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2018

## Town of Fairfield Maine Annual Financial Audit 2018

Fairfield, Me.

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Audited Financial Statements and  
Other Financial Information

Town of Fairfield, Maine

June 30, 2018



*Proven Expertise and Integrity*

TOWN OF FAIRFIELD, MAINE

CONTENTS

JUNE 30, 2018

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT A - STATEMENT OF NET POSITION	12
STATEMENT B - STATEMENT OF ACTIVITIES	13 - 14

FUND FINANCIAL STATEMENTS

STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	15
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	16
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	17
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	19
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	20
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	21
NOTES TO FINANCIAL STATEMENTS	22 - 65

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	66
--	----

SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	67
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	68
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSIONS	69
SCHEDULE 4 - SCHEDULE OF PROPORTIONATE SHARE OF THE OPEB LIABILITY	70
SCHEDULE 5 - SCHEDULE OF CONTRIBUTIONS - OPEB	71
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	72
SCHEDULE A - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	73 - 75
SCHEDULE B - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	76
SCHEDULE C - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	77
SPECIAL REVENUE FUNDS DESCRIPTION	78
SCHEDULE D - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	79 - 80
SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	81 - 82
CAPITAL PROJECTS DESCRIPTION	83
SCHEDULE F - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	84 - 89
SCHEDULE G - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	90 - 95
PERMANENT FUNDS DESCRIPTION	96
SCHEDULE H - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	97 - 99

SCHEDULE I - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	100 - 102
---	-----------

GENERAL CAPITAL ASSETS DESCRIPTION	103
------------------------------------	-----

SCHEDULE J - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	104
---	-----

SCHEDULE K - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	105
---	-----

FEDERAL COMPLIANCE

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	106 - 107
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## INDEPENDENT AUDITORS' REPORT

Town Council  
Town of Fairfield  
Fairfield, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Fairfield, Maine, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Fairfield, Maine's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Fairfield, Maine as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB related information on pages 4 through 11 and 67 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Fairfield, Maine's basic financial statements. The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2019, on our consideration of the Town of Fairfield, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Fairfield, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
January 21, 2019



**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**(UNAUDITED)**

The following management's discussion and analysis of the Town of Fairfield, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

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

**Basic Financial Statements**

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

**Government-Wide Financial Statements**

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

The Statement of Net Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

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

Both of the above mentioned financial statements have separate columns for the two different types of town activities. The types of activities presented for the Town of Fairfield are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities which include general government, public safety, public works, solid waste/recycling, parks and recreation, health and welfare, library, education and unclassified.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. This activity for the Town of Fairfield is the sewer fund.

### **Fund Financial Statements**

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

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

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

reconciliations are presented on the page immediately following each governmental funds financial statement.

The Town of Fairfield presents four columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, community enhancement fund and the bio tech building. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

*Proprietary Funds:* The Town of Fairfield maintains one proprietary fund, the sewer fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

### **Notes to the Financial Statements**

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

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pensions, a Schedule of Proportionate Share in the Net OPEB Liability and a Schedule of Contributions - OPEB.

### **Other Supplementary Information**

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

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total governmental net position

increased by \$861,586 from \$10,941,454 to \$11,803,040. The Town's total business-type net position increased by \$44,183 from \$1,940,815 to \$1,984,998.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased for governmental activities to a balance of \$4,647,778 at the end of this year. Unrestricted net position for business-type activities decreased to a balance of \$373,230.

**Table 1**  
**Town of Fairfield, Maine**  
**Net Position**  
**June 30,**

	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>2018</u>	<u>2017 (Restated)</u>	<u>2018</u>	<u>2017</u>
<b>Assets:</b>				
Current Assets	\$ 8,316,225	\$ 8,058,233	\$ 472,960	\$ 516,047
Capital Assets	5,636,401	5,571,085	2,913,749	3,000,749
Total Assets	<u>13,952,626</u>	<u>13,629,318</u>	<u>3,386,709</u>	<u>3,516,796</u>
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to Pensions	428,386	604,145	-	-
Total Deferred Outflows of Resources	<u>428,386</u>	<u>604,145</u>	<u>-</u>	<u>-</u>
<b>Liabilities:</b>				
Current Liabilities	539,544	513,082	183,875	179,190
Long-term Debt Outstanding	1,664,206	2,505,826	1,215,869	1,394,824
Total Liabilities	<u>2,203,750</u>	<u>3,018,908</u>	<u>1,399,744</u>	<u>1,574,014</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid Taxes	11,583	8,278	-	-
Prepaid Sewer Bills	-	-	1,967	1,967
Deferred Revenue	-	7,764	-	-
Deferred Inflows Related to OPEB	8,236	-	-	-
Deferred Inflows Related to Pensions	354,403	257,059	-	-
Total Deferred Inflows of Resources	<u>374,222</u>	<u>273,101</u>	<u>1,967</u>	<u>1,967</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	4,621,051	3,952,431	1,518,925	1,430,073
Restricted	2,534,211	2,249,568	92,843	34,050
Unrestricted	4,647,778	4,739,455	373,230	476,692
Total Net Position	<u>\$ 11,803,040</u>	<u>\$ 10,941,454</u>	<u>\$ 1,984,998</u>	<u>\$ 1,940,815</u>

Revenues for the Town's governmental activities decreased by 4.74%, while total expenses increased by 5.17%. The decrease in revenues was primarily due to other income while the increase in expenses was mainly due to capital outlay and public safety.

Changes in revenues and expenses for the Town's business-type activities resulted from the on-going combined sewer overflow project.

**Table 2**  
**Town of Fairfield, Maine**  
**Changes in Net Position**  
**For the Years Ended June 30,**

	<b>Governmental activities</b>		<b>Business-type activities</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 295,250	\$ 342,293	\$ 466,341	\$ 436,191
Operating grants and contributions	83,643	91,581	-	-
<i>General Revenues:</i>				
Taxes	9,561,871	9,551,414	-	-
Grants and contributions not restricted to specific programs	1,124,724	1,042,395	-	-
Investment income	198,198	274,291	-	-
Reimbursements	62,804	62,444	-	-
Other income	202,627	1,000,595	18,065	22,859
Total Revenues	<u>11,778,617</u>	<u>12,365,013</u>	<u>484,406</u>	<u>459,050</u>
Expenses				
General government	753,433	880,049	-	-
Public safety	2,132,933	1,971,047	-	-
Public works	1,278,889	1,206,017	-	-
Solid waste/recycling	345,941	404,603	-	-
Parks and recreation	25,361	27,465	-	-
Health and welfare	159,365	161,998	-	-
Library	193,657	191,166	-	-
Education	4,426,912	4,294,178	-	-
County tax	931,210	911,746	-	-
Overlay	24,515	19,513	-	-
Unclassified	201,549	259,490	-	-
Capital outlay	412,072	-	-	-
Interest on long-term debt	27,669	49,604	37,843	33,208
Unallocated depreciation (Note 5)	3,524	3,524	-	-
Sewer department expenses	-	-	402,380	394,186
Total Expenses	<u>10,917,031</u>	<u>10,380,400</u>	<u>440,223</u>	<u>427,394</u>
Transfers	<u>-</u>	<u>(101,347)</u>	<u>-</u>	<u>101,347</u>
Change in Net Position	861,586	1,883,266	44,183	133,003
Net Position - July 1, Restated	<u>10,941,454</u>	<u>9,058,188</u>	<u>1,940,815</u>	<u>1,807,812</u>
Net Position - June 30	<u>\$ 11,803,040</u>	<u>\$ 10,941,454</u>	<u>\$ 1,984,998</u>	<u>\$ 1,940,815</u>

