

Audited Financial Statements and
Other Financial Information

Town of Lyman, Maine

June 30, 2011



Proven Expertise and Integrity

TOWN OF LYMAN, MAINE

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JUNE 30, 2011

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Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

August 10, 2011

Board of Selectmen
Town of Lyman
Lyman, Maine

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Town of Lyman, 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 Lyman's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and

comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lyman, Maine's financial statements as a whole. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RHR Smith & Company

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

(UNAUDITED)

The following management's discussion and analysis of Town of Lyman, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government - Wide Financial Statements

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

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

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

Both of the above mentioned financial statements have been presented for the following activity:

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

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 Lyman, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Lyman are categorized as one fund type: governmental funds.

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net assets, and changes in net assets of the Town's governmental activities. The Town's total net assets increased by \$420,995 from \$4,107,124 to \$4,528,119 or a 10.25% increase.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased by \$430,253 from \$1,997,163 to a balance of \$2,427,416 at the end of this year.

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

| | 2011 | 2010 |
|--|--------------|--------------|
| Assets: | | |
| Current and other assets | \$ 2,850,797 | \$ 2,299,929 |
| Capital Assets | 2,014,560 | 2,058,796 |
| Total Assets | \$ 4,865,357 | \$ 4,358,725 |
| Liabilities: | | |
| Current Liabilities | \$ 337,238 | \$ 251,601 |
| Total Liabilities | \$ 337,238 | \$ 251,601 |
| Net Assets: | | |
| Invested in Capital Assets, Net of related Debt | \$ 2,014,560 | \$ 2,058,796 |
| Restricted Net Assets: General Fund | 35,924 | 1,663 |
| Permanent Fund | 50,219 | 49,502 |
| Unrestricted Net Assets | 2,427,416 | 1,997,163 |
| Total Net Assets | \$ 4,528,119 | \$ 4,107,124 |

Table 2
Town of Lyman, Maine
Change in Net Assets
For The Years Ended June 30,

| | <u>2011</u> | <u>2010</u> |
|------------------------------------|---------------------|---------------------|
| Revenues | | |
| Charges for services | \$ 70,336 | \$ 48,471 |
| Operating grants and contributions | 52,368 | 52,368 |
| Property taxes | 5,031,430 | 4,351,661 |
| Excise taxes | 717,967 | 720,997 |
| Intergovernmental | 254,929 | 224,617 |
| Interest earnings | 33,110 | 36,264 |
| Miscellaneous | 39,580 | 120,255 |
| Total Revenues | <u>6,199,720</u> | <u>5,554,633</u> |
| Expenses | | |
| General government | 512,686 | 485,139 |
| Public safety | 198,820 | 169,602 |
| Public works | 721,696 | 588,968 |
| Education | 3,667,710 | 3,435,892 |
| Recreation | 58,484 | 53,888 |
| County tax | 259,870 | 254,182 |
| Solid waste disposal | 256,936 | 265,684 |
| Social services | 19,952 | 18,636 |
| Interest on long-term debt | - | 424 |
| Unclassified | 66,923 | 100,077 |
| Reserve | 15,648 | 6,950 |
| Total Expenses | <u>5,778,725</u> | <u>5,379,442</u> |
| Change in Net Assets | 420,995 | 175,191 |
| Net Assets - July 1 | <u>4,107,124</u> | <u>3,931,933</u> |
| Net Assets - June 30 | <u>\$ 4,528,119</u> | <u>\$ 4,107,124</u> |

Revenues and Expenses

Revenues for the Town's governmental activities increased by 11.61%, while total expenses increased by 7.42%.

Financial Analysis of the Town's Fund Statements

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

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

| | 2011 | 2010 |
|----------------------|--------------|--------------|
| General Fund: | | |
| Nonspendable | \$ 12,003 | \$ - |
| Restricted | 35,924 | 1,663 |
| Committed | 126,360 | - |
| Assigned | 318,422 | 324,524 |
| Unassigned | 1,692,566 | 1,441,883 |
| Total General Fund | \$ 2,185,275 | \$ 1,768,070 |
| Nonmajor Funds: | | |
| Permanent funds | | |
| Restricted | \$ 50,219 | \$ 49,502 |
| Total Nonmajor Funds | \$ 50,219 | \$ 49,502 |

The general fund total fund balance increased by \$417,205 over the prior fiscal year. The non-major fund balances increased by \$717 over the prior fiscal year. Most of the increase in the general fund came as a result of increased revenue from the miscellaneous revenues and under-spent appropriations in general. The decrease in the non-major fund balances came as a result of interest income less scholarship expenses on permanent funds.

Budgetary Highlights

There was no significant difference between the original and final budget for the general fund.

The general fund actual revenues were over budget by \$458,887. All accounts were over budget.

The general fund actual expenditures were under the budget by \$228,847. All accounts were under budget with the exception of public works, recreation and social services.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2011, the net book value of capital assets recorded by the Town decreased by \$44,236 over the prior year. The decrease is the result of current year depreciation expense.

