-	-
2051 COPS Hiring Recovery	52,236	-	70,325	-	-	122,561	-	-	-	-
2052 Law Enforcement Block Grant	741	-	-	-	-	-	-	-	-	741
2053 Seized Assets	11,656	-	1,709	-	-	1,427	-	-	-	11,938
2054 Bullet Proof Vest	(2,737)	-	4,407	-	-	2,475	-	-	-	(805)
2055 COPS in School	-	-	30,351	-	-	30,351	-	-	-	-
2056 Justice Assistance Grant	106	-	-	-	-	-	-	-	-	106
2057 ATV Enforcement Grant	(3,952)	-	1,313	-	-	-	-	-	-	(2,639)
2058 High Visibility Drive	2,080	-	3,200	-	-	5,280	-	-	-	-
2059 Speed Enforcement	1,120	-	1,200	-	-	2,320	-	-	-	-
2064 Homeland Security	5,467	-	-	-	-	-	-	-	-	5,467
2069 2009 Byrne JAG Grant	-	-	11,385	-	-	4,686	-	-	-	6,699
2070 JAG Recovery Grant	86,269	-	-	-	-	61,209	-	-	-	25,060
2076 2010 JAG Recovery Grant	-	-	2,548	-	-	5,726	-	-	-	(3,178)
2101 Alcohol Compliance Check	-	-	500	-	-	500	-	-	-	-
Other programs - Restricted:										
2083 Hometown Heroes (Police)	110	-	-	-	-	-	-	-	-	110
Total public safety	163,096	-	133,938	-	-	253,535	-	-	-	43,499
Public works:										
Federal/State programs:										
2068 Brownfields Assessment	-	-	53,369	-	-	89,581	-	-	-	(36,212)
2071 Brownfields Stimulus Cleanup	-	-	46,797	-	-	46,797	-	-	-	-
2072 Brownfields Aerofab Cleanup	-	-	121,390	-	-	161,390	-	-	-	(40,000)
2074 Brownfields Aerofab2 Cleanup	-	-	191,990	-	-	191,989	-	-	-	1
2088 FEMA 1693 Disaster Recovery	160,428	-	-	-	-	160,428	-	-	-	-
2093 FEMA 1815 Disaster Recovery	348,620	-	-	-	-	348,620	-	-	-	-
2095 FEMA 1891 Disaster Recovery	(192,386)	-	346,714	-	-	132,669	-	-	-	21,659
2098 FEMA 1920 Disaster Recovery	-	-	185,118	-	-	10,000	-	-	-	175,118
2100 Brownfields Area Planning Grant	-	-	-	-	-	3,052	-	-	-	(3,052)
Total public works	316,662	-	945,378	-	-	1,144,526	-	-	-	117,514
Total nonmajor special revenue funds	\$ 1,999,981	522,308	9,897,419	3,935	685,692	11,377,650	1,447	1,733,132		

NONMAJOR CAPITAL PROJECT FUNDS

TOWN OF SANFORD, MAINE
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2011

	Balances		Revenues				Expenditures	Bond Proceeds	Transfers in (out)	Balances end of year
	beginning of year		Intergovernmental	Investment Income	Other					
4000 Number One Pond	\$ 200	-	-	-	-	-	-	-	200	
4002 Mousam Way	8,685	-	-	-	-	-	-	-	8,685	
4003 Job Bond Local Road Assistance	752	-	-	-	-	-	-	-	752	
4005 Urban Forestry	5,590	-	-	-	-	-	-	-	5,590	
4006 Department of Conservation	1,750	-	-	-	-	-	-	-	1,750	
4008 Goodall Statue	1,550	-	-	-	-	-	-	-	1,550	
4010 War Memorial Gym	6,799	-	-	23	-	-	-	-	6,822	
4011 Department of Conservation	5,955	-	-	-	-	-	-	-	5,955	
4016 Infrastructure Grant	2,251	-	-	-	-	-	-	-	2,251	
4025 EDA Regional Airport	617,605	177,270	533	-	-	897,756	-	(250,000)	(352,348)	
4026 Enhancement Grant	(8,342)	-	-	-	-	-	-	-	(8,342)	
4027 Roundabout Project	167,391	-	-	286	-	167,677	-	-	-	
4029 Downtown Millyard Project	1,083,233	-	-	1,466	-	1,023,392	-	140,000	201,307	
4030 Land/Salt Airport Road	102,059	-	-	210	-	84,927	-	-	17,342	
4031 Compact Thimp Police	1,252,108	-	-	2,014	9,473	830,321	-	-	433,274	
4032 B&M Rail Bed Trail	(6,677)	-	-	-	-	-	-	-	(6,677)	
4033 Fagan Mill (Eminent)	(195,255)	-	-	-	-	1,046	-	-	(196,301)	
4034 Aerofab Mill	(2,108)	-	-	-	-	-	-	-	(2,108)	
4035 Airport Improvement Program	8,146	50,990	-	-	-	91,998	-	-	(32,862)	
4038 Airport Improvement Program	(504,743)	4,981,291	-	-	-	4,476,524	-	-	24	
4039 CGA Clean Up	-	-	-	25,700	-	2,502	-	-	23,198	
4040 Mid Town Mall	-	4,100	-	-	-	4,992	-	-	(892)	
4041 Interlocking Paver	-	-	-	20,000	-	20,000	-	-	-	
Total nonmajor capital projects	\$ 2,546,949	5,213,651	4,532	55,173	7,601,135	(110,000)	-	-	109,170	