## Financial Analysis of the Town's Fund Statements

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

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

	<u>2018</u>	<u>2017</u>
Major Funds:		
General Fund:		
Assigned	\$ 250,000	\$ 250,000
Unassigned	3,649,387	2,978,535
Community Enhancement Fund:		
Restricted	252,856	252,856
Bio Tech Building:		
Nonspendable	245,388	986,318
Total Major Funds	<u>\$ 4,397,631</u>	<u>\$ 4,467,709</u>
Nonmajor Funds:		
Special Revenue Funds:		
Assigned	\$ 16,617	\$ 13,292
Unassigned	(10,682)	(3,323)
Capital Projects Funds:		
Restricted	841,040	578,679
Committed	730,635	937,564
Assigned	270,308	131,096
Permanent Funds:		
Nonspendable	162,694	162,694
Restricted	1,277,621	1,255,339
Total Nonmajor Funds	<u>\$ 3,288,233</u>	<u>\$ 3,075,341</u>

The general fund total fund balance increased by \$670,852 over the prior fiscal year. The increase was primarily due to higher excise tax collections and state revenue sharing payments along with lower solid waste/recycling expenditures. The Community Enhancement Fund had no change. The Bio Tech Building total fund balance decreased by \$740,930 due to the payoff of the Kennebec Valley Community College notes payable. The nonmajor funds total fund balances increased by \$212,892 from the prior fiscal year. This increase is due in part to the new PERC debt reserve of \$52,832.

## Budgetary Highlights

There was one significant budget adjustment between the original and final budget for the general fund and it was in the debt service budget.

The general fund actual revenues exceeded budget by \$225,316. This was mainly the result of all revenue categories being receipted in excess of the budgeted amounts with the exception of charges for services, reimbursements and transfers from other funds.

The general fund actual expenditures were under budget by \$445,536. All expenditures categories were under budget.

## Capital Asset and Long-Term Debt Administration

### Capital Assets

As of June 30, 2018, the net book value of capital assets recorded by the Town decreased by \$21,684 from the prior year. This decrease was the result of capital additions of \$478,157, less depreciation expense of \$499,841. Refer to Note 5 of Notes to Financial Statements for more detailed information.

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

	<u>2018</u>	<u>2017</u>
Land and improvements	\$ 751,656	\$ 751,656
Buildings and improvements	1,027,709	1,082,831
Machinery and equipment	1,527,057	1,518,780
Vehicles	708,666	459,166
Infrastructure	4,535,062	4,759,401
Total	<u>\$ 8,550,150</u>	<u>\$ 8,571,834</u>

### Debt

At June 30, 2018, the Town had \$999,500 in bonds and notes outstanding versus \$1,566,565 last year. Other obligations include capital leases payable, accrued vacation pay and sick leave, net OPEB liability and net pension liability. For additional comparative information on the Town's outstanding debt, refer to Note 6 of Notes to Financial Statements.

## **Currently Known Facts, Decisions, or Conditions**

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

Currently, the Town's unassigned fund balance is currently at a level sufficient to sustain government operations for a period of nearly four months, which is slightly higher than the Town's targeted amount of three months for unassigned fund balance. The Town has been working to build this balance to a sufficient level. As evidence of this, the Town's unassigned fund balance has increased to \$3,649,387 for the year ended June 30, 2018, from \$2,978,535 for the same period in 2017. The Town does maintain significant reserves for future capital and other program needs.

### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Treasurer's Office at 19 Lawrence Avenue, Fairfield, ME 04937.



## STATEMENT A

## TOWN OF FAIRFIELD, MAINE

STATEMENT OF NET POSITION  
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total Government
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 3,572,013	\$ -	\$ 3,572,013
Investments	4,330,514	-	4,330,514
Accounts receivable (net of allowance for uncollectibles):			
Taxes	384,574	-	384,574
Liens	129,575	-	129,575
Other	87,878	184,785	272,663
Due from other governments	99,846	-	99,846
Internal balances	(288,175)	288,175	-
<b>Total current assets</b>	<b>8,316,225</b>	<b>472,960</b>	<b>8,789,185</b>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	751,656	-	751,656
Depreciable assets, net of accumulated depreciation	4,884,745	2,913,749	7,798,494
<b>Total noncurrent assets</b>	<b>5,636,401</b>	<b>2,913,749</b>	<b>8,550,150</b>
<b>TOTAL ASSETS</b>	<b>13,952,626</b>	<b>3,386,709</b>	<b>17,339,335</b>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	428,386	-	428,386
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>428,386</b>	<b>-</b>	<b>428,386</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 14,381,012</b>	<b>\$ 3,386,709</b>	<b>\$ 17,767,721</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 103,539	\$ 4,920	\$ 108,459
Accrued payroll	61,695	-	61,695
Escrows	54,708	-	54,708
Current portion of long-term obligations	319,602	178,955	498,557
<b>Total current liabilities</b>	<b>539,544</b>	<b>183,875</b>	<b>723,419</b>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	892,486	1,215,869	2,108,355
Capital leases payable	10,486	-	10,486
Net OPEB liability	22,090	-	22,090
Net pension liability	739,144	-	739,144
<b>Total noncurrent liabilities</b>	<b>1,664,206</b>	<b>1,215,869</b>	<b>2,880,075</b>
<b>TOTAL LIABILITIES</b>	<b>2,203,750</b>	<b>1,399,744</b>	<b>3,603,494</b>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	11,583	-	11,583
Prepaid sewer bills	-	1,967	1,967
Deferred inflows related to OPEB	8,236	-	8,236
Deferred inflows related to pensions	354,403	-	354,403
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>374,222</b>	<b>1,967</b>	<b>376,189</b>
<b>NET POSITION</b>			
Net investment in capital assets	4,621,051	1,518,925	6,139,976
Restricted - nonspendable principal	162,694	-	162,694
Restricted	2,371,517	92,843	2,464,360
Unrestricted	4,647,778	373,230	5,021,008
<b>TOTAL NET POSITION</b>	<b>11,803,040</b>	<b>1,984,998</b>	<b>13,788,038</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 14,381,012</b>	<b>\$ 3,386,709</b>	<b>\$ 17,767,721</b>