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

| | 2011 | 2010 |
|-------------------------------|---------------------|---------------------|
| Infrastructure | \$ 1,098,945 | \$ 1,129,693 |
| Land | 420,553 | 420,553 |
| Buildings & land improvements | 461,390 | 472,633 |
| Equipment | 33,672 | 35,917 |
| Total | \$ 2,014,560 | \$ 2,058,796 |

Debt

At June 30, 2011, the Town had \$0 in long term debt.

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient undesignated fund balance to sustain government operations for a period of approximately two months.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Finance Department at 11 So. Waterboro Rd, Lyman, Maine 04002.

STATEMENT A

TOWN OF LYMAN, MAINE

STATEMENT OF NET ASSETS
JUNE 30, 2011

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| Current assets: | |
| Cash | \$ 2,297,121 |
| Investments | 20,000 |
| Receivables (net of allowance): | |
| Taxes | 273,926 |
| Liens | 81,670 |
| Other | 15,217 |
| Prepaid expenses | 4,659 |
| Tax acquired property | 7,344 |
| Subdivision escrow collateral | 150,860 |
| Total current assets | <u>2,850,797</u> |
| Noncurrent assets: | |
| Capital assets: | |
| Land, infrastructure, and other assets not being depreciated | 420,553 |
| Buildings and equipment, net of accumulated depreciation | 1,594,007 |
| Total noncurrent assets | <u>2,014,560</u> |
| TOTAL ASSETS | <u><u>\$ 4,865,357</u></u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | \$ 37,940 |
| Prepaid taxes | 8,289 |
| Gravel pit escrow deposits | 133,000 |
| Subdivision escrow deposits | 150,860 |
| Other current liabilities | 7,149 |
| Total current liabilities | <u>337,238</u> |
| TOTAL LIABILITIES | <u>337,238</u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 2,014,560 |
| Restricted net assets: General Fund | 35,924 |
| Permanent Fund | 50,219 |
| Unrestricted net assets | 2,427,416 |
| TOTAL NET ASSETS | <u>4,528,119</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 4,865,357</u></u> |

See accompanying independent auditors' report and notes to financial statements

TOWN OF LYMAN, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue & Changes in Net Assets |
|-------------------------|------------------|-------------------------|-------------------------------------|-----------------------------------|---|
| | | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Total Governmental Activities |
| Governmental activities | | | | | |
| General government | \$ 512,686 | \$ 70,336 | \$ - | \$ - | \$ (442,350) |
| Public safety | 198,820 | - | - | - | (198,820) |
| Public works | 721,696 | - | 52,368 | - | (669,328) |
| Education | 3,667,710 | - | - | - | (3,667,710) |
| Recreation | 58,484 | - | - | - | (58,484) |
| County tax | 259,870 | - | - | - | (259,870) |
| Solid waste disposal | 256,936 | - | - | - | (256,936) |
| Social services | 19,952 | - | - | - | (19,952) |
| Unclassified | 66,923 | - | - | - | (66,923) |
| Reserve | 15,648 | - | - | - | (15,648) |
| Total government | <u>5,778,725</u> | <u>70,336</u> | <u>52,368</u> | <u>-</u> | <u>(5,656,021)</u> |

STATEMENT B (CONTINUED)

TOWN OF LYMAN, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

| | Governmental Activities |
|--|----------------------------|
| Changes in net assets: | |
| Net (expense) revenue | (5,656,021) |
| General revenue: | |
| Property taxes, levied for general purposes | 5,031,430 |
| Excise taxes, levied for general purposes | 717,967 |
| Grants and contributions not restricted to specific programs | 254,929 |
| Investment earnings | 33,110 |
| Miscellaneous | 39,580 |
| Total general revenue | 6,077,016 |
| Change in net assets | 420,995 |
| NET ASSETS - JULY 1 | 4,107,124 |
| NET ASSETS - JUNE 30 | \$ 4,528,119 |

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

TOWN OF LYMAN, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2011

| | General Fund | Other Governmental Funds | Totals Governmental Funds |
|--|----------------------------|--------------------------------|---------------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | |
| Cash | \$ 2,266,902 | \$ 30,219 | \$ 2,297,121 |
| Investments | - | 20,000 | 20,000 |
| Receivables (net of allowance): | | | |
| Taxes | 273,926 | - | 273,926 |
| Liens | 81,670 | - | 81,670 |
| Other | 15,217 | - | 15,217 |
| Prepaid expenses | 4,659 | - | 4,659 |
| Tax acquired property | 7,344 | - | 7,344 |
| Subdivision escrow collateral | 150,860 | - | 150,860 |
| TOTAL ASSETS | <u><u>\$ 2,800,578</u></u> | <u><u>\$ 50,219</u></u> | <u><u>\$ 2,850,797</u></u> |
| LIABILITIES AND FUND EQUITY | | | |
| Liabilities | | | |
| Accounts payable | \$ 37,940 | \$ - | \$ 37,940 |
| Prepaid taxes | 8,289 | - | 8,289 |
| Deferred taxes | 278,065 | - | 278,065 |
| Gravel pit escrow deposits | 133,000 | - | 133,000 |
| Subdivision escrow deposits | 150,860 | - | 150,860 |
| Other current liabilities | 7,149 | - | 7,149 |
| TOTAL LIABILITIES | <u><u>615,303</u></u> | <u><u>-</u></u> | <u><u>615,303</u></u> |
| Fund Equity | | | |
| General Fund: | | | |
| Nonspendable | 12,003 | - | 12,003 |
| Restricted | 35,924 | 50,219 | 86,143 |
| Committed | 126,360 | - | 126,360 |
| Assigned | 318,422 | - | 318,422 |
| Unassigned | 1,692,566 | - | 1,692,566 |
| TOTAL FUND EQUITY | <u><u>2,185,275</u></u> | <u><u>50,219</u></u> | <u><u>2,235,494</u></u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u><u>\$ 2,800,578</u></u> | <u><u>\$ 50,219</u></u> | <u><u>\$ 2,850,797</u></u> |

