

***TOWN OF TOPSHAM
ANNUAL REPORT
FISCAL YEAR 2010-2011***



MUNICIPAL COMPLEX OFFICES



Board of Selectmen

Don Russell, Marie Brillant, Patty Williams, Recording Secretary, Ron Riendeau, Chair,
Andrew Mason and Jim Trusiani, Vice-Chair



Administrative Office

John Shattuck, Economic & Community Development
Rose Woodd, Administrative Assistant
Cornell Knight, Town Manager



General Assistance Office

Linda Dumont, Director



Parks and Recreation Office

Kelly LaFountain, Program Assistant
Pam LeDuc, Director
Gerry Ouellette, Program Coordinator
Gus Hanson, Maintenance Technician
(not pictured)



Finance Office

Debbie Fischer, Manager



Solid Waste & Recycling Facility

Ed Caron, Director

Rick Fields

Tim Staples



Planning and Codes Office

Rod Melanson, Assistant Planner

Rich Roedner, Planner

Irene Dubreuil, Secretary

Tom Lister, Codes Officer



Clerk and Tax Office

Ed Bobalek, Deputy Clerk

Deb Stevens, Clerk

Ruth Lyons, Town Clerk

Joan Gray, Clerk

Linda Dumont, Clerk



Assessing Office

Angie Bradstreet, Assistant Assessor

Justin Hennessey, Assessor

Town of Topsham

Board of Selectmen:

Ron Riendeau - Chairman, term expires : 2011
Jim Trusiani - Vice-Chair, term expires : 2011
Don Russell - Selectman, term expires : 2012
Marie Brilliant - Selectman, term expires : 2013
Andrew Mason - Selectman, term expires: 2013

Town Manager: 725-5821

Cornell Knight

Planning Office: 725-1724

Rich Roedner, Town Planner

Codes Office: 725-1723

Tom Lister, CEO

Parks and Recreation : 725-1726

Pam LeDuc, Director of Parks/Recreation

Assessing Office: 725-1722

Justin Hennessey, Town Assessor

General Assistance: 725-1725

Linda Dumont, General Assistance Director

Tax/Clerk Office: 725-1719

Ruth Lyons, Town Clerk

Finance Office: 725-1721

Deb Fischer, Finance Manager

Public Works Dept: 725-1728

Dennis Cox, Public Works Director

Solid Waste Facility : 725-2757

Ed Caron, Solid Waste Director

Police Department: 725-4337

Tim Young, Police Chief

Fire /Rescue : 725-7581

Brian Stockdale, Fire Chief

Mike Labbe, EMS Director

Topsham Public Library: 725-1727

Susan Preece, Director

Board of Assessment Review

Mike Baribeau
Robert Barry
Beth Clark
Thomas Sawyer
Gordon Donley

Board of Appeals

Fred Hahn
David Marcello
Gordon Donley
Carroll Smith
Jotham Trafton

Finance Committee

Gail Eaton
Jeff Deletetsky
William Thompson
David Douglass
Peter Lepari
Denise Tepler
Phyllis Ponziani

Historic District Commission

Kimberly Mondonedo
Ed Mendes
Gary Smart
Cynthia Chase

History Committee

Randy Williams
John Chonko
Ralph Williams
Ronald Colby

Topsham Housing Authority

Scott Bursey
Linda Dumont
Helen Kincaid
Dennis Paine
Jane Scease

Planning Board

Ronald Bisson
Scott Libby
Bruce Van Note
Jay Prindall
Stephen Mathieu
Donald Spann
Michael Colleran

Sewer District

William Fitzsimmons
Paul Rossingnol
Mark Ponziani

Topsham Development, Inc

Matthew Teare
Frederick Wigand
Steve Pelletier
John Moncure
Joshua Spooner
David Reed
Don Spann (Planning Board Rep)
Cornell Knight (non-voting)
Rich Roedner (non-voting)
John Shattuck, Economic Development Director

Comp Plan Implementation Committee

Dana Cary
David LeClerc
Roger Perkins
Harold Sandelin
Marilyn Hunter
Sue Spann

Water District Board of Trustees

Stuart Kay
Paul Rossingnol

Tree Committee

John Cullen
Christine Cole
Kyle Rosenberg

Conservation Commission

Grace Lewis-McLaren
Victor Langelo
Gary Fogg
Carla Rensenbrink
Jeffrey Pluncker

ANNUAL REPORT OF THE TOWN MANAGER

To the Residents of Topsham:

Enclosed in the annual report are the various town department reports and the audit of the town's financial status as of June 30, 2011.

Some highlights of the year:

The town's undesignated fund balance increased from \$2,906,653 to \$ 3,129,087. This healthy fund balance allows the town to operate from July 1 to the first tax payment without having to borrow money. It is also good for the town's credit rating.

I was hired by the Board of Selectmen February 1st to replace Jim Ashe who retired in December. For the past 12 years I've worked as town manager for the Town of Winthrop.

The property tax mil rate was set at \$14.75, a 6.88 % increase over the previous year.

The State of Maine deeded to the town the 20 acre Hickey property on the Rte 196 bypass. This was excess land from the Department of Transportation's bypass project. There are plans for a bike path through the property as part of the Androscoggin River Bike Path project.

The assistant town manager and tax collector was terminated in November. After an appeal hearing with the Board of Selectmen the decision was upheld. The position was not funded in the 2012 budget.

The town conveyed a tax acquired parcel on the Middlesex Road to Habitat for Humanity for a future home construction project.

Mariner Tower v. Town of Topsham is now in federal court. The tower company brought suit against the town for the Planning Board's decision to deny their application to erect a cell tower off Oak Street. Each side has filed motions for summary judgment. A decision is expected this fall.

Phase 1 of the Bay Park Drainage Project was implemented in the fall of 2010. The water levels at the two ponds nearby were lowered four feet. This work will be monitored to see its effectiveness at lowering the water table in the neighborhood before considering Phase II.

A mechanic was hired in the Public Works Department to do routine maintenance work on all of the town's vehicles and equipment. He is also certified to do the annual state inspections.

The Maine Department of Transportation conducted a detailed inspection of the Black Bridge's structure underneath the roadway using a railroad track mounted lift. The safety engineers found significant deterioration of the structure and will keep the bridge closed until a new one can be designed and built, estimated to be 2 years away. The last rebuild of the bridge was in 1987.

I am enjoying my time here in Topsham and appreciated the warm welcome I received from the Board of Selectmen, town staff and residents. Please stop in or email me with any questions or concerns, cknight@topshammaine.com

Respectfully submitted

Cornell Knight
Town Manager

TOPSHAM PARKS & RECREATION

The Topsham Parks and Recreation Department is currently responsible for the overseeing of a variety of recreational events for the residents of Topsham, as well as the maintenance, and care of the Foreside Recreation Facility, the Pejepscot School, and Head of Tide Park. In addition the department staff run Topsham's educational and governmental Television Channel 3, and maintains the Community Bulletin that runs on Channel 3.

Parks & Recreation Staff:

Pam LeDuc, Director

Gerard Ouellette, Program Coordinator

Ray Hanson, Maintenance Technician

Kelly LaFountain, Program Assistant

Projects/Successes:

- Successful Land and Water Conservation Fund Grant Application for financial assistance in the creation of the Head of Tide Park on Cathance Road, \$74,879.
- Final planning phase of the creation of Bridge to Bridge trail between Black Bridge and the Swinging Bridge.
- Participation in the development and planning of the Androscoggin Riverwalk
- Installation of Dug outs at both Foreside and Riverside Baseball Fields
- Safety Improvements to Foreside Playground, which included mesh and wood chip installation.
- Implementation of Forestry Plan Survey of Foreside Recreational Woods
- Began the successful re-broadcast of community meetings on Channel 3.

Needs/Deficiencies Identified:

- Installation of the new lights at the Basketball Courts and Ice Rinks
- Installation of Batting Cage for Baseball
- Rental agreement policy for the Foreside Pavilion

Programs/Participation:

Cal Ripken Baseball 60 Participants

3 – teams at ages 9 – 10

2 – teams at ages 11 - 12

High School Basketball Camps

30 girls in grades 7 – 12

Fall 2010 Cross Country 4 – boys 8 – girls ages 6 – 12

Spring 2011 Cross Country 14 – boys 18 – girls ages 6 – 12

Fall 2010 Field Hockey 7 – girls ages 7 – 12

Summer 2011 Field Hockey 7 – girls ages 7 – 12

Eagle Football Camp 43 – boys grades 9 – 12

Eagles Lacrosse (Middle School Level) – 7 & 8th Grade 35 - Boy's 17 - Girl's

Non – Contact Football Camp 28 – boys grades 3 – 8

Golf Lessons 1 – boy ages 8 – 12 and 8 – adults

Learn – to – Ski / Snowboard

Skiers 6 – boys 8 – girls grades 2 – 8

Snowboarders 7 – boys 1 – girl grades 2 – 8

Challenger Soccer Camp 48 – boys 25 – girls ages 4 – 12

Ladies Volleyball – 14 participants

Mt. Ararat Soccer Camp 30 – boys 19 – girls ages 5 – 14

Summer Basketball 35 – boys 17 – girls grades 3 – 9

Sunday Open Gym - 14 Weeks - Adult/Family

T – Ball 35 – boys 17 – girls ages 5 & 6

Tennis 15 – boys 9 – girls ages 8 – 14 2 Adults (ages not disclosed)

Valentine Ball 111 participants

Youth Baseball 37 – boys 11 – girls Ages 7 & 8

Youth Basketball 118 – boys 70 – girls grades 1 – 8

Travel League – 35 Participants

Candlepin Bowling 4 – boys ages 8 – 15

Youth Soccer 229 – boys 178 – girls ages 5 – 14

Youth Softball 14 – girls ages 8 – 12

Youth Wrestling 11 – boys 1 – girl grades 2 – 5

Winter Baseball 35 – boys ages 9 – 11

Special Events –

Easter Egg Hunt

Father Daughter Valentine Dance

Halloween Parade

Tour de Merrymeeting Bay

Santa Central Calls

Cookies with Santa

Fishing Derby

New this year - Bike Rally at the Topsham Fair Mall

Times Record Foul Shooting Contest

Red Claws Hot Shot Contest

POLICE DEPARTMENT

The Town of Topsham Police Department continues to strive to make the Town a safe and enjoyable place to live. The Department, the business community, and the citizens work together in their responsibilities to ensure this happens.

This past year the Department responded to 5,191 calls for service. In addition to that, there were 3,182 officer initiated traffic stops. There were 309 Criminal Summonses issued or Arrests made by the officers. Also there were 289 Traffic Crashes investigated.

Traffic related issues continue to be of great concern to the citizens. The Police Department in cooperation with the Bureau of Highway Safety secured funds in a number of areas to help with some of the costs associated with concentrated enforcement. These programs include OUI Enforcement, Speeding Enforcement details and Seat Belt laws. Also we work in cooperation with the railroad patrolling the tracks and ATV trails utilizing our ATV given to us as a part of a grant from the railroad.

The Department looks forward to working with and for the people of Topsham in areas such as the Neighborhood Watch Program, Driver Education, Under Age Drinking compliance, and the many other programs the members of the Department are involved with. We look forward to serving Topsham in the future as this community continues to grow.