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

## STATEMENT B

TOWN OF FAIRFIELD, MAINE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating Grants &	Capital Grants &	Governmental	Business -	Total
		Services	Contributions	Contributions	Activities	type Activities	
Governmental activities:							
General government	\$ 753,433	\$ 53,101	\$ -	\$ -	\$ (700,332)	\$ -	\$ (700,332)
Public safety	2,132,933	7,039	4,733	-	(2,121,161)	-	(2,121,161)
Public works	1,278,889	23,660	74,216	-	(1,181,013)	-	(1,181,013)
Solid waste/recycling	345,941	193,447	-	-	(152,494)	-	(152,494)
Parks and recreation	25,361	15,677	-	-	(9,684)	-	(9,684)
Health and welfare	159,365	-	4,694	-	(154,671)	-	(154,671)
Library	193,657	2,326	-	-	(191,331)	-	(191,331)
Education	4,426,912	-	-	-	(4,426,912)	-	(4,426,912)
County tax	931,210	-	-	-	(931,210)	-	(931,210)
Overlay	24,515	-	-	-	(24,515)	-	(24,515)
Unclassified	201,549	-	-	-	(201,549)	-	(201,549)
Capital outlay	412,072	-	-	249,500	(162,572)	-	(162,572)
Interest on long-term debt	27,669	-	-	-	(27,669)	-	(27,669)
Unallocated depreciation (Note 5)*	3,524	-	-	-	(3,524)	-	(3,524)
Total governmental activities	<u>10,917,031</u>	<u>295,250</u>	<u>83,643</u>	<u>249,500</u>	<u>(10,288,638)</u>	<u>-</u>	<u>(10,288,638)</u>
Business-type activities:							
Sewer fund	<u>440,223</u>	<u>466,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,118</u>	<u>26,118</u>
Total business-type activities	<u>440,223</u>	<u>466,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,118</u>	<u>26,118</u>
Total government	<u>\$ 11,357,254</u>	<u>\$ 761,591</u>	<u>\$ 83,643</u>	<u>\$ 249,500</u>	<u>(10,288,638)</u>	<u>26,118</u>	<u>(10,262,520)</u>

STATEMENT B (CONTINUED)  
TOWN OF FAIRFIELD, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(10,288,638)	26,118	(10,262,520)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	8,388,261	-	8,388,261
Excise taxes	1,173,610	-	1,173,610
Grants and contributions			
not restricted to specific programs	1,124,724	-	1,124,724
Investment income	198,198	-	198,198
Reimbursements	62,804	-	62,804
Other revenue	202,627	18,065	220,692
Total general revenues and transfers	11,150,224	18,065	11,168,289
Change in net position	861,586	44,183	905,769
NET POSITION - JULY 1, RESTATED	10,941,454	1,940,815	12,882,269
NET POSITION - JUNE 30	\$ 11,803,040	\$ 1,984,998	\$ 13,788,038

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

## TOWN OF FAIRFIELD, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018

	General Fund	Community Enhancement Fund	Bio Tech Building	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,310,917	\$ -	\$ -	\$ 261,096	\$ 3,572,013
Investments	3,002,615	-	-	1,327,899	4,330,514
Accounts receivable (net of allowance for uncollectibles):					
Taxes	384,574	-	-	-	384,574
Liens	129,575	-	-	-	129,575
Other	21,766	66,112	-	-	87,878
Due from other governments	99,846	-	-	-	99,846
Due from other funds	159,362	186,744	245,388	1,858,600	2,450,094
TOTAL ASSETS	<u>\$ 7,108,655</u>	<u>\$ 252,856</u>	<u>\$ 245,388</u>	<u>\$ 3,447,595</u>	<u>\$ 11,054,494</u>
LIABILITIES					
Accounts payable	\$ 103,539	\$ -	\$ -	\$ -	\$ 103,539
Accrued payroll	61,695	-	-	-	61,695
Escrows	54,708	-	-	-	54,708
Due to other funds	2,578,907	-	-	159,362	2,738,269
TOTAL LIABILITIES	<u>2,798,849</u>	<u>-</u>	<u>-</u>	<u>159,362</u>	<u>2,958,211</u>
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	11,583	-	-	-	11,583
Deferred tax revenue	398,836	-	-	-	398,836
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>410,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>410,419</u>
FUND BALANCES					
Nonspendable	-	-	245,388	162,694	408,082
Restricted	-	252,856	-	2,118,661	2,371,517
Committed	-	-	-	730,635	730,635
Assigned	250,000	-	-	286,925	536,925
Unassigned	3,649,387	-	-	(10,682)	3,638,705
TOTAL FUND BALANCES	<u>3,899,387</u>	<u>252,856</u>	<u>245,388</u>	<u>3,288,233</u>	<u>7,685,864</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 7,108,655</u>	<u>\$ 252,856</u>	<u>\$ 245,388</u>	<u>\$ 3,447,595</u>	<u>\$ 11,054,494</u>

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

## TOWN OF FAIRFIELD, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018

	Total Governmental Funds
Total Fund Balances	\$ 7,685,864
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	5,636,401
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	398,836
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	428,386
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(999,500)
Capital leases payable	(15,850)
Accrued compensated absences	(207,224)
Net OPEB liability	(22,090)
Net pension liability	(739,144)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(362,639)
Net position of governmental activities	<u>\$ 11,803,040</u>

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

## STATEMENT E

## TOWN OF FAIRFIELD, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Community Enhancement Fund	Bio Tech Building	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 8,332,504	\$ -	\$ -	\$ -	\$ 8,332,504
Excise taxes	1,173,610	-	-	-	1,173,610
Intergovernmental revenue	1,453,134	-	-	4,733	1,457,867
Charges for services	295,250	-	-	-	295,250
Investment income, net of unrealized gains/(losses)	131,814	-	14,713	51,671	198,198
Reimbursements	62,804	-	-	-	62,804
Other revenue	50,054	-	-	152,573	202,627
TOTAL REVENUES	<u>11,499,170</u>	<u>-</u>	<u>14,713</u>	<u>208,977</u>	<u>11,722,860</u>
EXPENDITURES					
Current:					
General government	751,279	-	-	-	751,279
Public safety	2,007,663	-	-	-	2,007,663
Public works	1,031,012	-	-	-	1,031,012
Solid waste/recycling	345,941	-	-	-	345,941
Parks and recreation	24,391	-	-	-	24,391
Health and welfare	159,365	-	-	-	159,365
Library	191,246	-	-	-	191,246
Education	4,426,912	-	-	-	4,426,912
County tax	931,210	-	-	-	931,210
Overlay	24,515	-	-	-	24,515
Unclassified	62,843	-	-	138,706	201,549
Debt Service:					
Principal	815,972	-	-	-	815,972
Interest	28,262	-	-	-	28,262
Capital outlay	-	-	-	890,229	890,229
TOTAL EXPENDITURES	<u>10,800,611</u>	<u>-</u>	<u>-</u>	<u>1,028,935</u>	<u>11,829,546</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>698,559</u>	<u>-</u>	<u>14,713</u>	<u>(819,958)</u>	<u>(106,686)</u>
OTHER FINANCING SOURCES (USES)					
Debt proceeds	-	-	-	249,500	249,500
Transfers in	824,693	-	-	852,400	1,677,093
Transfers (out)	(852,400)	-	(755,643)	(69,050)	(1,677,093)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(27,707)</u>	<u>-</u>	<u>(755,643)</u>	<u>1,032,850</u>	<u>249,500</u>
NET CHANGE IN FUND BALANCES	670,852	-	(740,930)	212,892	142,814
FUND BALANCES - JULY 1	<u>3,228,535</u>	<u>252,856</u>	<u>986,318</u>	<u>3,075,341</u>	<u>7,543,050</u>
FUND BALANCES - JUNE 30	<u>\$ 3,899,387</u>	<u>\$ 252,856</u>	<u>\$ 245,388</u>	<u>\$ 3,288,233</u>	<u>\$ 7,685,864</u>