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

TOWN OF LYMAN, MAINE

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET ASSETS
JUNE 30, 2011

| | <u>Total Governmental Funds</u> |
|--|---|
| Total Fund Equity | \$ 2,235,494 |
| Amounts reported for governmental activities in the statement are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation | 2,014,560 |
| Other long-term assets are not available to pay for current-period expenditures therefore are deferred in the funds shown above: | |
| Taxes and liens receivable | 278,065 |
| Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above: | |
| Bond payable | <u>-</u> |
| Net assets of governmental activities | <u>\$ 4,528,119</u> |

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

TOWN OF LYMAN, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
FOR YEAR ENDED JUNE 30, 2011

| | General Fund | Other Governmental Funds | Totals Governmental Funds |
|---|---------------------|--------------------------------|---------------------------------|
| REVENUES | | | |
| Property taxes | \$ 4,984,121 | \$ - | \$ 4,984,121 |
| Excise taxes | 717,967 | - | 717,967 |
| Intergovernmental revenues | 307,297 | - | 307,297 |
| Interest income | 31,893 | 1,217 | 33,110 |
| Other revenues | 109,916 | - | 109,916 |
| TOTAL REVENUES | <u>6,151,194</u> | <u>1,217</u> | <u>6,152,411</u> |
| EXPENDITURES | | | |
| General government | 507,244 | - | 507,244 |
| Public safety | 198,820 | - | 198,820 |
| Public works | 683,686 | - | 683,686 |
| Education | 3,667,710 | - | 3,667,710 |
| Recreation | 57,700 | - | 57,700 |
| County tax | 259,870 | - | 259,870 |
| Solid waste disposal | 256,936 | - | 256,936 |
| Social services | 19,952 | - | 19,952 |
| Unclassified | 66,423 | 500 | 66,923 |
| Reserve accounts | 15,648 | - | 15,648 |
| TOTAL EXPENDITURES | <u>5,733,989</u> | <u>500</u> | <u>5,734,489</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>417,205</u> | <u>717</u> | <u>417,922</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in | - | - | - |
| Operating transfers (out) | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) | 417,205 | 717 | 417,922 |
| FUND BALANCES - JULY 1 | <u>1,768,070</u> | <u>49,502</u> | <u>1,817,572</u> |
| FUND BALANCES - JUNE 30 | <u>\$ 2,185,275</u> | <u>\$ 50,219</u> | <u>\$ 2,235,494</u> |

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

TOWN OF LYMAN, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2011

| | | |
|---|--|--------------------------|
| Net change in fund balances - total governmental funds (Statement E) | | <u>\$ 417,922</u> |
| Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because: | | |
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets: | | |
| Capital asset purchases capitalized | | - |
| Capital asset dispositions | | - |
| Depreciation expense | | (44,236) |
| | | <u>(44,236)</u> |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds: | | |
| Taxes and liens receivable | | 47,309 |
| | | <u>47,309</u> |
| Change in net assets of governmental activities (Statement B) | | <u><u>\$ 420,995</u></u> |

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

TOWN OF LYMAN, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Lyman was incorporated under the laws of the State of Maine. The Town operates under the selectmen-treasurer form of government and provides the following services: general government services, public safety, public works, recreation, education, and solid waste disposal.

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

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

Government –Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all activities of the as governmental.

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

TOWN OF LYMAN, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

The following fund types are used by the Town:

1. Governmental Funds:

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

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

TOWN OF LYMAN, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. Permanent Funds are used to account for assets held by the Town in trust for specific purposes.

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

TOWN OF LYMAN, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

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

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

Deposits and Investments

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

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

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

The Town of Lyman has a formal investment policy but instead follows the State of Maine Statutes.

Inventories

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

TOWN OF LYMAN, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2011.