ECONOMIC & COMMUNITY DEVELOPMENT HIGHLIGHTS

STRATEGIC

Marketing Topsham

- Initiated work on creation of TDI website – anticipated launch: September 2011

Regionalism

- Led Midcoast Council of Governments (MCOG) board during year which achieved increases in membership and staff, as well as offering improved services to member municipalities
- Key negotiator in Midcoast Economic Development District's (MCEDD) substantial geographic expansion and comprehensive overhaul of governance structure

Strategic Planning

- Preparation and adoption (TDI) of new economic and community development plans
- Worked with staff colleagues, TDI and TCC for adoption of Topsham Community Fund ordinance

LEADERSHIP

- Elected president of Midcoast Council of Governments – second term
- Elected vice-president of Midcoast Economic Development District
- Nominated by Select Board to serve on Midcoast Regional Redevelopment Authority - pending

ECONOMIC DEVELOPMENT

- Red Mill development work with Omega Wellness and Fore River Company - ongoing
- Concept planning for Redevelopment of Annex and North Main Street area - completed
- Topsham retailer group and merchant-based case for Topsham - ongoing
- Lee Toyota and Lee Nissan
- Redevelopment of Village Candle building – new Reny's store
- Numerous other business assistance/attraction efforts – pending

COMMUNITY DEVELOPMENT

- BNAS Transportation Study Advisory Committee
- Head of Tide Park Committee
- Redevelopment of Green Street and waterfront park
- Redevelopment of Annex residential areas consistent with TLRA Master Plan

TOPSHAM DEVELOPMENT, INC

- Supported successful board effort to attract new directors
- Assisted board in designing major mission/strategic planning retreat to clarify TDI's role
- Supported TDI's ongoing collaboration with MRRA for redevelopment of Annex Triangle

GRANTS

- Worked with MCOG to secure Efficiency Maine energy efficiency/weatherization grant for MCOG region, from which Topsham received nearly \$80K in grant funds
- Worked with MCOG to secure to secure \$10K CDBG planning grant to study Topsham's connectivity to regional transit – grant awarded pending municipal acceptance (town meeting)
- Worked with MCOG & MCEDD to complete \$93.5K Office of Economic Adjustment grant to create website to market MCEDD region - anticipated launch: September 2011
- Worked with Topsham staff colleagues to secure to secure \$395K Communities for Maine's Future – grant not awarded due to lack of immediately available of match funding

ASSESSING OFFICE

Fiscal Year July 2010 to June 2011

Justin Hennessey, Assessor, CMA

Angela Bradstreet, Assistant Assessor, CMA

The Assessing Office maintains property records for all real estate and business equipment within the Town of Topsham. All assessing duties are performed in accordance with Maine State Law. Our records and value determinations are audited by Maine Revenue Services annually.

All records in the Assessing Office are available for public inspection. The annual tax commitment list, tax maps and tax bills are also available online www.topshammaine.co.

Real estate property record cards are available online www.Visionappraisal.co.

The State of Maine provides a measure of property tax relief through partial exemptions for qualified individuals. A Homestead Exemption is available to any Maine resident for their primary dwelling after they have lived in the home for at least one year. A Veteran Exemption is available for veterans who have served during a recognized war period. The veteran must be 62 years of age or 100% disabled as defined by the Veteran's Administration. A widow or widower of a qualified veteran, who has not remarried, may also receive the partial exemption. Homeowners who are legally blind may receive a Blind Exemption.

Other properties may qualify for a reduction of valuation by enrolling in the Current Use Programs. Classifications exist for farmland, tree growth, open space, and working waterfront.

Application forms for partial exemption, or current use programs are available in the office or from the Town of Topsham website.

TOWN VALUATION AND LEVY HISTORY

April 1,	2010	2009	2008	2007
Taxable Real Estate	\$960,647,854	\$984,139,660	\$983,607,483	\$971,150,985
Taxable Business Equipment	\$27,579,720	\$29,190,560	\$30,304,010	\$28,950,192
Homestead Reimburse Value	\$11,061,450	\$14,127,700	\$13,816,700	\$13,140,900
BETE Reimburse Value	\$1,796,752	\$1,222,083	\$845,280	\$0
Total Valuation Base	\$1,001,085,776	\$1,028,680,003	\$1,028,573,473	\$1,013,242,077
County	\$1,402,330	\$1,392,205	\$1,319,159	\$1,378,185
Municipal	\$7,324,116	\$6,901,139	\$6,970,475	\$6,804,455
TIF Financing (Dev & Town)	\$2,032,829	\$2,083,239	\$1,806,720	\$1,803,575
School SAD 75	\$7,565,452	\$7,217,651	\$7,411,634	\$7,473,532
Total Appropriation	\$18,324,727	\$17,594,234	\$17,507,988	\$17,459,747
State Revenue Sharing	\$664,408	\$800,000	\$800,000	\$765,000
Other Revenues	\$3,052,380	\$2,771,509	\$3,147,650	\$3,524,650
Total Deductions	\$3,716,788	\$3,571,509	\$3,947,650	\$4,289,650
Net Appropriation	\$14,607,939	\$14,022,725	\$13,560,338	\$13,170,097
Overlay	\$158,076	\$173,059	\$325,404	\$458,009
Tax Rate	0.01475	0.01380	0.01350	0.01345
Certified Ratio	100%	100%	100%	100%
State Valuation	\$805,150,000	\$837,800,000	\$912,600,000	\$884,150,000

Finance Office Report

Debra Fischer, Finance Manager

The primary function of the Finance Office is to maintain proper internal controls on all Town transactions. The finance manager processes all municipal payrolls, accounts payables, account receivables and purchase orders. In addition, the finance manager is responsible for monthly, quarterly and yearly financial reporting, year-end preparation for the annual independent financial audit, and assists the Town Manager with the budget preparation. I also balance general ledger accounts monthly, record all supplemental and abatements and oversee the balancing of the Town's bank statements.

In fiscal year 2010-11 the finance office processed 88 warrants (52 payroll & 36 account payable) and issued 7,931 checks.

I am very pleased to report that the Town of Topsham did not need to borrow against the Tax Anticipation Note (TAN) this year thanks to all department heads scheduling large cost items to be delivered after taxes were collected.

Through diligence I was able to find and collect \$46,951 that had been insurance premiums that had been transferred to stock years ago.

The staffing of the Finance Office consists solely of the Finance Manager. I would like to thank Angie Bradstreet for her help with payroll and accounts payable processing this past year during times that I was away or busy with the auditor, year end W4's, etc.

FIRE & RESCUE

Mission Statement

The Topsham Fire & Rescue Department exists to preserve life and property through superior, and pro-active professional services delivered with integrity, courtesy and compassion.

· To achieve this mission, we will do the following:

1. Promote, through engagement, educational programs designed to increase community member awareness in regards to issues relating to life safety & health.
2. Provide the highest level of training to department members in the areas of public education, fire prevention, emergency medical services, fire suppression and rescue.
3. Maintain or decrease response times for emergency medical services and fire/rescue protection.
4. Provide department members with the necessary equipment and supplies to safely and efficiently perform their duties.

Vision Statement

To be recognized within our community and beyond for setting and achieving the highest level of standards and performance as an all hazards response agency.

I am pleased to submit the FY 2010/2011 Topsham Fire & Rescue annual report. This year has been one of great change and steady progress. I am proud to be a member of this department and this community. It is a privilege to work alongside the men and women who dedicate a great deal of their time and efforts to the department and the citizens of Topsham.



This has been a year of change and progress. We have steadily moved forward and built upon an already strong foundation. Some of our accomplishments this year were:

1. Newly developed Mission/Vision & Values that support our departmental goals
2. Placed a new ambulance into service
3. Added per diem staff coverage to increase effectiveness in responses and care
4. Completed purchase of Air-Packs. All air-packs are installed and in use.
5. Completed specifications for new ladder truck purchase
6. Implemented new record management/scheduling software and inventory management program
7. Completed a full SOP/SOG revision
8. Upgraded computer systems and training room audio visual equipment
9. Utilizing grant funds we were able to purchase and implement a full firefighter accountability system
10. Purchased new portable radio's through a combined grant with Lincoln County
11. Increased, through training, the number of department certified FF's, EMT's, Fire Officers, and Fire Instructors

I would like to thank the members of the Topsham Fire & Rescue Department, as well as Town management, the select board and certainly the citizens of Topsham. Without your support we would not be able to meet our mission.

With Regards,

^

Brian D. Stockdale
Fire Chief

Department Overview:

The Topsham Fire & Rescue Department is 40 members strong. The membership consists of:

- | | |
|--------------------------|--|
| 1 Full-Time Fire Chief | 2 Captains (On Call) |
| 1 Full-Time EMS Director | 3 Lieutenants (On Call) |
| 1 Deputy Chief (On Call) | 32 Firefighter's & Emergency Medical Personnel (On Call) |

We operate out of 1 station, and staff the following equipment:

- | | |
|--|--------------------------|
| 2 Basic & Advanced Life Support Ambulances | 1 Boat |
| 3 Engines | 1 Tanker |
| 1 Ladder | 1 Brush (Forestry) Truck |
| 1 Rescue/Vehicle Extrication Unit | |

The department staffs the following Full-Time & Per Diem positions 7 days a week to supplement our on call staff:



- | | |
|--|--------------------------------------|
| 1 Full-Time Fire Chief (8 Hour Days/M-F) | 2 FF/EMT's (12 Hour Days /7AM – 7PM) |
| 1 Full-Time EMS Director (8 Hour Days/M-F) | 2 FF/EMT's (8 Hour Days/8AM – 4PM) |

Incidents:

The past year has been a very busy year for Topsham Fire & Rescue. We have responded to an increased number calls for service both in town and out of town.

Incident Hours Worked by Members: 3972.25
Town Property Values (Structures Only): \$739,468,300
Property Lost: \$531,700
Fire/Rescue Calls: 545

Emergency Medical: 958
Total Calls for Service: 1503

Fire Prevention/Community Relations:

There were 27 Fire Prevention/Community relation events held in FY 10/11. These events reached approximately 1100 children and adults. The department is working hard to increase its community presence through life safety education programs.

Inspections:

Members of the Topsham Fire & Rescue Department completed 103 inspections throughout the year. These inspections included life safety, victualler's license, building inspections and fire drills.

Training:

On top of all the time members dedicate for emergency responses they still train twice a month and attend numerous courses at different times throughout the year. This year we have had 4 members attain there EMT Intermediate license (over 400 hours of classroom & clinical time). 3 members have completed their EMT Basic Course (over 225 hours of classroom & clinical). 5 members have completed the firefighter 1 & 2 Program (over 200 hours of instruction). In addition, we have members who have completed instructor, fire officer, hazardous materials and rescue technician courses/certifications. All of these programs are on top of the twice a month trainings done at the department. This dedication to professional development is what makes Topsham Fire & Rescue one of the top services in the state. Department members dedicate their time and energy so they can be prepared to respond to any situation needed.

GENERAL ASSISTANCE

Linda J. Dumont, Coordinator

Tel: 725-1725

Emergency Tel: 725-4337

Office Hours:

Monday & Wednesday 8:30-4:30

Friday 8:30-1:30

- The General Assistance Program is designed to provide immediate financial assistance to the residents of Topsham who are unable to provide for their basic necessities. This includes rent/mortgage, heating fuel, utilities, non-elective medical services, telephone when medically necessary, necessary work-related expenses, clothing, food and personal supplies.

The program continues to provide a safety net to protect the health and well being of the most needy. The state reimburses municipalities 50% of the expenditures for this program.