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

## TOWN OF FAIRFIELD, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 142,814</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	478,157
Depreciation expense	<u>(412,841)</u>
	<u>65,316</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(249,500)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(175,759)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>821,693</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>55,757</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(105,580)</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(67)
Net OPEB liability	9,021
Net pension liability	<u>297,891</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 861,586</u></u>

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

## TOWN OF FAIRFIELD, MAINE

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2018

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ -
Accounts receivable (net of allowance for uncollectibles)	184,785
Due from other funds	288,175
Total current assets	<u>472,960</u>
Noncurrent assets:	
Capital assets:	
Infrastructure	3,744,438
Total capital assets	<u>3,744,438</u>
Less: accumulated depreciation	(830,689)
Total noncurrent assets	<u>2,913,749</u>
TOTAL ASSETS	<u>\$ 3,386,709</u>
LIABILITIES	
Current liabilities:	
Accrued interest	\$ 4,920
Current portion of long-term debt	178,955
Total current liabilities	<u>183,875</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	1,215,869
Total noncurrent liabilities	<u>1,215,869</u>
TOTAL LIABILITIES	<u>1,399,744</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid sewer bills	1,967
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,967</u>
NET POSITION	
Net investment in capital assets	1,518,925
Restricted	92,843
Unrestricted	373,230
TOTAL NET POSITION	<u>1,984,998</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 3,386,709</u>

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



## TOWN OF FAIRFIELD, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Fund</u>
OPERATING REVENUES	
Charges for services	\$ 466,341
Other income	18,065
TOTAL OPERATING REVENUES	<u>484,406</u>
OPERATING EXPENSES	
Administration	84,191
Kennebec Sanitary Treatment District expense	195,745
Maintenance	22,101
Supplies	4,656
Utilities	1,265
Depreciation	87,000
Other operating expenses	7,422
TOTAL OPERATING EXPENSES	<u>402,380</u>
OPERATING INCOME (LOSS)	<u>82,026</u>
NONOPERATING REVENUES (EXPENSES)	
Interest expense	<u>(37,843)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(37,843)</u>
CHANGE IN NET POSITION	44,183
NET POSITION - JULY 1	<u>1,940,815</u>
NET POSITION - JUNE 30	<u><u>\$ 1,984,998</u></u>

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

## TOWN OF FAIRFIELD, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Enterprise Fund</u> <u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 450,402
Internal activity - receipts (payments) from (to) other funds	44,094
Other receipts	18,065
Payments to suppliers	(216,257)
Payments to employees	(84,191)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>212,113</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal paid on capital debt	(175,852)
Interest paid on capital debt	(36,261)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(212,113)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - JULY 1	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 82,026
Depreciation	87,000
Changes in operating assets, liabilities and deferred inflows of resources:	
(Increase) decrease in accounts receivable	(15,939)
(Increase) decrease in prepaid items	14,932
(Increase) decrease in due from other funds	44,094
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 212,113</u></u>

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Fairfield was incorporated under the laws of the State of Maine. The Town operates under the council form of government and provides the following services: general government, public safety, public works, solid waste/recycling, parks and recreation, health and welfare, library, education and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

**Implementation of New Accounting Standards**

During the year ended June 30, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 85, "*Omnibus 2017*." The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 86, "*Certain Debt Extinguishment Issues*." The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's sewer fund is categorized as business-type activities. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. 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 and business-type activities (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

**Measurement Focus - Basic Financial Statements & Fund Financial Statements**

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Community Enhancement Fund is used to account for loan proceeds that are legally restricted to expenditures for specified purposes.
- c. The Bio Tech Building Fund is used to account for loan proceeds that are legally restricted to expenditures for specified purposes.

Nonmajor Funds

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- e. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.
- f. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. 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 net

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

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

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

**Budget**

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

**Deposits and Investments**

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For statement of cash flows purposes, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations
- Prime bankers acceptances
- Prime commercial papers
- Repurchase agreements whose underlying collateral consist of the foregoing
- Money market mutual funds whose portfolios consist of the foregoing

It is also the policy of the Town of Fairfield, Maine to invest public funds in a manner in which will provide safety of principal with a market rate of return while meeting the daily cash flow demands of the town and conforming to all state and local statutes governing the investment of public funds. Further, the Town's investment policy requires collateralization of accounts and deposits and repurchase agreements. The collateral must be in an amount equal to the excess deposit and it may consist only of securities in which municipalities may invest. The Town or an independent third-party with whom the Town has a current custodial agreement will always hold collateral.



TOWN OF FAIRFIELD, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Receivables**

Receivables include amounts due from governmental agencies, local businesses and sewer receivables. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$372,509 for the year ended June 30, 2018. The allowance for uncollectible accounts is estimated to be \$76,679 as of June 30, 2018.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

**Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental and Proprietary Funds.

**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 life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Estimated useful lives are as follows:

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

**Long-term Obligations**

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds payable, capital leases payable, accrued compensated absences, net OPEB liability and net pension liability.

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

**Compensated Absences**

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation but not sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources,

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

while the proprietary funds report the liability as it is incurred. As of June 30, 2018, the Town's liability for compensated absences is \$207,224.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Postemployment Benefits (OPEB)**

For purposes of measuring the Town's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System OPEB Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has deferred outflows related to related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to OPEB and deferred inflows related to pensions qualifies for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as inflows of resources in the period that the amounts become available.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balance**

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

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

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

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

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

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

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

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied August 15, 2017 on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. Taxes were due on September 15, 2017, November 2, 2017, February 1, 2018 and May 3, 2018. Interest on unpaid taxes commenced on September 16, 2017, November 3, 2017, February 2, 2018 and May 4, 2018 at 7% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$73,309 for the year ended June 30, 2018.

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.