Capital Assets

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

| | |
|-------------------------|----------------|
| Buildings | 20 - 50 years |
| Infrastructure | 50 - 100 years |
| Machinery and equipment | 3 - 50 years |
| Vehicles | 3 - 25 years |

Long-term Obligations

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

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

TOWN OF LYMAN, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Reserves

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 20, 2010 on the assessed value listed as of April 1, 2010, for all real and personal property located in the Town. Taxes were due on in two installments on October 1, 2010 and April 1, 2011. Interest on unpaid taxes commenced on October 2, 2010 and April 2, 2011, at 7.00% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$119,032 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 tax liens and associated costs remain unpaid.

Program Revenues

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

TOWN OF LYMAN, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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

Use of Estimates

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

Net Assets

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

Fund Equity

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

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

Restricted – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

TOWN OF LYMAN, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Board of Selectmen.

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

The Town is in the process of adopting a set of financial policies to guide the financial operation of the Town. Included in the policies will be guidelines for accumulating and maintaining an operating position in certain budgeted governmental funds such that annual expenditures shall not exceed annual resources, including fund balances. Other funds shall be fully self-supporting to the extent that the fund balance or retained earnings of each fund shall be zero or greater.

NOTE 2 - CASH AND INVESTMENTS

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

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

TOWN OF LYMAN, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

At June 30, 2011, the Town's deposits amounting to \$2,321,935 were comprised of \$581,830, which was insured by federal depository insurance and consequently was not exposed to custodial credit risk, and \$1,740,105 which was collateralized with securities held by the financial institution in the Town's name and consequently were not exposed to custodial credit risk.

| <u>Account Type</u> | <u>Bank Balance</u> |
|-------------------------|-------------------------|
| Checking accounts | 1,990,105 |
| Money Market | 1,626 |
| Certificates of deposit | 330,204 |
| | <u>\$ 2,321,935</u> |

At June 30, 2011, all of the Town's investments of stocks amounting to \$20,000 are not insured or collateralized.

| <u>Investment Type</u> | <u>Fair Value</u> |
|------------------------|-----------------------|
| Stocks | \$ 20,000 |
| | <u>\$ 20,000</u> |

TOWN OF LYMAN, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 - CAPITAL ASSETS

A summary of capital assets is as follows:

| | Balance, 7/1/10 | Additions | Disposals | Balance, 6/30/11 |
|--------------------------------|---------------------|--------------------|-------------|---------------------|
| Governmental activities | | | | |
| Non-depreciated assets: | | | | |
| Land | \$ 420,553 | \$ - | \$ - | \$ 420,553 |
| | <u>420,553</u> | <u>-</u> | <u>-</u> | <u>420,553</u> |
| Depreciated assets: | | | | |
| Land improvements | 31,444 | - | - | 31,444 |
| Buildings and Improvements | 568,468 | - | - | 568,468 |
| Equipment | 70,430 | - | - | 70,430 |
| Infrastructure | 1,229,895 | - | - | 1,229,895 |
| | <u>1,900,237</u> | <u>-</u> | <u>-</u> | <u>1,900,237</u> |
| Less: accumulated depreciation | <u>(261,994)</u> | <u>(44,236)</u> | <u>-</u> | <u>(306,230)</u> |
| | <u>1,638,243</u> | <u>(44,236)</u> | <u>-</u> | <u>1,594,007</u> |
| Net capital assets | <u>\$ 2,058,796</u> | <u>\$ (44,236)</u> | <u>\$ -</u> | <u>\$ 2,014,560</u> |
| Current year depreciation: | | | | |
| General Government | | | | \$ 5,442 |
| Public works/infrastructure | | | | 38,010 |
| Parks and recreations | | | | 784 |
| Total depreciation expense | | | | <u>\$ 44,236</u> |

TOWN OF LYMAN, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 - OVERSPENT APPROPRIATIONS

The following departmental balances were overspent at June 30, 2011:

| | |
|-------------------------|------------------|
| Legal | \$ 622 |
| Tax Maps | 1,100 |
| Street Signs | 1,078 |
| Electrical Inspector | 8 |
| Public Works | 77,936 |
| Buganut Lake town park | 929 |
| General Assistance | 128 |
| 457 Fees | 1,232 |
| Cousens School | 15,648 |
| Social Service Agencies | 651 |
| | <u>\$ 99,332</u> |

NOTE 5 – RISK MANAGEMENT – PARTICIPATION IN A PUBLIC ENTITY RISK POOL

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

NOTE 6 – RESTRICTED NET ASSETS

The following net assets have been restricted at June 30, 2011:

| | |
|------------------------------|------------------|
| Reserved for general fund | \$ 35,924 |
| Reserved for permanent funds | 50,219 |
| | <u>\$ 86,143</u> |

NOTE 7 – GENERAL FUND NONSPENDABLE FUND EQUITY

At June 30, 2011, the general fund nonspendable fund equity was made up of the following account balances:

| | |
|-----------------------|------------------|
| Prepaid expenses | \$ 4,659 |
| Tax acquired property | 7,344 |
| | <u>\$ 12,003</u> |