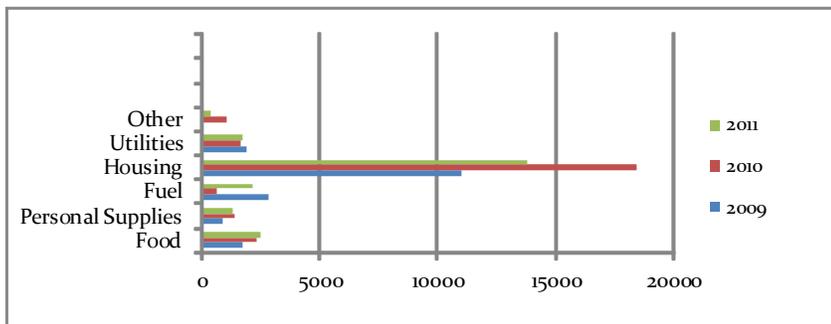
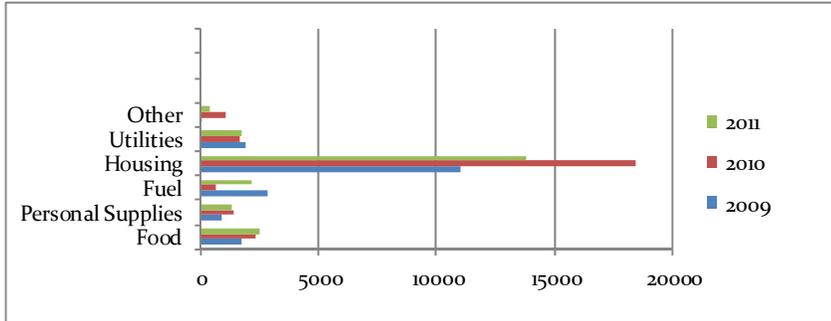
General Assistance has developed into a program that promotes accountability and encourages self-reliance. Individuals applying for this assistance will be required to utilize all available resources such as TANF, the food Supplement program (food stamps), Medicaid, fuel assistance, subsidized housing and daycare, etc. With overall maximum levels of assistance being low, it is critical to network with local and area resources to access all services and available assistance.

Emergency Assistance is available for those who do not qualify for general assistance, but are facing an emergency that is life threatening or beyond their control.

- The Topsham Heating Assistance program was created in 2008 and provides a one-time per year benefit to qualifying households not eligible for General Assistance or LIHEAP as funds are available. This program is funded through community donations and various fund raising events.
- Assistance is also offered in completing forms and applications upon request. Applications available include TANF, food stamps and Maine Care, Medicare buy-in, Subsidized and senior housing and Property tax and rent refund application. Due to limited office hours; scheduled appointments are recommended.
- Poverty Abatement applications and assistance in completing the application is provided by this office.
- During the holiday season, the coordinator works with many local churches, civic organizations, business and private individuals to meet the needs of families that are having a difficult time. These

groups have provided many local families with Holiday dinners, gifts, toys and clothing. We thank them for their kind generosity and ongoing support of our community.

- If you are in need or know of someone who can benefit from this service, please contact the office. All information is confidential.



Yearly

Expended Comparison

TOPSHAM PUBLIC LIBRARY

The Library completed a Long-range Plan for 2012-15 which culminates a year of focus group discussions, questionnaires and meetings with community stakeholders. Our mission: *to be a community center for all ages*; has not changed and is one of the many things that the people of Topsham want continued as we plan for the future. It is clear that the library is **THE** place for information, entertainment, education and recreation. Thanks to the loyal sponsorship of the *Friends of the Topsham Public Library*, we continue to offer a great variety of programs for adults, teens and children which include, book discussions, storytimes, crafts, concerts, lectures, gallery exhibits, open mike nights and even a Murder Mystery or two!

As always, we are conscious of the need to provide **cost-effective services** for all the citizens of Topsham. Volunteers provide over 52 hours per week of much needed support to our dedicated staff. They assist with a variety of tasks from gardening to shelving books to office support and more. Other volunteer organizations like *AARP* and *Literacy Volunteers* provide individual help to those who have specific needs. We are pleased to continue to work with all *Topsham Town departments, the Highlands, Cathance River Education Alliance, Topsham Historical Society, MSAD 75 and Topsham Garden Club*, among many others to pool our resources and reach out to every member of the community with books, services, programs and activities.

Our business is information, and your tax support allows us to provide almost any item you could want from our own collection and over sixty other Maine libraries through the Minerva system and beyond. *For about 81 cents a week or less than the cost of two hardcover adult books per year*, Topsham residents are accessing a multitude of resources including books, EBooks, audios, videos, and even binoculars and fishing poles!

The **Job Information Center** at the library houses a great collection of resources for those looking for work, changing careers or entering the workforce, thanks in part to two *Sender Fund* grants. A bi-weekly support group cosponsored with *Workforce Solutions* helps keep members abreast of new sources and techniques for attracting the perfect job. As always, our *Winway* Resume Writing software and volunteer, one-on-one computer skills help can make a difference in today's job market.

We continue to raise funds through our *Annual Appeal, memorial gifts and grants*, to enhance the support we receive from tax revenues. The *2011 Annual Appeal* brought in \$14,500 which bought books and other library items. Grant funds allowed the library to upgrade our light fixtures to energy efficient models and are helping us address the need for closer handicapped parking. Please feel free to contact the Library Director, Susan M. Preece (director@topshamlibrary.org) or Library Board President, Curt Neufeld for more information about donations to the library. We can always use your ideas, suggestions, help and support.

Stop by and check us out or visit our website: www.topshamlibrary.org. Let us know what you think about **YOUR** library! We're on *Facebook*, too!

PLANNING & CODES ENFORCEMENT

The Planning and Codes Enforcement Office is responsible for reviewing project applications for compliance with our various land use codes, including zoning, site plan, and our building codes, to name the major ones. In addition, we work with multiple committees on various projects, including bike/trail/park development, ordinance development and energy related issues.

Over the past year, Topsham saw its largest commercial project in the last three years. The approval of the new Lee Toyota dealership on Main Street (Rt. 201), along with the construction of the Down East Credit Union on Main Street, shows an encouraging sign about the strengths of the local economy and the desirability of Topsham as a place to do business.

In October of 2010, our Codes Enforcement Officer, Tod Rosenberg, accepted a similar position with the Town of Belfast, leaving a vacancy that has been filled by Tom Lister, our new CEO. Tom comes to us with several years of experience working in Falmouth and Windham. He has been an invaluable addition to our staff, which consists of the following:

Richard Roedner, Planning Director

Tom Lister, Codes Enforcement Officer

Rod Melanson, Natural Resource/Assistant Planner

Irene Dubreuil, Administrative Assistant

As noted, the Planning and Codes Enforcement Office provides staff support to numerous committees and boards, including:

- Comprehensive Plan Implementation Committee – This committee spent considerable time this past year working on implementing recommendations from our 2005/2007 Comprehensive Plan, including amendments to our zoning map regarding a Limited Commercial District on Rt. 196, correcting omissions in the sign ordinance, and developing a set of regulations implementing the Natural Areas Plan.
- Conservation Commission – The Conservation Commission assisted the Implementation Committee in developing language to implement the Natural Areas Plan, it updated its inventory of publically owned land in Topsham, has worked to improve both trail assets and maps, and has been an tremendous resource in working on Vernal Pool surveys.
- Historic District Commission – The HDC is a committee that reviews proposed architectural changes to buildings and structures in our Historic Districts. This past year they have undertaken an Architectural Survey of the districts, and are currently working on amending our existing Historic District Ordinance.
- Tree Committee – The Tree Committee has been working on forest management plans for Town-owed forested parcels, to improve the management of these Town forests. They have also started a nursery, focusing on native species, to assist the Town, by providing acclimated tree stocks for Town-projects.
- Sustainable Topsham – Sustainable Topsham is a small committee that seeks to advise the Town on energy efficiency measures. They helped with the adoption of a PACE Ordinance in Topsham, which makes property owners in Topsham eligible for loans from Efficiency Maine to make energy efficiency improvement to home. In addition, Sustainable Topsham

provided assistance in securing energy efficiency grants for the Town, resulting in over \$65,000 of improvements to municipal facilities, including low energy lights, switches to natural gas furnaces, and the installation of idle monitors on our police cruisers, which will allow them to power their lights when stopped, without running the engine.

- Head of Tide Park – Head of Tide Park is located at the dam on the Cathance River, at the crossing of the Cathance Road. This parcel was purchased by TDI several years ago (State grants reimbursed us the purchase price), and working the Brunswick Topsham Land Trust, the Conservation Commission, the Parks and Recreation Department and the Economic Development Department, this effort has been the recipient of several state and federal grants, resulting in a park with a canoe/kayak launch, grassed areas, and sites for future picnic areas and parking. This is a wonderful park, with an exceptional location, and through the cooperative efforts of the various groups involved, no Town money has been expended on the development of the site.
- Topsham Commerce Park – Staff continues to work closely with the MidCoast Regional Redevelopment Agency in redevelopment efforts at the former Topsham Annex. However, due to the ongoing use of the ‘commercial’ portion of the site, and the delay in closing the commissary, there has been no redevelopment within the Commerce Park. The housing area is headed toward a resolution, as Balfour Beatty, the former owner of the housing lease, has sold its interest to Maine-based developer, George Schott. His goal is to secure the land from MRRA, and then be able to re-package the land to the housing, and then to work on redevelopment or resale. It is hoped that the land transactions will take place sometime this year.
- Trails – The office continues to work on three trail projects. The Bridge to Bridge Trail has been constructed, and is awaiting paving. This is being financed by State grants and local donations. The Riverwalk Trail has been designed, and we are waiting for State grant funds, matched by local donations, to begin construction. The big trail, the Bike Path from Main Street to Community Drive, is nearing the completion of final design. The Town has set aside some funds for construction, and we are working on additional grants to fund the rest of our local share, It is anticipated that the State will fund 80% of the construction costs.
- Codes Enforcement Officer – Tom Lister started working in our office in December of 2010. During this past fiscal year, the office has issued the following permits:
 - ❖ 15 new single family dwelling units
 - ❖ 9 replacement mobile homes
 - ❖ 8 commercial building permits
 - ❖ 85 plumbing permits
 - ❖ 123 electrical permits

In addition to these building permits, the office received 32 complaints, of which 6 are still in the enforcement/resolution phase.

SAD 75

School year 2010-11 saw many changes in SAD 75. At the beginning of the year Sally Loughlin, the Assistant Superintendent, left and we hired Brad Smith to be the new Assistant. In January, Superintendent Mike Wilhelm announced his retirement at the end of June and the Board, after a full search, hired Brad Smith to take Mike's place.

The Board is currently looking for a new Assistant Superintendent.

Due to Brenda Brown's departure from the Middle School, the Board also sought a new principal for the Middle School to begin on July 1, 2011. William Zima, an assistant principal at Mesalonskee Middle School was hired to fill that position.

Don Gray, High School Assistant Principal, took a leave of absence in April to begin a Navy deployment to the Horn of Africa. The District is currently looking for a one-year substitute for Don

After being voted down in 2010, the District got a positive vote in February to close the West Harpswell School and consolidate the two Harpswell Schools at the Harpswell Islands School. Together the population of the school, now named the Harpswell Community School, will be approximately 160 students. This will save the District approximately \$180,000 and create greater capacity to provide educational resources for the children in Harpswell. The Board recently hired Kerry Bailey, previously a principal in Bath and Yarmouth, to be the administrator.

It was another difficult budget year, as the District again lost over \$1 million in State subsidy. The Board was determined not to increase the total local assessment. In order to continue to operate the schools effectively, it chose to close the funding gap by increasing the use of fund balance (carry over) as a revenue by \$200,000, using \$409, 423 in Federal Jobs money, and by decreasing expenses by \$572,349. This was accomplished by reducing administrative support positions, 8.2 teaching positions and reducing expenditures in all parts of the budget. The District greatly appreciated the support of the voters who approved the budget by a 3 to 1 margin.

Looking forward, next year will see a continuation of the successful Teachers College Reading and Writing work that has led to major literacy gains by elementary students and the inauguration of the High School Capstone Project which will ask seniors to present a project at the end of year that captures a strong personal interest and which exhibits the student's skills as an effective communicator, quality worker, problem solver and informed thinker. These projects will require the students to intersect with their community and draw on its resources. A pilot of this initiative this spring proved highly successful. The District will also look to expand participation in its Study Circles – facilitated discussions of interested community members, teachers and students around topics of significant interest to the District. This year about 50 individuals participated in discussions that helped frame the Capstone initiative.