TOWN OF FAIRFIELD, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided; operating or capital grants and contributions, including special assessments).

**Operating/Nonoperating Proprietary Fund Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Encumbrance Accounting**

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

**Use of Estimates**

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

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2018, the Town's deposits amounting to \$3,572,013 were comprised of bank deposits of \$3,697,669. Of these bank deposits, \$541,520 were fully covered by federal depository insurance and consequently were not exposed to custodial credit risk, \$250,000 were covered by the Securities Investor Protection Corporation (SIPC), \$2,643,717 were collateralized with securities held by a financial institution in the Town's name and \$60,029 were collateralized with a third-party deposit pledge. The remaining deposits of \$202,403 were uncollateralized and uninsured.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 310,029
Money market accounts	41,520
Sweep accounts	2,643,717
Cash and cash equivalents	702,404
	<u>\$ 3,697,669</u>

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

In accordance with its investment policy, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. Of the Town's investments of \$4,330,514, \$250,000 were fully covered by federal depository insurance and consequently were not exposed to custodial credit risk, \$250,000 were covered by the Securities Investor Protection Corporation (SIPC) and \$508,192 were collateralized with a third-party deposit pledge. The remaining investments of \$3,322,322 were uncollateralized and uninsured.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2018, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years	> 5 Years
Certificates of deposit	\$ 758,192	\$ -	\$ 758,192	\$ -	\$ -
Equity securities:					
Mutual funds:					
Fixed income	2,528,419	581,292	308,719	1,437,694	200,714
Equities	1,043,903	1,043,903	-	-	-
	<u>\$ 4,330,514</u>	<u>\$ 1,625,195</u>	<u>\$ 1,066,911</u>	<u>\$ 1,437,694</u>	<u>\$ 200,714</u>

**Fair Value Hierarchy**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as of June 30, 2018:

	June 30, 2018 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Mutual funds - domestic and foreign	\$ 3,572,322	\$ 3,572,322	\$ -	\$ -
Total equity securities	<u>3,572,322</u>	<u>3,572,322</u>	<u>-</u>	<u>-</u>
 Total investments by fair value level	 3,572,322	 <u>\$ 3,572,322</u>	 <u>\$ -</u>	 <u>\$ -</u>
 <u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	702,404			
Total cash equivalents measured at the NAV	<u>702,404</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 4,274,726</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities'



TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

relationship to benchmark quoted prices. The Town has no Level 2 or 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2018 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. Certificates of deposit held with local financial institutions for \$758,192 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

Credit risk – Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. Based on its policy, the Town seeks to mitigate credit risk by limiting investments to those previously mentioned, using financial institutions which have been pre-qualified by the Town or its duly authorized investment advisor(s) and diversity within its investment portfolio.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town will mitigate interest rate risk through structuring investment maturities such that the Town's cash demands for on-going operations will be met from cash flows of maturing securities and therefore will preclude the premature sale of securities to meet those needs.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2018 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
General Fund	\$ 159,362	\$ 2,578,907
Community Enhancement	186,744	-
Nonmajor Special Revenue Funds	16,617	10,682
Nonmajor Capital Projects Funds	1,841,983	-
Nonmajor Permanent Funds	-	148,680
Enterprise Fund - Sewer	288,175	-
	<u>\$ 2,738,269</u>	<u>\$ 2,738,269</u>

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 4 - NOTES / LOANS RECEIVABLE

The Town has determined that the allowance for doubtful accounts on its community enhancement loans to be \$76,679 for the fiscal year 2018. The loans have been carried at face value without including past-due interest. The Town is actively pursuing collection of any old accounts. Any future adjustments to the allowance for doubtful accounts are not known at this time.

On May 20, 2010, the Town accepted a twenty-year promissory note from the Maine Community College System as balance due on the sale of the Town's bio-technology center for \$1,400,000. Interest on any unpaid principal balance is charged at the rate of 3.00% per annum. During fiscal year 2018 that promissory note was paid off.

The following is a summary of changes in the notes receivable for the year ended June 30, 2018:

	Balance, 7/1/17	Additions	Deletions	Balance, 6/30/18
<u>Notes receivable:</u>				
Bio Tech Building	\$ 994,082	\$ -	\$ (994,082)	\$ -
Community Enhancement	66,112	-	-	66,112
Totals	<u>\$ 1,060,194</u>	<u>\$ -</u>	<u>\$ (994,082)</u>	<u>\$ 66,112</u>

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Balance, 7/1/17	Additions	Disposals	Balance, 6/30/18
<u>Governmental activities:</u>				
<u>Non-depreciated assets:</u>				
Land	\$ 751,656	\$ -	\$ -	\$ 751,656
	<u>751,656</u>	<u>-</u>	<u>-</u>	<u>751,656</u>
<u>Depreciated assets:</u>				
Buildings	1,955,559	-	-	1,955,559
Building improvements	349,048	-	-	349,048
Machinery & equipment	1,112,943	44,937	-	1,157,880
Vehicles	2,894,843	433,220	-	3,328,063
Infrastructure	2,500,412	-	-	2,500,412
	<u>8,812,805</u>	<u>478,157</u>	<u>-</u>	<u>9,290,962</u>
Less: accumulated depreciation	<u>(3,993,376)</u>	<u>(412,841)</u>	<u>-</u>	<u>(4,406,217)</u>
	<u>4,819,429</u>	<u>65,316</u>	<u>-</u>	<u>4,884,745</u>
Net capital assets	<u>\$ 5,571,085</u>	<u>\$ 65,316</u>	<u>\$ -</u>	<u>\$ 5,636,401</u>

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/17	Additions	Disposals	Balance, 6/30/18
<u>Business-type activities:</u>				
Depreciated assets:				
Infrastructure	\$ 3,744,438	\$ -	\$ -	\$ 3,744,438
	3,744,438	-	-	3,744,438
Less: accumulated depreciation	(743,689)	(87,000)	-	(830,689)
	3,000,749	(87,000)	-	2,913,749
Net capital assets	<u>\$ 3,000,749</u>	<u>\$ (87,000)</u>	<u>\$ -</u>	<u>\$ 2,913,749</u>
<u>Current year depreciation:</u>				
Administration				\$ 32,670
Police department				47,930
Fire department				79,069
Community center				970
Highway department				246,201
Library				2,477
Town-wide				3,524
Total governmental activities depreciation				412,841
Sewer fund				87,000
Total depreciation expense				<u>\$ 499,841</u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2018:

	Balance, 7/1/2017 (Restated)	Additions	Deletions	Balance, 6/30/18	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 1,561,885	\$ 249,500	\$ (811,885)	\$ 999,500	\$ 107,014
Notes payable	4,680	-	(4,680)	-	-
Capital leases payable	20,978	-	(5,128)	15,850	5,364
Accrued compensated absences	207,157	12,189	(12,122)	207,224	207,224
Net OPEB liability	31,111	-	(9,021)	22,090	-
Net pension liability	1,037,035	-	(297,891)	739,144	-
	<u>\$ 2,862,846</u>	<u>\$ 261,689</u>	<u>\$ (1,140,727)</u>	<u>\$ 1,983,808</u>	<u>\$ 319,602</u>