TOWN OF LYMAN, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 8 – GENERAL FUND RESTRICTED FUND EQUITY

At June 30, 2011, the General Fund balances restricted for subsequent years expenditures consisted of the following:

| | |
|--------------------------------|------------------|
| Animal Control | \$ 11,663 |
| H. Cousens Reserve Scholarship | 24,261 |
| E. Ellen Rumery | 2,300 |
| John G. Emmons | 220 |
| John Littlefield Fund | 1,860 |
| | <u>\$ 35,924</u> |

NOTE 9 – GENERAL FUND COMMITTED FUND EQUITY

At June 30, 2011, the General Fund balances committed for subsequent years expenditures consisted of the following:

| | |
|------------------------|-------------------|
| Road Reconstruction | \$ 34,212 |
| Repairs & Maintenance | 7,053 |
| Cousens School Reserve | 14,299 |
| Fire Chief | 60,000 |
| Fire Commission | 10,796 |
| | <u>\$ 126,360</u> |

NOTE 10 – GENERAL FUND ASSIGNED FUND EQUITY

At June 30, 2011, the General Fund balances assigned for subsequent years expenditures consisted of the following:

| | |
|---------------------------|-------------------|
| Revaluation acct. | \$ 37,160 |
| Fire truck acct. | 32,057 |
| Capital improvements fund | 149,813 |
| Computer reserve | 31,903 |
| Parks & recreation signs | 300 |
| Tax map reserves | 1,800 |
| Transfer station reserve | 50,243 |
| Town hall reserve | 15,146 |
| | <u>\$ 318,422</u> |

TOWN OF LYMAN, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11 - CONTINGENCIES

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. At June 30, 2011, the Town's share was approximately:

| | <u>Outstanding Debt</u> | <u>Town's Percentage</u> | <u>Total Share</u> |
|----------------|-----------------------------|------------------------------|------------------------|
| County of York | \$ 12,821,105 | 1.63% | \$ 208,856 |
| MSAD # 57 | 22,620,923 | 18.63% | 4,214,278 |
| | | | <u>\$ 4,423,134</u> |

The Town has entered into a joint venture known as ECO Maine (ECO) (formerly known as Regional Waste System (RWS)). ECO provides solid waste disposal services to its twenty-one participating communities. The governing bodies of the participating communities appoint the Board of Directors which establishes the budget and charges the communities and commercial enterprises that use the facility. Total charges to the Town for fiscal 2011 were \$97,299.

ECO has issued bonds to fund the design, construction and start-up of a resource recovery system. The bonds are special revenue obligations of ECO, payable from and secured by a pledge of ECO revenues. The bonds do not constitute a debt or liability within the meaning of any constitutional or statutory provision of the State of Maine, or a pledge of the full faith and credit of any political subdivision of the State of Maine. ECO has no taxing power. However, pursuant to the Waste Handling Agreements, the participating municipalities are obligated severally to deliver certain of the solid waste produced within each such participating municipality to ECO for processing and to make service payments and pay tipping fees for such processing in amounts which, when added to other available monies, will at least equal required debt service of the bonds. The obligations of the participating municipalities under the Waste Handling Agreements are secured by the full faith and credit of the participating municipalities subject to certain limitations. On June 30, 2011, outstanding bonds of ECO totaled \$2,660,000 of which the Lyman share, based on estimated tonnage to be delivered, amounted to \$55,229 (2.08%).

In accordance with Governmental Accounting Standards Board Statement No. 18 ECO has begun to record and accrue landfill closure and post closure costs. Pursuant to the aforementioned Waste Handling Agreements, the participating municipalities are obligated severally to deliver certain of the service payments and pay tipping fees for such processing in amounts which, when added to other participating municipalities, will at least equal the projected landfill closure and post closure costs. As of June 30, 2011, the most recent date as of which the information is available, projected landfill closure and post closure costs for ECO totaled \$15,138,502 of which the Lyman share, based on estimated tonnage to be delivered, amounted to \$313,632 (2.07%).

TOWN OF LYMAN, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11 – CONTINGENCIES (CONTINUED)

Additionally the Town of Lyman and twenty-six other municipalities have entered into an agreement with ECO for a material recycling facility. At June 30, 2011, outstanding material recycling facility bonds of ECO totaled \$1,900,000 of which Lyman's share, based on estimated yardage to be delivered, amounts to \$25,650 (1.35%). A portion of the tipping fee each year is designated to amortize the bonds. The amount changes each year as the principal is reduced.

Separate financial statements for ECO are available through ECO.

NOTE 12 – SUBDIVISION ESCROW COLLATERAL

The Town has instituted a policy of requiring collateral from subdivision contractors desiring to build within the Town. The amount of the collateral is 150% of the estimated cost of the roads to be built within the subdivision.

Under this agreement the potential developers are required to deposit into a bank account the required amount of the collateral. Only the Treasurer of the Town has the authority to withdraw funds, and is required to release the funds back to the developer upon receiving confirmation from the Code Enforcement Officer that the Town's consulting engineer has approved the refund payment based upon a site inspection, and has certified that a certain percentage of the required work has been performed by the developer. At June 30, 2011, the Town held such collateral for two developers in the amount of \$150,860.