NONMAJOR PERMANENT FUNDS

TOWN OF SANFORD, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2011

	7000	7001	7002	7003	7008	7012	
	Gowen Park Trust	Park Maintenance Fund	Oakdale Cemetery Perpetual Trust	Nutter Trust	Holdsworth Park Trust	Goodall Park	Totals
ASSETS							
Cash and cash equivalents	\$ 32,175	7,745	6,958	29,281	38,034	122,608	236,801
Investments	-	-	380,727	-	306,077	-	686,804
Accounts receivable	-	-	18,152	-	-	-	18,152
Land (held for investment)	-	-	-	-	109,500	-	109,500
Total assets	\$ 32,175	7,745	405,837	29,281	453,611	122,608	1,051,257
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-
Fund balances:							
Nonspendable - principal	-	6,000	-	-	-	-	6,000
Restricted	32,175	1,745	405,837	29,281	453,611	122,608	1,045,257
Total fund balances	32,175	7,745	405,837	29,281	453,611	122,608	1,051,257
Total liabilities and fund balances	\$ 32,175	7,745	405,837	29,281	453,611	122,608	1,051,257

TOWN OF SANFORD, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2011

	7000	7001	7002	7003	7008	7012	
	Gowen	Park	Oakdale		Holdsworth		
	Park	Maintenance	Cemetery	Nutter	Park	Goodall	Totals
	Trust	Fund	Perpetual	Trust	Trust	Park	
Revenues:							
Charges for services	\$ -	-	37,650	-	-	-	37,650
Investment income	71	25	14,041	115	47,973	-	62,225
Donations	7,270	-	18,152	-	-	69,537	94,959
Total revenues	7,341	25	69,843	115	47,973	69,537	194,834
Expenditures:							
Public services	-	-	69,007	-	15,070	28,062	112,139
Total expenditures	-	-	69,007	-	15,070	28,062	112,139
Net change in fund balances	7,341	25	836	115	32,903	41,475	82,695
Fund balances, beginning of year	24,834	7,720	405,001	29,166	420,708	81,133	968,562
Fund balances, end of year	\$ 32,175	7,745	405,837	29,281	453,611	122,608	1,051,257

PRIVATE-PURPOSE TRUST FUNDS

TOWN OF SANFORD, MAINE
Combining Statement of Fiduciary Net Assets
Fiduciary Funds - Private-purpose Trust
June 30, 2011

		7004 Thornburg Goodall Fund	7005 Lucy Emery Trust	7007 William Oscar Emery Trust	7009 Walter Cyr Trust	7010 High School Scholarship Fund	7011 Sherburne Basketball Fund	Totals
ASSETS								
Cash and cash equivalents	\$	1,279	13,738	20,000	8,413	29,442	6,916	79,788
Investments		-	-	-	-	788,405	-	788,405
Total assets	\$	1,279	13,738	20,000	8,413	817,847	6,916	868,193
NET ASSETS								
Principal		400	-	-	-	-	5,000	5,400
Unexpended income		879	13,738	20,000	8,413	817,847	1,916	862,793
Total net assets	\$	1,279	13,738	20,000	8,413	817,847	6,916	868,193

TOWN OF SANFORD, MAINE
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Private-purpose Trust
For the year ended June 30, 2011

	7004 Thornburg Goodall Fund	7005 Lucy Emery Trust	7007 William Oscar Emery Trust	7009 Walter Cyr Trust	7010 High School Scholarship Fund	7011 Sherburne Basketball Fund	Totals
Additions:							
Investment income	\$ 1	10	-	33	146,739	9	146,792
Donations	-	-	-	-	5,815	-	5,815
Total additions	1	10	-	33	152,554	9	152,607
Deductions:							
Scholarships	-	-	-	-	12,729	-	12,729
Total deductions	-	-	-	-	12,729	-	12,729
Change in net assets	1	10	-	33	139,825	9	139,878
Net assets, beginning of year	1,278	13,728	20,000	8,380	678,022	6,907	728,315
Net assets, end of year	\$ 1,279	13,738	20,000	8,413	817,847	6,916	868,193

TOWN OF SANFORD, MAINE
Statement of Changes in Assets and Liabilities
Fiduciary Funds - Agency Funds
For the Year Ended June 30, 2011

	Balance			Balance
	July 1, 2010	Additions	Deductions	June 30, 2011
ASSETS				
Cash and cash equivalents	\$ 398,997	551,214	579,698	370,513
Total assets	398,997	551,214	579,698	370,513
LIABILITIES				
Held on behalf of student groups	398,997	551,214	579,698	370,513
Total liabilities	\$ 398,997	551,214	579,698	370,513