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 6 - LONG-TERM DEBT (CONTINUED)

	Balance, 7/1/17	Additions	Deletions	Balance, 6/30/18	Current Portion
<u>Business-type activities:</u>					
Bonds payable	\$ 1,570,676	\$ -	\$ (175,852)	\$ 1,394,824	\$ 178,955

The following is a description of the outstanding bonds payable:

Governmental activities:

\$900,000 General obligation bond due in annual variable principal and interest payments of \$76,230 to \$94,048 through November 2027. A variable interest rate is charged per annum of 0.65% to 3.28%.	\$ 750,000
\$249,500 General obligation bond due in seven annual installments of \$49,896 through April 2025. Interest is charged at a rate of 3.56% per annum.	249,500
Total governmental activities bonds payable	999,500

Business-type activities:

\$520,000 2004 CWSRF bond due in annual principal payments of \$22,158 to \$30,239 plus interest, through April of 2024. Interest is charged at a rate of 1.65% per annum.	174,227
\$480,000 2003 CWSRF bond due in annual principal payments of \$21,164 to \$27,655 plus interest, through October of 2022. Interest is charged at a rate of 1.94% per annum.	129,184
\$1,500,000 2004 CWSRF bond due in annual principal payments of \$58,132 to \$94,670 plus interest, through April of 2024. Interest is charged at a rate of 2.05% per annum.	533,230
\$753,413 2009 CWSRF bond with \$177,805 principal forgiven, due in annual principal payments of \$14,390 and semi annual fee payments through April of 2030. No interest is charged on the bond.	345,365
\$373,800 2012 CWSRF bond with \$96,814 principal forgiven due in annual principal payments of \$12,579 to \$15,197 through July of 2032. Interest is charged semi-annually at a rate of 1.0% per annum.	212,818
Total business-type bonds payable	1,394,824
Total bonds payable	\$ 2,394,324

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bond principal and interest requirements for the fiscal years ending June 30:

	Governmental Activities		Business-type Activities		Total Debt Service
	General Obligation		Sewer		
	Principal	Interest	Principal	Interest	
2019	\$ 107,014	\$ 26,314	\$ 178,955	\$ 25,495	\$ 337,778
2020	108,153	24,031	182,139	22,233	336,556
2021	109,333	21,511	184,637	19,663	335,144
2022	110,556	18,755	187,162	17,029	333,502
2023	111,822	15,783	190,181	14,328	332,114
2024-2028	452,622	32,622	339,691	24,345	849,280
2029-2033	-	-	132,059	8,574	140,633
	\$ 999,500	\$ 139,016	\$ 1,394,824	\$ 131,667	\$ 2,665,007

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ended June 30, 2018 was \$37,843.

The following is a summary of the outstanding capital lease payable:

The Town leases a copier under a non-cancelable lease agreement. The term of the lease is for a five-year period expiring in 2021. Monthly payments are \$498.

Future minimum lease payments by year and in the aggregate under these leases are as follows:

2019	\$ 5,970
2020	5,970
2021	4,975
Total minimum lease payments	<u>\$ 16,915</u>
Less: Amount representing interest	<u>(1,065)</u>
Present value of future minimum lease payments	<u>\$ 15,850</u>

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 7 - NONSPENDABLE FUND BALANCES

At June 30, 2018, the Town had the following nonspendable fund balances:

Bio-Tech Building	\$ 245,388
Nonmajor permanent funds (Schedule H)	162,694
	<u>\$ 408,082</u>

NOTE 8 - RESTRICTED FUND BALANCES

At June 30, 2018, the Town had the following restricted fund balances:

Community Enhancement Fund	\$ 252,856
Nonmajor capital projects funds (Schedule F)	841,040
Nonmajor permanent funds (Schedule H)	1,277,621
	<u>\$ 2,371,517</u>

NOTE 9 - COMMITTED FUND BALANCES

At June 30, 2018, the Town had the following committed fund balances:

Nonmajor capital projects funds (Schedule F)	<u>\$ 730,635</u>
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NOTE 10 - ASSIGNED FUND BALANCES

At June 30, 2018, the Town had the following assigned fund balances:

General fund:	
Reserved for FY 19 tax reductions	\$ 250,000
Nonmajor special revenue funds (Schedule D)	16,617
Nonmajor capital projects funds (Schedule F)	270,308
	<u>\$ 536,925</u>

NOTE 11 - RESTRICTED NET POSITION - BUSINESS-TYPE ACTIVITIES

At June 30, 2018, the Town's Sewer Fund had a restricted net position for the following purpose:

Restricted for debt	<u>\$ 92,843</u>
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TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 12 - DEFICIT FUND BALANCES

The following funds have deficit fund balances at June 30, 2018:

Bryne JAG Grant	\$	2,740
Homeland Security		2,996
MEMA Grant		2,590
Seatbelt Grant		2,356
		<hr/>
	\$	10,682
		<hr/>

NOTE 13 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Plan Description**

District employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (800) 451-9800.

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

which are established by contract with PLD employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.45%.

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's police and fire department employees are part of the PLD's special plan "3C" and are required to contribute 9.5% of their annual salary, while all other employees are part of the PLD's plan "AC" and are required to contribute 8.0% of their annual salary. The Town is required to contribute 12.2% of special plan "3C" members' covered payroll and 9.6% of the plan "AC" members' covered payroll annually to the system. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2018 was \$108,433.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2018, the Town reported a liability of \$739,144 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2017, the Town's proportion was 0.180527%, which was a decrease of 0.01465% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized total pension expense of \$24,788. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 35,510
Changes of assumptions	62,896	-
Net difference between projected and actual earnings on pension plan investments	254,730	275,054
Changes in proportion and differences between contributions and proportionate share of contributions	2,327	43,839
Contributions subsequent to the measurement date	108,433	-
Total	<u>\$ 428,386</u>	<u>\$ 354,403</u>

The \$108,433 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2018	\$ (34,106)
2019	45,018
2020	4,959
2021	(50,324)
2022	-
Thereafter	-

**Actuarial Methods and Assumptions**

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2017, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Actuarial Cost Method*

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

*Asset Valuation Method*

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

*Amortization*

The net pension liability of the PLD Consolidated Plan is amortized on an open basis over a period of fifteen years.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2017 are as follows:

*Investment Rate of Return* - For the PLD Plan, 6.875% per annum, compounded annually.

*Salary Increases, Merit and Inflation* - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Mortality Rates* - For participating local districts, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

*Cost of Living Benefit Increases* – 2.20% for participating local districts.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2017 are summarized in the following table.