NOTE 13 – RELATED PARTIES TRANSACTIONS

The town of Lyman had related party transactions with one of their selectmen in the amount of \$10,025 for lawn mowing services.

Required Supplementary Information

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

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

TOWN OF LYMAN, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2011

| | Budgeted Amounts | | Actual Amounts | Variance |
|---------------------------------------|---------------------|---------------------|---------------------|------------------------|
| | Original | Final | | Positive (Negative) |
| Budgetary Fund Balance, July 1 | \$ 1,768,070 | \$ 1,768,070 | \$ 1,768,070 | \$ - |
| Resources (Inflows): | | | | |
| Taxes: | | | | |
| Property taxes | 4,972,134 | 4,972,134 | 4,984,121 | 11,987 |
| Excise taxes | 580,173 | 580,173 | 717,967 | 137,794 |
| Intergovernmental revenues: | | | | |
| DOT Block Grant | - | - | 52,368 | 52,368 |
| State Revenue Sharing | 140,000 | 140,000 | 155,735 | 15,735 |
| Homestead exemption | - | - | 40,058 | 40,058 |
| Other intergovernmental | - | - | 59,136 | 59,136 |
| Miscellaneous revenues | - | - | 39,580 | 39,580 |
| Interest income | - | - | 31,893 | 31,893 |
| Charges for service | - | - | 70,336 | 70,336 |
| Transfers from other funds | - | - | - | - |
| Amounts Available for Appropriation | <u>7,460,377</u> | <u>7,460,377</u> | <u>7,919,264</u> | <u>458,887</u> |
| Charges to Appropriations (Outflows): | | | | |
| General government | 577,785 | 577,785 | 507,244 | 70,541 |
| Public safety | 270,154 | 270,154 | 198,820 | 71,334 |
| Public works | 605,750 | 605,750 | 683,686 | (77,936) |
| Education | 3,667,710 | 3,667,710 | 3,667,710 | - |
| Recreation | 57,650 | 57,650 | 57,700 | (50) |
| County tax | 259,870 | 259,870 | 259,870 | - |
| Solid waste disposal | 298,350 | 298,350 | 256,936 | 41,414 |
| Social services | 19,173 | 19,173 | 19,952 | (779) |
| Unclassified | 186,394 | 186,394 | 66,423 | 119,971 |
| Reserve accounts | 20,000 | 20,000 | 15,648 | 4,352 |
| Transfers to other funds | - | - | - | - |
| Total Charges to Appropriations | <u>5,962,836</u> | <u>5,962,836</u> | <u>5,733,989</u> | <u>228,847</u> |
| Budgetary Fund Balance, June 30 | <u>\$ 1,497,541</u> | <u>\$ 1,497,541</u> | <u>\$ 2,185,275</u> | <u>\$ 687,734</u> |
| Use of Designated Fund Balance | \$ - | \$ - | \$ - | \$ - |
| Use of Undesignated Fund Balance | 270,529 | 270,529 | - | (270,529) |
| | <u>\$ 270,529</u> | <u>\$ 270,529</u> | <u>\$ -</u> | <u>\$ (270,529)</u> |

See accompanying independent auditors' report.

Other Supplementary Information

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

- Schedule of Departmental Operations – General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF LYMAN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

| | Original Budget | Budget Adjustments | Final Budget | Actual | Balance Positive (Negative) |
|-----------------------------|--------------------|-----------------------|-----------------|----------------|--------------------------------|
| General Government - | | | | | |
| Wages and salaries | \$ 333,235 | \$ - | \$ 333,235 | \$ 294,555 | \$ 38,680 |
| Insurance | 85,000 | - | 85,000 | 68,186 | 16,814 |
| Audit | 6,500 | - | 6,500 | 6,400 | 100 |
| Operating expenses | 108,900 | - | 108,900 | 102,225 | 6,675 |
| Building repair/maintenance | 20,000 | - | 20,000 | 11,198 | 8,802 |
| Office equipment | 3,000 | - | 3,000 | 1,829 | 1,171 |
| Legal | 18,000 | - | 18,000 | 18,622 | (622) |
| Tax maps | 2,500 | - | 2,500 | 3,600 | (1,100) |
| Town website | 650 | - | 650 | 629 | 21 |
| Subtotal General Government | <u>577,785</u> | <u>-</u> | <u>577,785</u> | <u>507,244</u> | <u>70,541</u> |
| Public Safety- | | | | | |
| Fire department personnel | 51,766 | - | 51,766 | 51,766 | - |
| Fire department contract | 89,615 | - | 89,615 | 89,615 | - |
| Fire department dispatch | 19,000 | - | 19,000 | 8,204 | 10,796 |
| Fire Chief | 60,000 | - | 60,000 | - | 60,000 |
| GMFD Grant | 25,000 | - | 25,000 | 25,000 | - |
| Street lights/Electricity | 11,000 | - | 11,000 | 10,311 | 689 |
| Street signs | 2,500 | - | 2,500 | 3,578 | (1,078) |
| Animal Control | 11,273 | - | 11,273 | 10,338 | 935 |
| Electrical Inspector | - | - | - | 8 | (8) |
| Subtotal Public Safety | <u>270,154</u> | <u>-</u> | <u>270,154</u> | <u>198,820</u> | <u>70,796</u> |