Please take advantage of the District website – www.Link75.org

Respectfully submitted,

SOLID WASTE & RECYCLING

Single Sort recycling has proved to be a very good choice for the Town of Topsham. It has allowed use to down size our crew by one employee, saving the Town \$25,000 or more a year. While allowing us to keep a better handle on the materials coming in, such as Wood waste and Demo debris.

This is good because with the DEP rules that govern how we handle Wood waste there is a 1.5 % contamination rate on pressure treated wood and other undesirable materials. That is not a lot of room for error and each time we fail that test it can cost the Town \$900 to retest.

The residents of Topsham recycled over 1,916.57 tons of recyclable material this past year, reducing the disposal cost to the Town by over \$100,000 and giving the Town a recycling rate of 56.31% for the year 2010. The Town has maintained a rate of 50% or better for a number of years. Thanks to the cooperation of the Taxpayers of Topsham for without whom we could not have accomplished this difficult task.

Household Hazardous Waste days in April and October helped to remove many gallons of paint and pesticides as well as hundreds of pounds of pollutants. The Town recycled 17.87 tons of Universal Waste such as TVs and Florescent light bulbs and Mercury devices.

The Staff of the Solid Waste Facility would like to thank the residents of Topsham for their participation in these programs.

PUBLIC WORKS DEPARTMENT

July 1, 2011

The Public Works Department was kept very busy this past year with road maintenance issues, mowing Town facilities and plowing the streets. We also assisted other Town Departments with their projects and maintenance issues.

Portions of the Foreside Road and Alan Street were prepared and paved during the year, including drainage work where necessary. The crew also hand placed a shim on the Cathance Road to help eliminate some of the rutting. Two department members were kept busy most of the summer season mowing and trimming along several roads in Town and the Town facilities including the Town Office, Fire Station and Library.

The winter season started early and stayed unusually longer this past year, creating some challenging storms to plow and larger snow banks than usual. The crew did an exceptional job keeping up with the storms and the work load that came because of them.

Public Works Director Rob Pontau resigned in the Fall of 2010 and Tad Hunter was the interim Director until the hiring of Dennis Cox in April 2011. Thank you Tad for filling in during the long winter.

New and more efficient lighting was installed at the Public Works facility at a cost of \$13,700. All of this work was covered by a grant through Efficiency Maine.

At the Annual Town Meeting, a new plow truck was approved to replace the 1989 truck that has a cracked frame. \$135,000 has been budgeted for the truck's replacement.

I would like to thank the Town residences for their cooperation while the department worked in the streets and roads doing maintenance projects that quite often create traffic problems or inconveniences.

Respectfully Submitted,

Dennis Cox, Director

Topsham Public Works

CLERK / TAX OFFICE TOWN REPORT

STAFF:

Ruth A. Lyons, Town Clerk, Deputy Tax Collector and Registrar of Voters

Lesley McMillan, Deputy Town Clerk, Assistant Tax Collector and Deputy Registrar of Voters

Joan M. Gray, Assistant Town Clerk, Assistant Tax Collector and Deputy Registrar of Voters

Edward E. Bobalek Assistant Town Clerk, Assistant Tax Collector and Deputy Registrar of Voters

It was an eventful year with Town Meetings and elections. Lesley McMillan resigned in October of 2010 before the Election in November. She was greatly missed.

In January we welcomed Linda Dumont as our Assistant Clerk, Assistant Tax Collector and Deputy Registrar of Voters. Linda works two days a week in the Clerk/Tax office. We are delighted to have her as part of our team. Debra Stevens joined us for three days a week as an Assistant Clerk, Assistant Tax Collector and Deputy Registrar of Voters and we are delighted to have her as an addition to our team. This brought our office up to full staff.

Ed Bobalek was sworn in as Deputy Clerk in March of 2011 a deserved position.

STATISTICS:

26,603 transactions

9,206 motor vehicles

3 Town Meetings

2 State 1 Primary and 1 General Election

We recorded 125 births, 183 deaths and 73 marriages

I cannot say enough about our Election Workers. They are dedicated and dependable. I could not run quality elections without them and the support from my Board of Selectmen, Town Manager, and Co Workers.

Acct	Name ----	Year	Original Tax	Payment / Adjustments	Amount Due
828 R	ADCOCK MICHAEL	2011	1,495.65	739.24	756.41
711 R	ALLARD LOUIS C	2011	691.78	-8.59	700.37
1758 R	ATRIPALDI VINCENT J	2011	8,879.50	-8.59	8,888.09
2038 R	ATWOOD RONALD B	2011	5,038.60	1,838.95	3,199.65
3512 R	ATWOOD THOMAS P	2011	1,175.58	-8.59	1,184.17
2516 R	AZURA KATHRYN	2011	1,907.18	945.00	962.18
2483 R	BARTLETT DWIGHT A	2011	1,145.97	504.10	641.87
1268 R	BARTLETT FLORENCE A HEIRS OF	2011	3,351.20	2,665.99	685.21
3244 R	BASINET WILLIAM A	2011	1,007.43	-8.59	1,016.02
943 R	BECHARD MICHAEL G	2011	5,162.50	18.96	5,143.54
3006 R	BERNIER PAUL E	2011	2,393.92	2,126.61	267.31
2909 R	BERRY CHARLOTTE L	2011	1,264.08	-8.59	1,272.67
1194 R	BLACK VICKI	2011	439.55	211.19	228.36
528 R	BOWIE HOME CONSTRUCTION	2011	756.68	369.75	386.93
4510 R	BOWIE HOME CONSTRUCTION	2011	525.10	-8.59	533.69
4511 R	BOWIE HOME CONSTRUCTION	2011	575.25	-8.59	583.84
4513 R	BOWIE HOME CONSTRUCTION	2011	551.65	-8.59	560.24
4514 R	BOWIE HOME CONSTRUCTION	2011	502.98	-8.59	511.57
4515 R	BOWIE HOME CONSTRUCTION	2011	582.63	-8.59	591.22
4516 R	BOWIE HOME CONSTRUCTION	2011	513.30	-8.59	521.89
4517 R	BOWIE HOME CONSTRUCTION	2011	502.98	-8.59	511.57
4518 R	BOWIE HOME CONSTRUCTION	2011	510.35	-8.59	518.94
4519 R	BOWIE HOME CONSTRUCTION	2011	511.83	-8.59	520.42
4520 R	BOWIE HOME CONSTRUCTION	2011	570.82	-8.59	579.41
4521 R	BOWIE HOME CONSTRUCTION	2011	516.25	-8.59	524.84
4522 R	BOWIE HOME CONSTRUCTION	2011	544.28	-8.59	552.87
1053 R	BRADSTREET JIM	2011	2,988.35	2,801.65	186.70
316 R	BRILLANT CHRISTOPHER L	2011	4,003.15	1,992.99	2,010.16
1152 R	BRILLANT ERNEST L	2011	4,587.25	-8.59	4,595.84
516 R	BRILLANT LEON C	2011	2,871.83	-8.59	2,880.42
2618 R	BRILLANT TIMOTHY	2011	2,495.70	-8.59	2,504.29
642 R	BROWN MICHAEL D	2011	1,643.15	-8.59	1,651.74
483 R	BURDWOOD MICKELENE	2011	148.98	-8.59	157.57
2393 R	BUTLER JULIE	2011	321.55	-8.59	330.14
4479 R	CAIRNS WILLIAM J	2011	4,007.58	-8.59	4,016.17
4480 R	CAIRNS WILLIAM J	2011	873.20	-8.59	881.79
423 R	CALKIN ROBERT J	2011	2,793.65	910.51	1,883.14
1737 R	CALL FLORENCE H	2011	73.87	-8.59	82.46
3288 R	CARLETON PETER	2011	2,162.35	908.05	1,254.30
3838 R	CHANDEL SUSAN LE	2011	3,761.25	-8.59	3,769.84
1961 R	CHASE MARK	2011	215.35	-8.59	223.94
2436 R	CHONKO JOHN J	2011	2,098.92	918.96	1,179.96
805 R	CLOUTIER RONALD E	2011	2,072.38	563.87	1,508.51
1245 R	COLBY RONALD C SR - HEIRS OF	2011	1,267.02	-8.59	1,275.61
2427 R	COLBY RONALD C SR - HEIRS OF	2011	303.85	0.00	303.85
2969 R	COLBY RONALD C SR - HEIRS OF	2011	2,255.28	-8.59	2,263.87
892 R	CONTRERAS WILLIAM H	2011	2,205.13	-8.59	2,213.72

Non Zero Balance on All Accounts

Tax Year: 2011-1 To 2011-2

As of: 08/05/2011

Acct	Name ----	Year	Original Tax	Payment / Adjustments	Amount Due
804 R	COOMBS MAUREEN ANN	2011	864.35	-8.59	872.94
3265 R	COULOMBE ANTOINE G	2011	3,090.13	-8.59	3,098.72
253 R	DACO ASSOCIATES	2011	54,964.40	25,081.44	29,882.96
2470 R	DAVIS ELAINE J	2011	1,970.60	1,453.36	517.24
2766 R	DETUCCIO DEBRA A	2011	2,526.67	2,431.32	95.35
1339 R	DIRENZO NORMAN	2011	1,169.68	-8.59	1,178.27
2042 R	DIRENZO NORMAN	2011	765.53	-8.59	774.12
4058 R	DIRENZO NORMAN	2011	967.60	-8.59	976.19
503 R	DIRENZO NORMAN 2/3 INT	2011	231.58	-8.59	240.17
463 R	DIRENZO NORMAN S	2011	525.10	-8.59	533.69
1902 R	DIRENZO NORMAN S	2011	299.43	-8.59	308.02
1994 R	DIRENZO NORMAN S	2011	1,247.85	-8.59	1,256.44
2777 R	DIRENZO NORMAN S	2011	1,746.40	-8.59	1,754.99
3532 R	DIRENZO NORMAN S	2011	283.20	-8.59	291.79
3587 R	DONNELL CHRISTOPHER M	2011	1,830.48	906.65	923.83
1757 R	DOUCETTE STEPHEN J	2011	733.08	-8.59	741.67
624 R	DWINAL PHILIP	2011	3,358.58	1,670.70	1,687.88
700 R	DWINAL PHILIP B	2011	2,531.10	1,256.96	1,274.14
2743 R	DWINAL PHILIP B	2011	1,300.95	641.89	659.06
2681 R	EASTBROOK TIMBER CO INC	2011	1,004.47	-8.59	1,013.06
1783 R	ELLIOT JOHN DENNIS	2011	3,147.65	1,875.51	1,272.14
1303 R	ELWELL TERESA I	2011	1,845.23	-8.59	1,853.82
3400 R	FARNSWORTH SUSAN O	2011	5,342.45	2,701.65	2,640.80
3337 R	FLAIG DANIEL J	2011	3,646.20	805.93	2,840.27
1640 R	FOSTER LINDA A	2011	3,266.54	-8.59	3,275.13
2407 R	FOTHERGILL PAUL J	2011	974.97	-8.59	983.56
1804 R	FOX JUDITH A	2011	3,926.45	-8.59	3,935.04
837 R	FRENCH WETONAH L	2011	215.35	99.09	116.26
1363 R	GARRISON DEB	2011	364.33	78.69	285.64
920 R	GRANT JOHN M	2011	4,880.77	-8.59	4,889.36
2294 R	GRODER ROLAND E	2011	362.85	354.23	8.62
4 R	GROVER MARY A HEIRS OF	2011	1,961.75	-8.59	1,970.34
1810 R	GUILD WALTER A JR	2011	3.92	1.96	1.96
3253 R	HAGAR JOSEPH E	2011	112.10	-8.59	120.69
3003 R	HARDY JERRY L	2011	1,377.65	-8.59	1,386.24
3478 R	HARMON THEODORE S	2011	2,219.88	1,097.65	1,122.23
1267 R	HARMONY HILL LLC	2011	2,814.30	-8.59	2,822.89
3982 R	HOLLENBACH HEATHER A	2011	8,435.53	-8.59	8,444.12
1992 R	HOLLOWAY JESSICA	2011	4,172.77	2,077.80	2,094.97
2090 R	HOLSKE LORETTE A	2011	1,388.59	1,073.63	314.96
813 R	HUTCHENS SAMUEL H III	2011	2,852.65	1,417.74	1,434.91
1389 R	JACOBS DELORES	2011	92.93	-8.59	101.52
3892 R	JFD LLC	2011	811.25	-8.59	819.84
3893 R	JFD LLC	2011	811.25	-8.59	819.84
3894 R	JFD LLC	2011	2,255.28	-8.59	2,263.87
3895 R	JFD LLC	2011	3,146.18	-8.59	3,154.77
3896 R	JFD LLC	2011	811.25	-8.59	819.84
3897 R	JFD LLC	2011	811.25	-8.59	819.84