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US government	7.5%	2.3%
Non-US equities		
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.875% for 2017. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability(asset) as of June 30, 2017 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.875% for the PLD Consolidated Plan.

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
<u>PLD Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 1,482,951	\$ 739,144	\$ 179,173

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2017 with the following exceptions.

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2017, this was three years for the PLD Consolidated Plan; prior to 2017, this was four years for the PLD Consolidated Plan.

**Changes in Net Pension Liability**

*Differences between Projected and Actual Investment Earnings*

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2017 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015.

*Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions*

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

**Pension Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2017 Comprehensive Annual Financial Report available online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

NOTE 14 - DEFINED CONTRIBUTION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION –  
RETIREMENT CORPORATION

**Plan Description**

The Town offers its employees a defined contribution plan created in accordance with Internal Revenue Code Section 401. The plan, available to all administrative employees, permits them to defer a portion of their salary until retirement. The deferred amount and the vested portion of the employer match are not available to the employee until retirement or death, or in case of other life events as allowed by law. The plan is administered by ICMA Retirement Corporation.

**Funding Policy**

Plan provisions and contribution requirements are established and may be amended by the Town Council. Under the 401 plan, employees may elect to participate. Participating members are required to contribute up to 10.0% of their

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 14 - DEFINED CONTRIBUTION PLAN (CONTINUED)

annual covered salary and the Town is required to match 100% of the employee's contribution. The employee's contribution is tax deferred for federal and state taxes until the withdrawal date. For the year ended June 30, 2018, employee contributions totaled \$32,377, and the Town recognized pension expense of \$30,083.

The employee's contribution vests 100% with the employee when contributed. The Town's matching contribution vests 100% with the employee at the end of three years of service.

NOTE 15 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION –  
RETIREMENT CORPORATION

**Plan Description**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to certain employee groups, permits the employee to defer a portion of salary until future years. The deferred amount and the vested portion of the employer match are not available to the employee until retirement or death, or in case of other life events as allowed by law.

All amounts of compensation deferred under the plan, all property and 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) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the Town's management that the Town 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.

**Funding Policy**

Under the deferred compensation plan, employees may elect to participate. Participating members are required to contribute between 6.5% and 7.00% of their annual covered salary and the Town is required to match 100% of the employee's contribution. The employee's contribution is tax deferred for federal and state taxes until the withdrawal date. The employee's contribution vests 100% with the employee when contributed. The Town's matching contribution vests 100% with the employee at the end of three years of service. The Town's contributions for the plan, including employee contributions for the years ended June 30, 2018, 2017 and 2016 were: \$14,099, \$12,700 and \$6,309, respectively.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLANS

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

**Plan Description**

Town employees contribute to the Group Life Insurance Plan for Retired Participating Local District (PLD) (the PLD Consolidated Plan of the Maine Public Employees Retirement System (MainePERS)), a cost-sharing multiple-employer defined benefit plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (800) 451-9800.

**Benefits Provided**

The Group Life Insurance Plan (the Plan) provides basic group life insurance benefits, during retirement, to retirees who participated in the Plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount, or \$2,500.

**Contributions**

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For state employees, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)**

during the post-employment retired period. The Town's contribution to the Plan for the year ended June 30, 2018 was \$1,371.

**OPEB Liabilities**

*PLD Consolidated Plan*

At June 30, 2018, the Town reported a liability of \$22,099 for its proportionate share of the net OPEB liabilities for the PLD Plan. The net OPEB liabilities were measured as of June 30, 2017, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liabilities were based on a projection of the Town's long-term share of contributions to the PLD Plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2017, the Town's proportion was 0.18996%, which was a decrease of 0.01102% from its proportion measured as of June 30, 2016.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the Town recognized total OPEB revenue of \$776 for the PLD plan. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	PLD Life Insurance	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	6,158
Net difference between projected and actual earnings on pension plan investments	-	1,058
Changes in proportion and differences between contributions and proportionate share of contributions	-	1,020
Contributions subsequent to the measurement date	-	-
Total	\$ -	\$ 8,236



TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLANS (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>PLD Life Insurance</u>
Plan year ended June 30:	
2018	\$ (1,700)
2019	(1,700)
2020	(1,700)
2021	(1,700)
2022	(1,436)
Thereafter	-

**Actuarial Methods and Assumptions**

The collective total OPEB liability for the PLD Plan was determined by an actuarial valuation as of June 30, 2017, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the Plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

*Asset Valuation Method*

Investments are reported at fair value.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)

*Amortization*

The net OPEB liability of the PLD Plan is amortized on a level percentage of payroll over a thirty-year period on a closed basis. As of June 30, 2017, there were 13 years remaining for the Plan.

The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2017 are as follows:

*Investment Rate of Return* - 6.875% per annum, compounded annually

*Inflation Rate* - 2.75%

*Annual Salary Increases including Inflation* - 2.75% to 9.00% per year

*Mortality Rates* - For active members and non-disabled retirees of the Plan, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used. These tables are adjusted by percentages ranging from 104% to 120% based on actuarially determined demographic differences.

*Participation Rate for Future Retirees* - 100% of those currently enrolled

*Conversion Charges* - Apply to the cost of active group life insurance, not retiree group life insurance.

*Form of Benefit Payment* - Lump sum

The long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term real rates of return for each major asset class included in the

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)

target asset allocation as of June 30, 2017 are summarized in the following table. Assets for the defined benefit Plans are comingled for investment purposes.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	70.00%	6.00%
Real estate	5.00%	5.20%
Traditional credit	16.00%	3.00%
US Government securities	9.00%	2.30%
Total	<u>100.00%</u>	

*Discount Rate*

The discount rate used to measure the collective total OPEB liability was 5.41% for 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

The following table shows how the collective net OPEB liability/(asset) as of June 30, 2017 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 5.41%.

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
PLD Life Insurance:			
Discount rate	4.41%	5.41%	6.41%
Town's proportionate share of the net OPEB liability	\$ 29,659	\$ 22,099	\$ 16,132

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLANS (CONTINUED)

**Changes in Net OPEB Liability**

Each employer's share of the collective net OPEB liability is equal to the collective net OPEB liability multiplied by the employer's proportionate share as of June 30, 2017 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2017 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each Plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Differences between Projected and Actual Investment Earnings on OPEB Plans Investments*

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each Plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period for the Plan was six years for 2017. For the fiscal year ended June 30, 2017, there were no changes in assumptions with the exception of the use of a blended discount rate for both Plans. Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pensions Plans*, requires the use of a blended discount rate for determining the total OPEB liability when it is projected that Plan assets are not sufficient to meet benefit

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLANS (CONTINUED)

obligations in the future. In years where assets are projected to be sufficient to pay benefits, the Plan's assumed rate of return is used; in years where assets are not projected to be sufficient to pay benefits, the use of a municipal bond rate is required. The result is a single blended discount rate.

*Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions*

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each Plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2017.