TOWN OF LYMAN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

| | Original Budget | Budget Adjustments | Final Budget | Actual | Balance Positive (Negative) |
|-----------------------------|--------------------|-----------------------|------------------|------------------|--------------------------------|
| Public Works- | | | | | |
| Snow removal | 256,750 | - | 256,750 | 270,404 | (13,654) |
| Road reconstruction | 145,000 | - | 145,000 | 215,972 | (70,972) |
| Road maintenance and repair | 47,000 | - | 47,000 | 103,873 | (56,873) |
| Re-surface town roads | 132,000 | - | 132,000 | 93,437 | 38,563 |
| Transfer station capital | 25,000 | - | 25,000 | - | 25,000 |
| Subtotal Public Works | <u>605,750</u> | <u>-</u> | <u>605,750</u> | <u>683,686</u> | <u>(77,936)</u> |
| Education | <u>3,667,710</u> | <u>-</u> | <u>3,667,710</u> | <u>3,667,710</u> | <u>-</u> |
| County tax | <u>259,870</u> | <u>-</u> | <u>259,870</u> | <u>259,870</u> | <u>-</u> |
| Recreation- | | | | | |
| Recreation Committee | 26,610 | - | 26,610 | 25,731 | 879 |
| Bunganut Lake town park | 31,040 | - | 31,040 | 31,969 | (929) |
| Subtotal Recreation | <u>57,650</u> | <u>-</u> | <u>57,650</u> | <u>57,700</u> | <u>(50)</u> |
| Solid Waste Disposal | <u>298,350</u> | <u>-</u> | <u>298,350</u> | <u>256,936</u> | <u>41,414</u> |
| Social Services- | | | | | |
| General Assistance | 4,000 | - | 4,000 | 4,128 | (128) |
| Social Service Agencies | 15,173 | - | 15,173 | 15,824 | (651) |
| Subtotal Social Services | <u>19,173</u> | <u>-</u> | <u>19,173</u> | <u>19,952</u> | <u>(779)</u> |

TOWN OF LYMAN, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

| | Original Budget | Budget Adjustments | Final Budget | Actual | Balance Positive (Negative) |
|-------------------------------|---------------------|-----------------------|---------------------|---------------------|--------------------------------|
| Unclassified- | | | | | |
| Conservation committee | 500 | - | 500 | - | 500 |
| Eleven-town group | 500 | - | 500 | - | 500 |
| PSAP | 25,838 | - | 25,838 | 24,667 | 1,171 |
| 457 Fees | - | - | - | 1,232 | (1,232) |
| Military graves | 300 | - | 300 | 300 | - |
| Uncoded | 38,224 | - | 38,224 | 38,224 | - |
| Contingency | 2,000 | - | 2,000 | 2,000 | - |
| Overlay | 119,032 | - | 119,032 | - | 119,032 |
| Subtotal Unclassified | <u>186,394</u> | <u>-</u> | <u>186,394</u> | <u>66,423</u> | <u>119,971</u> |
| Reserve Accounts- | | | | | |
| Cousens School | - | - | - | 15,648 | (15,648) |
| Capital improvement account | 10,000 | - | 10,000 | - | 10,000 |
| Revaluation | 10,000 | - | 10,000 | - | 10,000 |
| Subtotal Reserve Accounts | <u>20,000</u> | <u>-</u> | <u>20,000</u> | <u>15,648</u> | <u>4,352</u> |
| Total Departmental Operations | <u>\$ 5,962,836</u> | <u>\$ -</u> | <u>\$ 5,962,836</u> | <u>\$ 5,733,989</u> | <u>\$ 228,309</u> |

See accompanying independent auditors' report.

TOWN OF LYMAN, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

| | Permanent Funds | Total Nonmajor Governmental Funds |
|---------------------------------------|----------------------|---|
| | <u> </u> | <u> </u> |
| ASSETS | | |
| Cash | \$ 30,219 | \$ 30,219 |
| Investments | 20,000 | 20,000 |
| Total assets | <u>\$ 50,219</u> | <u>\$ 50,219</u> |
| | | |
| LIABILITIES | | |
| Due to other funds | <u>\$ -</u> | <u>\$ -</u> |
| Total liabilities | <u>-</u> | <u>-</u> |
| | | |
| FUND EQUITY | | |
| Fund balance: | | |
| Nonspenable | - | - |
| Restricted | 50,219 | 50,219 |
| Committed | - | - |
| Assigned | - | - |
| Unassigned | - | - |
| Total equity | <u>50,219</u> | <u>50,219</u> |
| Total Liabilities and Fund Equity | <u>\$ 50,219</u> | <u>\$ 50,219</u> |

See accompanying independent auditors' report.