Non Zero Balance on All Accounts

Tax Year: 2011-1 To 2011-2
As of: 08/05/2011

Acct	Name ----	Year	Original Tax	Payment / Adjustments	Amount Due
3904 R	JFD LLC	2011	811.25	-8.59	819.84
3905 R	JFD LLC	2011	811.25	-8.59	819.84
574 R	JONES JASON E	2011	3,289.25	-8.59	3,297.84
288 R	JUSTICE RITA T	2011	2,091.55	-8.59	2,100.14
1520 R	KELLEY MICHAEL P	2011	264.02	-8.59	272.61
2131 R	KINNEY GORDON E	2011	921.88	-8.59	930.47
2926 R	LA FAMILLE FARM LLC	2011	2,454.56	2,447.15	7.41
3150 R	LA FAMILLE FARM LLC	2011	174.98	166.47	8.51
1869 R	LANE SHANNON J	2011	1,830.48	-8.59	1,839.07
710 R	LAUZE NORMAND L	2011	3,032.60	1,507.71	1,524.89
1064 R	LYONS-HINKSON ENTERPRISES INC	2011	13,636.38	10,286.38	3,350.00
2981 R	MACDONALD DOUGLAS A	2011	877.63	280.23	597.40
1634 R	MAGLIONE PATRICK	2011	3,125.52	-8.59	3,134.11
2540 R	MAGLIONE PATRICK	2011	2,871.83	-8.59	2,880.42
3447 R	MAINE CENTRAL RAILROAD	2011	190.27	86.55	103.72
2847 R	MANSON HAROLD H III	2011	1,271.45	245.50	1,025.95
4543 R	MARQUIS NICOLE L	2011	1,203.60	593.21	610.39
1800 R	MARSTALLER DAVID L	2011	1,260.95	621.89	639.06
139 R	MCCARTHY PATRICK W	2011	2,644.68	1,313.75	1,330.93
4086 R	MCCRORY CHRISTOPHER M	2011	871.72	-8.59	880.31
2685 R	MEUNIER BARBARA R	2011	811.25	-8.59	819.84
285 R	MICKLES JOHN	2011	2,208.07	-8.59	2,216.66
245 R	MICKLES JOHN E	2011	2,306.90	-8.59	2,315.49
3811 R	MICKLES JOHN E	2011	4,159.50	-8.59	4,168.09
408 R	MOFFITT ROBERT J & MARCIA A	2011	1,200.65	-8.59	1,209.24
3693 R	MUNSEY NANCY A HEIRS OF	2011	2,088.60	-8.59	2,097.19
3237 R	NICHOLS DOUG	2011	115.05	-8.59	123.64
4027 R	OAKES KEVIN A	2011	420.38	-8.59	428.97
664 R	OLIVER JANETTE	2011	218.30	-8.59	226.89
120 R	OLIVER MARGARET HEIRS OF	2011	339.25	194.71	144.54
3121 R	ONEAL PAULINE	2011	1,225.72	-8.59	1,234.31
2328 R	OTIS ALAN H	2011	1,129.85	-8.59	1,138.44
3549 R	OTIS ALAN H	2011	1,231.63	-8.59	1,240.22
3949 R	OTIS MARJORIE E	2011	842.22	-8.59	850.81
26 R	PATTERSON BARBARA A HEIRS OF	2011	1,289.15	635.99	653.16
2040 R	PELLETIER STEVEN	2011	3,565.08	-8.59	3,573.67
79 R	PENNEY ESTELLA D 1/3 INT	2011	2,383.60	-8.59	2,392.19
707 R	PENNEY ESTELLA D 1/3 INT	2011	724.22	-8.59	732.81
1989 R	PENNEY ESTELLA D 1/3 INT	2011	538.38	-8.59	546.97
2355 R	PENNEY ESTELLA D 1/3 INT	2011	1,528.10	-8.59	1,536.69
644 R	PERRON JULIA M	2011	1,110.54	-8.59	1,119.13
132 R	PINETTE THERESE E	2011	3,641.77	-6.40	3,648.17
833 R	POULIOT MARILYN E	2011	2,259.70	-8.59	2,268.29
3554 R	RANDALL JOHN B II	2011	215.35	-8.59	223.94
3094 R	REVELS BETH E	2011	1,960.28	-8.59	1,968.87
1493 R	RICHARDSON RODNEY P	2011	1,000.05	-8.59	1,008.64
2887 R	RINES JOHN N	2011	2,109.25	1,046.04	1,063.21
3463 R	ROBINSON ERIC SR	2011	439.55	-8.59	448.14

Non Zero Balance on All Accounts

Tax Year: 2011-1 To 2011-2
As of: 08/05/2011

Acct	Name ----	Year	Original Tax	Payment / Adjustments	Amount Due
2604 R	ROBINSON MARK M & ELLIOT H	2011	451.35	-8.59	459.94
188 R	ROBINSON MARK M & ELLIOTT	2011	205.02	-8.59	213.61
1293 R	SAMSON MICHAEL J	2011	3,840.90	3,838.69	2.21
94 R	SCZYMECKI JOHN W	2011	90.34	-8.59	98.93
2264 R	SCZYMECKI JOHN W	2011	3,747.98	3,348.87	399.11
2233 R	SEATURN LLC	2011	6,833.67	-8.59	6,842.26
1534 R	SLUSHER FAMILY TRUST	2011	3,275.98	-8.59	3,284.57
2768 R	SMART GARY	2011	3,075.38	-8.59	3,083.97
3634 R	SMART GARY	2011	318.60	-8.59	327.19
3550 R	SMITH ANNABELLE L	2011	1,029.55	-8.59	1,038.14
1951 R	SPAULDING STANLEY A JR	2011	2,812.83	-8.59	2,821.42
3300 R	STEENE CHRISTINE J	2011	2,187.42	623.87	1,563.55
2637 R	STERLING-GOLDEN MARTHA	2011	3,087.18	2,261.22	825.96
1275 R	THIBEAULT ERNEST A	2011	224.20	-8.59	232.79
1438 R	TOOHER JOCELYN A	2011	2,780.38	12.94	2,767.44
1166 R	TOTMAN FARM LLC	2011	14,574.47	-8.59	14,583.06
3725 R	TUCCI JOSEPH J	2011	2,380.65	-8.59	2,389.24
3953 R	VOGEL ERIC M	2011	2,916.08	211.29	2,704.79
1876 R	WALLACE MARK E	2011	1,702.15	932.53	769.62
745 R	WARREN PAUL R	2011	3,009.00	1,761.19	1,247.81
2933 R	WHORFF RHONDA L	2011	2,137.28	-8.59	2,145.87
4023 R	WHORFF RHONDA L	2011	1,970.60	-8.59	1,979.19
518 R	WILLARD MARIE E LIVING TRUST	2011	2,995.73	-8.59	3,004.32
1626 R	WILLIAMS MICHAEL R	2011	1,280.30	430.50	849.80
2715 R	WINTER STREET ASSOCIATES	2011	32,255.30	13,751.30	18,504.00
1076 R	ZALESKI PATRICIA M	2011	209.45	-8.59	218.04
2342 R	ZEILOR JOHN D	2011	2,447.03	355.96	2,091.07
Total for 170 Accounts:			414,266.39	108,536.07	305,730.32

Payment Summary

Type	Principal	Interest	Costs	Total
3 - 30 DN Costs	0.00	0.00	-1,443.12	-1,443.12
C - Correction	1,284.50	1.42	0.00	1,285.92
I - Interest Charged	0.00	9,704.90	0.00	9,704.90
P - Payment	108,618.86	-9,704.90	137.44	99,051.40
Y - Prepayment	1,222.89	0.00	0.00	1,222.89
Total	111,126.25	1.42	-1,305.68	109,821.99

Non Lien Summary

2011-1	305,730.32
Total	305,730.32

Non Zero Balance on All Accounts

Tax Year: 2011-1 To 2011-2
As of: 08/05/2011

Acct	Name ----	Year	Original Tax	Payment / Adjustments	Amount Due
No Liened Accounts			0.00	0.00	0.00
Payment Summary					
Type		Principal	Interest	Costs	Total
Total		0.00	0.00	0.00	0.00
Lien Summary					
Total		0.00			
Total for 170 Accounts:			414,266.39	108,536.07	305,730.32

TOWN OF TOPSHAM

TOPSHAM, MAINE

FINANCIAL AUDIT REPORT

JUNE 30, 2011

**TOWN OF TOPSHAM
TOPSHAM, MAINE
JUNE 30, 2011**

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FINANCIAL SECTION

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Management's Discussion and Analysis

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Government-Wide Financial Statements:

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Budget to Actual – General Fund

Exhibit X

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REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Selectmen and Manager
TOWN OF TOPSHAM
Topsham, Maine

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

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

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, major funds, and remaining fund information of the Town of Topsham and the changes in financial position and cash flows, where applicable, of those activities and funds 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.

The Management's Discussion and Analysis and budgetary comparison information are not a required part of the financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



SMITH & ASSOCIATES, CPAs
A Professional Association

Yarmouth, Maine
August 10, 2011

EXHIBIT I

**TOWN OF TOPSHAM
STATEMENT OF NET ASSETS
JUNE 30, 2011**

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-</u>	<u>Total</u>
	<u>Activities</u>	<u>Type</u>	
		<u>Activities</u>	
Assets			
Cash	\$ 3,685,481	\$ 23,328	\$ 3,708,809
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$31,600	229,721	0	229,721
Taxes Receivable, Net of Allowance of Uncollectible Taxes of \$38,600	492,387	0	492,387
Liens Receivable	118,964	0	118,964
Capital Assets, Net of Accumulated Depreciation	<u>18,936,777</u>	<u>0</u>	<u>18,936,777</u>
Total Assets	<u>\$ 23,463,330</u>	<u>\$ 23,328</u>	<u>\$ 23,486,658</u>
Liabilities			
Accounts Payable	\$ 301,449	\$ 0	\$ 301,449
Accrued Expenses	255,088	0	255,088
Non Current Liabilities:			
Due Within One Year	960,000	0	960,000
Due in More Than One Year	<u>12,175,000</u>	<u>0</u>	<u>12,175,000</u>
Total Liabilities	<u>\$ 13,691,537</u>	<u>\$ 0</u>	<u>\$ 13,691,537</u>
Net Assets			
<i>Invested in Capital Assets, Net of Related Debt</i>	\$ 5,801,777	\$ 0	\$ 5,801,777
<i>Restricted</i>			
Permanent Funds, Non-Expendable	208,119	0	208,119
<i>Unrestricted</i>	<u>3,761,897</u>	<u>23,328</u>	<u>3,785,225</u>
Total Net Assets	<u>\$ 9,771,793</u>	<u>\$ 23,328</u>	<u>\$ 9,795,121</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

EXHIBIT II

**TOWN OF TOPSHAM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue & Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Primary Government</u>	<u>Business - Type Activities</u>	<u>Total</u>
Primary Government						
Governmental Activities						
General Government	\$ 1,364,735	\$ 203,847	\$ 0	\$ (1,160,888)	\$ 0	\$ (1,160,888)
Public Works & Sanitation	1,295,294	192,488	80,000	(1,022,806)	0	(1,022,806)
Protection	1,940,759	419,587	15,884	(1,505,288)	0	(1,505,288)
Culture & Recreation	807,714	195,875	25,616	(586,223)	0	(586,223)
Public Health & Welfare	61,458	0	11,992	(49,466)	0	(49,466)
Contractual Services	185,732	0	0	(185,732)	0	(185,732)
Public Utilities	270,834	0	0	(270,834)	0	(270,834)
Education	7,569,910	0	0	(7,569,910)	0	(7,569,910)
Fixed Charges	1,430,621	0	0	(1,430,621)	0	(1,430,621)
Tax Incremental Financing	1,213,871	0	0	(1,213,871)	0	(1,213,871)
Interest On Long-Term Debt	540,521	0	0	(540,521)	0	(540,521)
Depreciation – Unallocated	889,244	0	0	(889,244)	0	(889,244)
Total Governmental Activities	\$ 17,570,693	\$ 1,011,797	\$ 133,492	\$ (16,425,404)	\$ 0	\$ (16,425,404)
Business - Type Activities	181	0	0	0	(181)	(181)
Total Primary Government	\$ 17,570,874	\$ 1,011,797	\$ 133,492	\$ (16,425,404)	\$ (181)	\$ (16,425,585)
General Revenues						
Taxes				\$ 16,045,626	\$ 0	\$ 16,045,626
Grants & Contributions not Restricted to Special Programs				878,011	0	878,011
Unrestricted Investment Earnings				20,126	59	20,185
Miscellaneous				0	5,000	5,000
Total General Revenues				\$ 16,943,763	\$ 5,059	\$ 16,948,822
Changes in Net Assets				\$ 518,359	\$ 4,878	\$ 523,237
Net Assets – July 1, 2010				9,253,434	18,450	9,271,884
Net Assets – June 30, 2011				\$ 9,771,793	\$ 23,328	\$ 9,795,121

The Notes to the Financial Statements are an Integral Part of This Statement.

EXHIBIT III

**TOWN OF TOPSHAM
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash	\$ 3,064,056	\$ 621,425	\$ 3,685,481
Taxes Receivable	492,387	0	492,387
Tax Liens Receivable	118,964	0	118,964
Accounts & Notes Receivable	229,721	0	229,721
Due From Other Funds	<u>61,586</u>	<u>153,046</u>	<u>214,632</u>
Total Assets	<u>\$ 3,966,714</u>	<u>\$ 774,471</u>	<u>\$ 4,741,185</u>
Liabilities & Fund Balance			
Liabilities			
Accounts Payable	\$ 301,449	\$ 0	\$ 301,449
Accrued Expenses	60,172	0	60,172
Deferred Revenues	322,960	0	322,960
Due To Other Funds	<u>153,046</u>	<u>61,586</u>	<u>214,632</u>
Total Liabilities	<u>\$ 837,627</u>	<u>\$ 61,586</u>	<u>\$ 899,213</u>
Fund Balance			
<i>Reserved, Reported In:</i>			
<i>Nonspendable</i>			
Permanent Funds – Nonexpendable	\$ 0	\$ 208,119	\$ 208,119
<i>Restricted</i>	0	0	0
<i>Committed</i>			
Capital Funds	0	337,333	337,333
<i>Unreserved, Reported In:</i>			
<i>Assigned</i>			
Appropriated Fund Balance FY 2012	250,000	0	250,000
Special Revenue Funds	0	109,407	109,407
Permanent Funds, Expendable	0	58,026	58,026
<i>Unassigned</i>			
General Fund	<u>2,879,087</u>	<u>0</u>	<u>2,879,087</u>
Total Fund Balance	<u>\$ 3,129,087</u>	<u>\$ 712,885</u>	<u>\$ 3,841,972</u>
Total Liabilities & Fund Balance	<u>\$ 3,966,714</u>	<u>\$ 774,471</u>	<u>\$ 4,741,185</u>

The Notes to the Financial Statements are an Integral Part of This Statement

EXHIBIT IV

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

Total Fund Balance – Total Governmental Funds		\$ 3,841,972
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital Assets Used in Governmental Activities are not Current Financial Resources and Therefore are not reported in the Governmental Funds Balance Sheet.		18,936,777
Interest Payable on Long-Term Debt does not require Current Financial Resources. Therefore Interest Payable is not reported as a Liability in Governmental Funds Balance Sheet.		(85,093)
Property Tax Revenues are reported in the Governmental Funds Balance Sheet under NCGA Interpretation-3, <u>Revenue Recognition-Property Taxes.</u>		322,960
Long Term Liabilities are not due and payable in the Current Period and, therefore, they are not reported in the Governmental Funds Balance Sheet:		
Due in One Year	\$ 960,000	
Due in More Than One Year	12,175,000	
Accrued Compensated Absence Pay	<u>109,823</u>	(13,244,823)
Net Assets of Governmental Activities		<u>\$ 9,771,793</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

EXHIBIT V

**TOWN OF TOPSHAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	General <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues			
Taxes	\$ 15,990,647	\$ 0	\$ 15,990,647
Intergovernmental	971,598	39,905	1,011,503
Licenses, Permits & Fees	112,408	0	112,408
Charges For Services	683,893	92,950	776,843
Investment Income	18,315	1,811	20,126
Miscellaneous	<u>122,047</u>	<u>499</u>	<u>122,546</u>
Total Revenues	<u>\$ 17,898,908</u>	<u>\$ 135,165</u>	<u>\$ 18,034,073</u>
Expenditures			
General Government	\$ 1,361,515	\$ 13,432	\$ 1,374,947
Public Works & Sanitation	1,291,377	16,249	1,307,626
Protection	1,735,914	247,759	1,983,673
Culture & Recreation	671,014	143,494	814,508
Public Health & Welfare	60,562	0	60,562
Contractual Services	185,732	0	185,732
Public Utilities	270,834	0	270,834
Education	7,565,451	4,459	7,569,910
Fixed Charges	1,430,621	0	1,430,621
Debt Service	1,506,513	0	1,506,513
Tax Incremental Financing	1,213,871	0	1,213,871
Capital Outlay	<u>475,000</u>	<u>0</u>	<u>475,000</u>
Total Expenditures	<u>\$ 17,768,404</u>	<u>\$ 425,393</u>	<u>\$ 18,193,797</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 130,504	\$ (290,228)	\$ (159,724)
Other Financing Sources (Uses)			
Transfers In (Out)	<u>91,930</u>	<u>(91,930)</u>	<u>0</u>
Net Change in Fund Balance	\$ 222,434	\$ (382,158)	\$ (159,724)
Fund Balance – July 1, 2010	<u>2,906,653</u>	<u>1,095,043</u>	<u>4,001,696</u>
Fund Balance – June 30, 2011	<u>\$ 3,129,087</u>	<u>\$ 712,885</u>	<u>\$ 3,841,972</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

EXHIBIT VI

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

Net Change in Fund Balance – Total Governmental Funds	\$ (159,724)
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Governmental Funds report Capital Outlays as Expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as Depreciation Expense. This is the amount of Capital Assets recorded in the current period.	509,202
Depreciation Expense on Capital Assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of Current Financial Resources. Therefore, Depreciation Expense is not reported as Expenditure in Governmental Funds.	(889,244)
The Issuance of Long-Term Debt (e.g. Bonds, Leases, and Accrued Compensated Absence Pay) provides Current Financial Resources to Governmental Funds, while the repayment of the Principal of Long-Term Debt consumes the Current Financial Resources of Governmental Funds. Neither transaction, however, has any effect on Net Assets. In addition, Governmental Funds report the effect of issuance cost, premiums, discounts, and similar items when Debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. This Amount is the Net Effect of these differences in the treatment of Long-Term Debt and related items.	997,154
Some Property Tax Will Not be Collected for Several Months After the Town’s Fiscal Year End; they are not considered “available” revenues in the Governmental Funds. This Amount is the net effect of the differences.	54,979
Accrued Interest Expense on Long-Term Debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, But Does Not Require the Use of Current Financial Resources; Therefore, Accrued Interest Expense is not Reported as Expenditures in Governmental Funds.	<u>5,992</u>
Change In Net Assets Of Governmental Activities	<u>\$ 518,359</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

EXHIBIT VII

**TOWN OF TOPSHAM
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011**

	Business - Type Activities Enterprise <u>Funds</u>
Assets	
Current Assets	
Cash	<u>\$ 23,328</u>
Liabilities	
Current Liabilities	
Accounts Payable	<u>\$ 0</u>
Net Assets	
Unrestricted	<u>\$ 23,328</u>
Total Net Assets	<u>\$ 23,328</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

EXHIBIT VIII

**TOWN OF TOPSHAM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Business - Type Activities Enterprise Funds
Operating Revenues	
Miscellaneous Revenue	\$ <u>5,000</u>
Operating Expenses	
General Government	\$ 181
Public Works	<u>0</u>
Total Operating Expense	<u>\$ 181</u>
Operating Income (Loss)	<u>\$ 4,819</u>
Non-Operating Revenues (Expenses)	
Investment Income	\$ 59
Operating Transfers	<u>0</u>
Total Non-Operating Revenues (Expenses)	<u>\$ 59</u>
Changes in Net Assets	\$ 4,878
Net Assets – July 1, 2010	<u>18,450</u>
Net Assets – June 30, 2011	<u>\$ 23,328</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

EXHIBIT IX

**TOWN OF TOPSHAM
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Business - Type Activities Enterprise <u>Funds</u>
Cash Flows from Operating Activities	
Receipts from Customers	\$ 5,000
Payments to Vendors & Employees	<u>(181)</u>
Net Cash Provided by (Used) in Operating Activities	\$ 4,819
Cash Flows from Investing Activities	
Investment Income Received	<u>59</u>
Net Increase (Decrease) in Cash	\$ 4,878
Cash - July 1, 2010	<u>18,450</u>
Cash - June 30, 2011	<u>\$ 23,328</u>
Reconciliation of Operating Income to Net Cash Provided by (Used) in Operating Activities:	
Operating Income (Loss)	<u>\$ 4,819</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used) in Operating Activities	
Depreciation Expense	\$ 0
Increase (Decrease) in Accounts Payable	<u>0</u>
Total Adjustments	<u>\$ 0</u>
Net Cash Provided by (Used) in Operating Activities	<u>\$ 4,819</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

**TOWN OF TOPSHAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. – General Statement

The Town of Topsham, Maine was incorporated in 1764 under the laws of the State of Maine and currently operates under a Selectmen/Manager Form of Government.

The accounting and reporting policies of the Town relating to the funds and account groups included in the accompanying basic financial statements conform to generally accepted accounting principles as applicable to state and local governments. Generally, accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Town has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the Town are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

The financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Town's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements including notes to financial statements.

B. – Financial Reporting Entity

The Town's combined financial statements include the accounts of all Town of Topsham operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

**TOWN OF TOPSHAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. – Financial Reporting Entity (Continued)

- The organization is legally separate (can sue and be sued in their own name).
- The town holds the corporate powers of the organization.
- The town appoints a voting majority of the organization's board.
- The town is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the town.
- There is fiscal dependency by the organization on the town.

Based on the aforementioned criteria, the Town of Topsham has no component units that are not included in this report.