TOWN OF LYMAN, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

| | Permanent Funds | Total Nonmajor Governmental Funds |
|---|--------------------|---|
| REVENUES | \$ 1,217 | \$ 1,217 |
| EXPENDITURES | 500 | 500 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 717 | 717 |
| OTHER FINANCING SOURCES (USES) | | |
| Operating Transfers In | - | - |
| Operating Transfers (Out) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) | 717 | 717 |
| FUND BALANCES, JULY 1 | 49,502 | 49,502 |
| FUND BALANCES, JUNE 30 | \$ 50,219 | \$ 50,219 |

See accompanying independent auditors' report.

Permanent Funds Description

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

TOWN OF LYMAN, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS
JUNE 30, 2011

| | H. Cousens Educational Fund | J. Emmons Cemetary Fund | E. Rumery Cemetary Fund | J. Littlefield Fund | Totals |
|--|-----------------------------------|-------------------------------|-------------------------------|------------------------|------------------|
| ASSETS | | | | | |
| Cash | \$ 25,839 | \$ 220 | \$ 2,300 | \$ 1,860 | \$ 30,219 |
| Investments | 20,000 | - | - | - | 20,000 |
| Total Assets | <u>\$ 45,839</u> | <u>\$ 220</u> | <u>\$ 2,300</u> | <u>\$ 1,860</u> | <u>\$ 50,219</u> |
| LIABILITIES | | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND EQUITY | | | | | |
| Fund balance: | | | | | |
| Nonspenable | - | - | - | - | - |
| Restricted | 45,839 | 220 | 2,300 | 1,860 | 50,219 |
| Committed | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total fund equity | <u>45,839</u> | <u>220</u> | <u>2,300</u> | <u>1,860</u> | <u>50,219</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u>\$ 45,839</u> | <u>\$ 220</u> | <u>\$ 2,300</u> | <u>\$ 1,860</u> | <u>\$ 50,219</u> |

See accompanying independent auditors' report.

TOWN OF LYMAN, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

| | H. Cousens Educational Fund | J. Emmons Cemetery Fund | E. Rumery Cemetery Fund | J. Littlefield Fund | Totals |
|--|-----------------------------------|-------------------------------|-------------------------------|------------------------|-----------|
| REVENUES | \$ 1,182 | \$ 3 | \$ 27 | \$ 5 | \$ 1,217 |
| EXPENDITURES | 500 | - | - | - | 500 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 682 | 3 | 27 | 5 | 717 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Operating Transfers In | - | - | - | - | - |
| Operating Transfers (Out) | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | - | - | - |
| EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) | 682 | 3 | 27 | 5 | 717 |
| FUND BALANCES, JULY 1 | 45,157 | 217 | 2,273 | 1,855 | 49,502 |
| FUND BALANCES, JUNE 30 | \$ 45,839 | \$ 220 | \$ 2,300 | \$ 1,860 | \$ 50,219 |

See accompanying independent auditors' report.

General Capital Assets

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

TOWN OF LYMAN, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2011

| | Land and Non-depreciable Assets | Buildings Buildings Improvements & Land Improvements | Furniture, Fixtures, Equipment & Vehicles | Infrastructure | Total |
|--------------------------------|---------------------------------------|--|--|---------------------|---------------------|
| General Government | \$ 118,203 | \$ 311,502 | \$ 14,310 | \$ - | \$ 444,015 |
| Public works/infrastructure | - | 249,382 | 56,120 | 1,229,895 | 1,535,397 |
| Parks and recreations | 300 | 39,028 | - | - | 39,328 |
| Town wide | 302,050 | - | - | - | 302,050 |
| Total General Capital Assets | <u>420,553</u> | <u>599,912</u> | <u>70,430</u> | <u>1,229,895</u> | <u>2,320,790</u> |
| Less: Accumulated Depreciation | <u>-</u> | <u>(138,521)</u> | <u>(36,758)</u> | <u>(130,951)</u> | <u>(306,230)</u> |
| Net General Capital Assets | <u>\$ 420,553</u> | <u>\$ 461,391</u> | <u>\$ 33,672</u> | <u>\$ 1,098,944</u> | <u>\$ 2,014,560</u> |

See accompanying independent auditors' report.

TOWN OF LYMAN, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2011

| | General Capital Assets 7/1/10 | Additions | Deletions | General Capital Assets 6/30/11 |
|--------------------------------|--|--------------------|-------------|---|
| General Government | \$ 444,015 | \$ - | \$ - | \$ 444,015 |
| Public works | 1,535,397 | - | - | 1,535,397 |
| Parks and recreations | 39,328 | - | - | 39,328 |
| Town wide | 302,050 | - | - | 302,050 |
| Total General Capital Assets | <u>2,320,790</u> | <u>-</u> | <u>-</u> | <u>2,320,790</u> |
| Less: Accumulated Depreciation | <u>(261,994)</u> | <u>(44,236)</u> | <u>-</u> | <u>(306,230)</u> |
| Net General Capital Assets | <u>\$ 2,058,796</u> | <u>\$ (44,236)</u> | <u>\$ -</u> | <u>\$ 2,014,560</u> |

See accompanying independent auditors' report.