C. – Basic Financial Statements – Government-Wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column (b) and are reported on a full accrual, economic resource 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.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, charges for services, etc). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (whether operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc).

D. – Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises 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.

TOWN OF TOPSHAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in 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:

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.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry. A permanent fund would be used, for example, to account for the perpetual care endowment of a municipal cemetery.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town of Topsham:

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has a third party requirement that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Unemployment Compensation program operates in a manner similar to a private business enterprise. The intent is that costs for these services provided to the general public on a continuing basis be recovered or financed primarily through charges to users.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either 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.

**TOWN OF TOPSHAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. – Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. A one-year availability period is used for recognition of all other Governmental fund revenues. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

F. – Budgetary Control

Formal budgetary accounting is employed as a management control for the general fund of the Town of Topsham. The Town of Topsham'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 last fiscal year, the Town prepared a budget for this 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 of Topsham was then 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.

**TOWN OF TOPSHAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. – Cash and Investments

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. Generally, the Town invests certain funds in checking, savings accounts, or certificates of deposit.

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with a fiscal agent. Investments are recorded at fair market value.

H. - Capital Assets

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

Buildings & Improvements	7-30 Years
Machinery and Equipment	5-16 Years
Vehicles	7-16 Years
Infrastructure	10-50 Years

The Town of Topsham has elected not to retroactively report their major general infrastructure assets.

I. - Compensated Absences

The Town of Topsham recognizes accumulated sick leave compensation during the period in which the related liability is incurred. In compliance with Town personnel policies the liability for accrued compensated absence pay was \$109,823 at June 30, 2011.

J. - Interfund Activity

Interfund activity is reported as either, loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

K. – Equity Classifications

Government-Wide Statements

Net assets represent the differences between assets and liabilities. Equity is classified as net assets and displayed in three components:

**TOWN OF TOPSHAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. – Equity Classifications (Continued)

Government-Wide Statements (Continued)

- *Invested in capital assets, net of related debt* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net assets* – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Governmental fund equity is classified as fund balance. In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned or unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Selectmen, such as an appropriation. Assigned fund balance is constrained by the Board’s intent to be used for specific purposes by directive. See Note 13 for additional information about fund balances.

L. – Use of Estimates

Preparation of financial statements in conformity with GAAP requires the use of management’s estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

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. Generally, the Town invests such excess funds in checking accounts, savings accounts, certificates of deposit, and U.S. government obligations (through an investment group owned by a financial institution).

**TOWN OF TOPSHAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 – CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits

The Town's deposits are categorized as follows to give an indication of the level of risk assumed by the Town at year end: Category 1 includes deposits covered by federal depository insurance or by collateral held by the Town or by the Town's agent in the Town's name; Category 2 includes uninsured deposits covered by collateral held by the pledging financial institution's trust department or agent in the Town's name; Category 3 includes uninsured and uncollateralized deposits.

At June 30, 2011, all cash and cash equivalents are considered Category 1.

NOTE 3 – PROPERTY TAXES

The Town is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. The Town of Topsham's property tax is levied on the assessed value listed as of the prior April 1st for all taxable real and personal property located in the Town. Assessed values are periodically established by the Assessor at 100% of assumed market value. The assessed value for the list of April 1, 2010, upon which the levy for the year ended June 30, 2011, was based amounted to \$999,289,024. The assessment value was 109.5% of the 2010 State valuation of \$912,600,000.

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 \$158,076 for the year ended June 30, 2011.

All property taxes are recognized in compliance with NCGA Interpretation – 3, *Revenue Recognition – Property Taxes* which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable within the current period and collected no longer than 60 days after the close of the current period.

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. The following summarizes the 2010-2011 levy:

Assessed Value	\$ 999,289,024
Less: Homestead Exemption	<u>(11,061,450)</u>
Net Assessed Value	\$ 988,227,574
Tax Rate (Per \$1,000)	<u>14.75</u>
Commitment	\$ 14,576,357
Supplemental Taxes Assessed	<u>4,828</u>
Sub-Total	\$ 14,581,185
Less: Abatements	(28,291)
Less: Collections	<u>(14,122,414)</u>
Receivable at Year End	<u>\$ 430,480</u>
Collection Rate	<u>96.9%</u>

Property taxes may be paid in two installments with due dates of October 15, 2010, and April 15, 2011, with interest charged at a rate of 7.0% on delinquent accounts.

**TOWN OF TOPSHAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 4 – CAPITAL ASSETS

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

	Beginning Balance <u>7/01/10</u>	Additions/ Completions	Ending Retirements/ Adjustments	Balance <u>6/30/11</u>
<u>Governmental Activities</u>				
Capital Assets not being Depreciated:				
Land	\$ 1,377,444	\$ 0	\$ 0	\$ 1,377,444
Total Capital Assets not being Depreciated	<u>\$ 1,377,444</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,377,444</u>
Capital Assets Being Depreciated:				
Buildings & Improvements	\$18,899,506	\$ 47,353	\$ 0	\$ 18,946,859
Machinery & Equipment	614,242	178,407	0	792,649
Vehicles	2,593,325	224,849	105,000	2,713,174
Infrastructure	<u>1,388,541</u>	<u>58,593</u>	<u>0</u>	<u>1,447,134</u>
Total Capital Assets being Depreciated	<u>\$23,495,614</u>	<u>\$ 509,202</u>	<u>\$ 105,000</u>	<u>\$ 23,899,816</u>
Less Accumulated Depreciation for:				
Buildings & Improvements	\$ 2,729,821	\$ 621,936	\$ 0	\$ 3,351,757
Machinery & Equipment	463,112	56,647	0	519,759
Vehicles	2,005,017	135,477	105,000	2,035,494
Infrastructure	<u>358,289</u>	<u>75,184</u>	<u>0</u>	<u>433,473</u>
Total Accumulated Depreciation	<u>\$ 5,556,239</u>	<u>\$ 889,244</u>	<u>\$ 105,000</u>	<u>\$ 6,340,483</u>
Total Capital Assets being Depreciated, Net	<u>\$17,939,375</u>	<u>\$ (380,042)</u>	<u>\$ 0</u>	<u>\$ 17,559,333</u>
Governmental Activities Capital Assets, Net	<u>\$19,316,819</u>	<u>\$ (380,042)</u>	<u>\$ 0</u>	<u>\$ 18,936,777</u>

Depreciation expense has not been charged as a direct expense.

NOTE 5 – LONG-TERM DEBT

At June 30, 2011, bonds payable consisted of the following individual issues:

Bank of America	Governmental Activities
Library Building Bonds of 2003, Interest Rate 3.248%, Annual Principal Payments of \$100,000, Maturity in 2019.	\$ 800,000
Municipal Building Bonds of 2005, Interest Rate 3.625 – 4.35%, Annual Principal Payments of \$300,000 - \$750,000, Maturity in 2025.	10,975,000
Zion First National Bank	
General Obligation Bond of 2006, Interest Rate 3.49% to 4.05%, Annual Principal Payments of \$50,000 - \$160,000, Maturity in 2024.	<u>1,360,000</u>
Total	<u>\$ 13,135,000</u>

**TOWN OF TOPSHAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 5 – LONG-TERM DEBT (CONTINUED)

Changes in Outstanding Debt

Transactions for the year ended June 30, 2011, are summarized as follows:

<u>Governmental Activities</u>	<u>Balance July 1</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance June 30</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 14,095,000	\$ 0	\$ 960,000	\$ 13,135,000	\$ 960,000
Compensated Absences	<u>146,977</u>	<u>0</u>	<u>37,154</u>	<u>109,823</u>	<u>0</u>
Total Governmental Activities	\$ 14,241,977	\$ 0	\$ 997,154	\$ 13,244,823	\$ 960,000

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for each debt type for the years subsequent to June 30, 2011, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011/12	\$ 960,000	\$ 510,563	\$ 1,470,563
2012/13	960,000	473,612	1,433,612
2013/14	960,000	435,838	1,395,838
2014/15	960,000	397,937	1,357,937
2015/16	960,000	360,038	1,320,038
2016/21	4,385,000	1,250,637	5,635,637
2021/26	<u>3,950,000</u>	<u>3,991,594</u>	<u>7,941,594</u>
Total	\$ 13,135,000	\$ 7,420,219	\$ 20,555,219

The amount of debt that can be incurred by a municipality is limited by state statute. Total outstanding long term obligations during a year can be no greater than 15% of the assessed value of taxable property as of the beginning of the fiscal year. As of June 30, 2011, the amount of outstanding term debt was equal to 1.3% of property valuation for the year then ended.

NOTE 6 – DEFINED PENSION PLAN

Maine Public Employees Retirement System

Certain employees of the Town participate in the Maine Public Employees Retirement System. Employees participating in the Maine Public Employees Retirement System are eligible for normal retirement upon attaining the age of sixty and early retirement after completing twenty-five or more years of creditable service. Under the plan, pension costs to the Town are actuarially determined by the State.

Under the plan, participants contribute 6.5% of compensation. The Town's contribution for the plan is based upon an actuarial valuation and was \$76,255 for the year ended June 30, 2011.

**TOWN OF TOPSHAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 6 – DEFINED PENSION PLAN (CONTINUED)

Maine Public Employees Retirement System (Continued)

Total wages paid for the year ended June 30, 2011, were \$2,979,173. Covered wages under Maine Public Employees Retirement System amounted to \$1,345,754.

Information concerning the consolidated pension plan is available from the System.

Deferred Compensation Plan

The government offers its employees a deferred compensation plan through ICMA Retirement Corporation, created in accordance with Internal Revenue Code Section 457. The plan, available to all government employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional.

The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the government subject only to the claims of the government's general creditors. Participants' right under the plan are equal to those of general creditor of the government in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the government's legal counsel that the government has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The government believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Under this plan, the Town matches employee deferrals on a dollar-for-dollar basis, up to a maximum of 6% of compensation.

Investments are managed by the plan's trustee under one of four investment options, or a combination thereof. The choice of the investment options is made by the participants. The contributions to the ICMA Retirement Corporation for past years are as follows:

<u>Year Ended</u>	<u>Contributions</u>
2009	\$56,699
2010	\$59,002
2011	\$43,744

**TOWN OF TOPSHAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 7 – INTERFUND ACTIVITY

Interfund balances at June 30, 2011, consisted of the following:

Due To	
General Fund	\$ 61,586
Non Major Governmental Funds:	
Special Revenue Funds	109,407
Capital Projects	<u>43,639</u>
Total	<u>\$ 214,632</u>
Due From	
General Fund	\$ 153,046
Non Major Governmental Funds:	
Capital Projects	<u>61,586</u>
Total	<u>\$ 214,632</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the year ended June 30, 2011, consisted of the following:

Transfer To	
General Fund	\$ 326,930
Non Major Governmental Funds:	
Capital Projects	<u>235,000</u>
Total	<u>\$ 561,930</u>
Transfer From	
General Fund	\$ 235,000
Non Major Governmental Funds:	
Capital Projects	<u>326,930</u>
Total	<u>\$ 561,930</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**TOWN OF TOPSHAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 8 – 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 carries commercial insurance.

There have been no significant reductions in insurance coverages during the fiscal year and no significant settlements that exceeded insurance coverage.

NOTE 9 – OVERLAPPING DEBT

The Town's proportionate share of MSAD #75's debt is not recorded in the financial statements of the Town of Topsham. At June 30, 2011, the Town's share was 36.29% (or \$6,137,256) of the District's outstanding debt of \$16,913,518.

The Town's proportionate share of Sagadahoc County's debt is not recorded in the financial statements of the Town of Topsham. At June 30, 2011, the Town's share was 18.38% (or \$1,882,112) of the County's outstanding debt of \$10,240,000.

NOTE 10 – FUND BALANCE APPROPRIATIONS

At the Annual Town Meeting held on May 19, 2010 and Special Town Meeting on January 20, 2011, the Townspeople voted appropriations of general fund balance totaling \$400,000, which are reflected as the excess of budgeted expenditures over budgeted revenues as per Exhibit X. These appropriations were used to reduce the commitment.

NOTE 11 – TAX INCREMENT FINANCING DISTRICTS

The Town of Topsham voted to approve seven municipal development programs and financial plans as follows:

- By-Pass (Highlands I) on May 15, 1996
- Village Candle on May 20, 1998
- Bowdoin Mill on September 24, 1998
- By-Pass North (Highlands II) on May 19, 1999
- Coastal Metal Fab Municipal Development on May 16, 2001
- Municipal Infrastructure Development on March 25, 2004
- Frost Street Municipal Development on February 17, 2005

As an integral part of the Town's community development effort, the Districts will create a climate supportive of business expansions and job creations while enhancing development potential in the designated area. The expenditures for these development projects will be recouped in future years via an incremental tax levied upon the Districts' captured assessed value.

The Town approved total project costs consisting of the design and construction of various public facilities and capital improvements within the Districts. Pursuant to applicable regulations, a sinking fund will be established and utilized to retire the bonded debt associated with the related Development District Improvements when revenue exceeding related bonded debt retirement is collected.

TOWN OF TOPSHAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The Town joined the Maine Municipal Association Public Self-Funded Insurance Pool, authorized by 30 MRSA Chapter 203-B. The purpose of this Agreement is to establish a public self-funded pool through which municipal corporations and qualified political subdivisions who choose to self-insure may share the various costs and responsibilities of self-insuring against tort and property liability and, to that end, to establish and administer a risk management service; to provide tort and property liability coverage for pool members to prevent or lessen the incidence and severity of casualty losses occurring in the operation of local governmental functions through risk management services; and to defend and protect, in accordance with this Agreement, the member of the pool against stated liability or loss.

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not expected to be material.

NOTE 13 – GOVERNMENTAL FUND BALANCES

For the fiscal year ended June 30, 2011, the Town implemented the following new accounting standard issued by the Governmental Accounting Standards Board (GASB):

- GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions.

GASB Statement 54 clarifies the existing governmental fund type definitions and provides clearer fund balance categories and classifications. The new hierarchical fund balance classification is based primarily upon the extent to which a government is bound to follow constraints on resources in governmental funds and includes the terms: nonspendable, committed, restricted, assigned, and unassigned.

The Town's fund balances represent: **(1) Nonspendable Fund Balance**, resources that cannot be spent because of legal or contractual provisions that require they maintained intact. (e.g. the principal of an endowment). **(2) Restricted Purposes**, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; **(3) Committed Purposes**, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Selectmen; **(4) Assigned Purposes**, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. **(5) Unassigned Fund Balance**, net resources in excess of what is properly categorized in one of the four categories already described. A positive amount of unassigned fund balance will never be reported in a governmental fund other than the general fund, because GASB Statement 54 prohibits reporting resources in another fund unless they are at least assigned to the purpose of that fund. However, funds other than the general fund could report a negative amount of unassigned fund balance should the total of nonspendable, restricted and committed fund balance exceeds the total net resources of the fund.

As per Exhibit III, a summary of the nature and purpose of these reserves by fund type at June 30, 2011 follows.

**TOWN OF TOPSHAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 13 – GOVERNMENTAL FUND BALANCES (CONTINUED)

Committed

Capital Projects

Fire Department Pumper	\$ 152,058
Economic & Community Development	51,238
Principal Group	44,847
Topsham Crossing	42,178
Revaluation	27,093
Open Space	16,892
Topsham Library	15,262
Recreation Lights	15,206
Town Fair Tire Performance	10,000
Impact Fees	7,015
Bowdoin Mills Traffic Escrow	6,274
Solid Waste Fund Equipment	5,106
Solid Waste Fund Compost Pad	5,064
Economic & Development	4,189
Comprehensive Plan	2,002
Sidewalks Home Depot	1,461
Trails Grant	(1,927)
MRWEEI – Solid Waste Facility	(2,538)
MRWEEI – Police Department	(3,000)
History Zoning	(5,040)
MRWEEI – Public Works	(13,694)
MRWEEI – Library	<u>(42,353)</u>

Total \$ 337,333

Assigned

Special Revenues

Storm Account	\$ 74,146
Head of Tide Park Grant	18,176
Main Street Village	16,690
Androscoggin Trail Development	6,088
Land Conservation Grant	2,400
Route 196/ I-295 Interchange	2,062
CASA Underage Drinking Grant	1,611
Local State NADDI	1,379
CASA Party Patrol Grant	1,000
Federal Drug Seizures	703
Winter Baseball	607
Wellness Incentive Grant	257
Project Canopy Grant	223
Bridge to Bridge	(1,801)
Riverwalk Trail	(4,514)
Pejepscot School	<u>(9,620)</u>

Total \$ 109,407

**TOWN OF TOPSHAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 13 – GOVERNMENTAL FUND BALANCES (CONTINUED)

Assigned

General Fund

Appropriated Fund Balance
FY 2012 \$ 250,000

Nonspendable and Assigned

	Non-Expendable	Expendable	
Permanent Funds	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Whittier Trust	\$ 182,144	\$ 36,421	\$ 218,565
William Trust	18,190	2,734	20,924
Worthy Poor Cash Fund	0	9,323	9,323
Charles Walker Trust	500	7,188	7,688
Mustard Fund	2,938	562	3,500
First Parish Church	924	1,143	2,067
Cemetery Trust	1,176	224	1,400
Barron Fund	1,000	192	1,192
Common School	667	128	795
Lulu Bickford Trust	<u>580</u>	<u>111</u>	<u>691</u>
Total	<u>\$ 208,119</u>	<u>\$ 58,026</u>	<u>\$ 266,145</u>

Unassigned

General Fund \$ 2,879,087

**TOWN OF TOPSHAM
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$15,900,363	\$15,900,363	\$15,990,647	\$ 90,284
Intergovernmental	930,964	930,964	971,598	40,634
Licenses, Permits & Fees	123,050	123,050	112,408	(10,642)
Charges For Services	673,000	673,000	683,893	10,893
Investment Income	32,000	32,000	18,315	(13,685)
Other	<u>96,500</u>	<u>96,500</u>	<u>122,047</u>	<u>25,547</u>
Total Revenues	<u>\$17,755,877</u>	<u>\$17,755,877</u>	<u>\$17,898,908</u>	<u>\$ 143,031</u>
Expenditures				
General Government	\$ 1,437,600	\$ 1,437,600	\$ 1,361,515	\$ 76,085
Public Works & Sanitation	1,493,948	1,493,948	1,291,377	202,571
Protection	1,830,224	1,830,224	1,735,914	94,310
Culture & Recreation	701,474	701,474	671,014	30,460
Public Health & Welfare	64,466	64,466	60,562	3,904
Education	7,565,452	7,565,452	7,565,451	1
Debt Service	1,506,513	1,506,513	1,506,513	0
Contractual Services	119,850	119,850	185,732	(65,882)
Public Utilities	279,000	279,000	270,834	8,166
Fixed Charges	1,560,411	1,560,411	1,430,621	129,790
Tax Incremental Financing	1,213,869	1,213,869	1,213,871	(2)
Capital Outlay	<u>475,000</u>	<u>475,000</u>	<u>475,000</u>	<u>0</u>
Total Expenditures	<u>\$18,247,807</u>	<u>\$18,247,807</u>	<u>\$17,768,404</u>	<u>\$ 479,403</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>\$ (491,930)</u>	<u>\$ (491,930)</u>	<u>\$ 130,504</u>	<u>\$ 622,434</u>
Other Financing Sources (Uses)				
Transfers In	\$ 326,930	\$ 326,930	\$ 326,930	\$ 0
Transfers Out	<u>(235,000)</u>	<u>(235,000)</u>	<u>(235,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>\$ 91,930</u>	<u>\$ 91,930</u>	<u>\$ 91,930</u>	<u>\$ 0</u>
Net Change in Fund Balance	<u>\$ (400,000)</u>	<u>\$ (400,000)</u>	<u>\$ 222,434</u>	<u>\$ 622,434</u>
Fund Balance – July 1, 2010	<u>2,906,653</u>	<u>2,906,653</u>	<u>2,906,653</u>	<u>0</u>
Fund Balance – June 30, 2011	<u>\$ 2,506,653</u>	<u>\$ 2,506,653</u>	<u>\$ 3,129,087</u>	<u>\$ 622,434</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

Smith & Associates, CPAs
A Professional Association

Yarmouth, Maine 04096

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A Professional Association

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Board of Selectmen and Manager
TOWN OF TOPSHAM
Topsham, Maine

In planning and performing our audit of the financial statements of Town of Topsham as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we are required to consider the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This communication is intended solely for the information and use of the Board of Selectmen, Manager and others within the Town, and is not intended to be and should not be used by anyone other than these specified parties.

Smith & Associates

SMITH & ASSOCIATES, CPAs
A Professional Association

Yarmouth, Maine
August 10, 2011

Smith & Associates, CPAs

A Professional Association

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Board of Selectmen and Manager
TOWN OF TOPSHAM
Topsham, Maine

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Topsham for the year ended June 30, 2011, and have issued our report thereon dated August 10, 2011. Professional standards require that we provide you with the following information related to the audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 8, 2011, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with the oversight are fairly presented, in all material respects, in conformity with the U.S. generally accepted accounting principles. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the Town of Topsham. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in writing in the engagement letter dated June 8, 2011.

Significant Audit Findings

We noted no significant audit findings in performing and completing our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advise management about the appropriateness accounting policies and their application. The significant accounting policies used by the Town of Topsham are described in Note 1 to the financial statements.

Qualitative Aspects of Accounting Practices (Continued)

No new accounting policies were adopted and the application of existing policies was not changed during fiscal year ending June 30, 2011. We noted no transactions entered into by the governmental unit during the year for which there is lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about the past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Deferred Revenue and the Sixty Day Rule

In the fund financial statements, property taxes are recognized in compliance with NCGA Interpretation – 3, *Revenue Recognition – Property Taxes* which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable within the current period and collected no longer than 60 days after the close of the current period. In the government-wide financial statements, property taxes are recognized under the accrual method.

Because the audit fieldwork was conducted before 60 days had expired after the close of the current period, management estimates deferred property tax revenue at year end. The Town bases the estimate on the prior year's data by using the percentage of collections for the first sixty days of the fiscal period over the prior year's receivable balance. Upon evaluation of the basis of the estimation, it appears reasonable in relation to the financial statements taken as a whole.

Useful Lives

Management's estimates of the useful lives of depreciable assets are based according to the Town's Fixed Asset Policy. We evaluated the key factors and assumptions used to develop the useful lives schedule contained in the Town's Fixed Asset Policy in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statements disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosure affecting the financial statements was:

Property Taxes

The disclosure of Property Taxes in Note 3 to the financial statements describes the assessed value, the tax rate, the year end taxes receivable and overall collection rate for the Town. The collection rate is a guideline for cash flow and budgeting purposes in the next calendar year.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Town's financial reporting process (that is, cause future financial statements to be materially misstated).

Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

A copy of all adjusting journal entries has been sent to the Finance Manager under separate cover. We recommend that these adjustments be entered in a timely fashion.

Disagreements with Management

For the purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or audit matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Representation

We have requested certain representations from the management that are included in the management representation letter dated August 10, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to the retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This communication is intended solely for the information and use of the Board of Selectmen, Manager and others within the Town, and is not intended to be and should not be used by anyone other than these specified parties.



SMITH & ASSOCIATES, CPAs
A Professional Association

Yarmouth, Maine
August 10, 2011

Smith & Associates, CPAs
A Professional Association

Yarmouth, Maine 04096