**OPEB Plans Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2017 Comprehensive Annual Financial Report available online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

NOTE 17 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL

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 participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations, and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2018.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 17 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL (CONTINUED)

The Town is a member of the Maine Municipal Association – Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a \$1,000 per occurrence deductible is met. Under the general liability portion of the policy, the limit is \$400,000 per occurrence for causes of action pursuant to the Maine Tort Claims Act. Coverage is limited to those areas for which governmental immunity has been expressly waived and \$2,000,000 per occurrence for causes of action pursuant to federal law or state law for which immunity is not proved by the Maine Tort Claims Act. The same limit applies for Law Enforcement after a \$1,000 per occurrence deductible is met. For public official liability and employment practices liability, the coverage is \$2,000,000 per occurrence and \$4,000,000 aggregate with a \$5,000 deductible.

The Town is also a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for worker’s compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker’s compensation coverage. The Town’s agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies’ reinsurance contracts, coverage for claims in excess of \$1,000,000.

The Town is also a member of the Maine Municipal Association – Unemployment Compensation Group Fund (“MMA UC Fund”). The MMA UC Fund was created to assist in meeting members’ obligations under the Employment Security Act in an efficient and cost effective manner. The Fund is composed of individual municipalities and other public and related non-profit entities that are individually self-insured but administered as a group. Within the Fund, each member has a separate account. As such, the Town makes quarterly payments into their account, based on rates developed by MMA’s consulting actuary. Claims, if any, are paid out of the Town’s own account. The Maine Department of Labor classifies MMA’s UC Fund members as Direct Reimbursement Employers. In other words, the Fund reimburses the Maine DOL on the Town’s behalf only when the Town has unemployment claims from present or former employees.

Occasionally, the Town may have layoffs or resignations or even a part-time employee losing a primary job, that lead to larger claims payments than anticipated. When claims exceed the balance of the Town’s account, the UC Fund continues to pay the Town’s claims with no regard for the negative balance. Repayment of a negative balance is spread out over a period of years to avoid a financial hardship to the Town.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 17 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL (CONTINUED)

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2018. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 18 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 19 - JOINT VENTURES

The Town has entered into joint ventures with a number of other Towns. These joint ventures are considered to be separate reporting entities and have not been included within the financial statements of the Town of Fairfield. A brief description of the joint ventures follows:

FirstPark

Kennebec Regional Development Authority (FirstPark) was formed in 1998 through an act of the Maine State Legislature. Its primary purposes, according to the act, were to strengthen the financial condition of local governments within the geographic territory of the Authority, while combining resources and sharing costs for meeting regional and economic development needs and challenges; to promote and develop infrastructure and programs for employment and economic development opportunities; and other conditions to positively affect regional development. The intent was that the members would fund the startup costs and then jointly benefit from the tax revenues generated later on. There are currently 24 local governments who are members of the Authority, including the Town of Fairfield.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 19 - JOINT VENTURES (CONTINUED)

This statute states that the Town may be responsible for liabilities it incurs during its membership that may not have been paid for. It may withdraw its membership at any time with one year's warning to the corporation and the sale of its stake. An amount for any contingent liabilities at this time cannot be determined.

The Authority derives the bulk of its revenue from the participants, but also receives some grant revenues from the State of Maine and tenant's rental income. In fiscal year 2018, the Town of Fairfield contributed \$36,043. Complete financial statements may be obtained from Kennebec Regional Development Authority/First Park at P.O. Box 246, Oakland, Maine 04963.

Municipal Review Committee, Inc.

The Town of Fairfield is a member of the Joint Venture of the Equity Charter Municipalities of Municipal Review Committee, Inc. (Joint Venture). The Joint Venture is an organization that resulted from a contractual arrangement between certain member municipalities, Penobscot Energy Recovery Company (PERC) and Bangor Hydro Electric Company. It was formed to pool resources of the Equity Charter Municipalities for the long-term goal of handling the disposal of their present and projected volumes of non-hazardous municipal solid waste. As of March 31, 2018 (most recent data available), the Town of Fairfield's share of the Joint Venture's net position was \$596,418. Complete financial statements may be obtained from the Municipal Review Committee, 395 State Street, Ellsworth, Maine 04605. As of April 1, 2018, the Town is no longer a member of the Joint Venture.

NOTE 20 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS

**Tax Increment Financing Districts**

The Town has established several tax increment financing districts in accordance with Maine statutes to finance development programs located in the Town of Fairfield, Maine. The expenditures from these development programs will be recovered in future years through an incremental tax levied upon the districts' so called "captured assessed value". A portion of the incremental tax revenues will be returned to the district to repay principal and interest on any indebtedness, to fund the expenditures of the development program, and to finance future expansion.

Fairfield Downtown Redevelopment Tax Increment Financing District

On September 25, 2009, the Fairfield Town Council, as well as the Maine Department of Economic and Community Development, approved a Tax Increment Financing District to expand and diversify the Town's tax base, improve its economy



TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 20 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS  
(CONTINUED)

and redevelop the downtown area. The area of the District is approximately 41 acres. The potential projects that will be implemented under this Development Program include: acquisition of property and construction or demolition of structures, construction and modification of public infrastructure, improvements to parking and streetscapes, implementation of a downtown façade and signage program, economic development planning and administrative expenses associated with the development effort. The original valuation of the property was \$8,349,800. The Town anticipates over the life of the district that new development, rehabilitation, and redevelopment will result in approximately \$3,200,000 in new taxable value. Tax increment revenues generated from this value over the life of the district will be approximately \$2,500,000. The Development Program provides for 100% of the increase in assessed value of the District to be captured and designated as captured assessed value. The tax increment revenues will be deposited by the Town into the Development Program Fund for a period of 30 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5227(3)(A).

The TIF District will remain in place for a period of 30 years from adoption. The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to owners/developers of specified property, will commence by agreement between the Town and the owner/developer and will continue for a period not to exceed 15 years or the remainder of the term of the District designation, whichever is less. No more than 75% of the property taxes to be generated on the improvements within the District will be returned to the developer for 15 years. The remaining amount will be retained by the Town and used to fund the development plan of the District. The Town Council shall determine, in its discretion, whether it is necessary or appropriate to enter any Credit Enhancement Agreement to grant these abatements. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fill the commitment it makes in return for the tax abatement. The Town reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program. Any projects financed through municipal bonded indebtedness must be approved in advance by the Fairfield voters.

Industrial Park and Natural Gas Tax Increment Financing District

On May 12, 2014, the Fairfield Town Council, as well as the Maine Department of Economic and Community Development, approved a Tax Increment Financing District for Summit Natural Gas for the construction of natural gas transmission and distribution lines to service communities across the Kennebec Valley region. The original valuation of the property was \$409,800. The area of this District is approximately 159.85 acres and consists of two areas – the Pipeline Tract and the Industrial Park Tract. For the Pipeline Tract, 50% of the property taxes to be generated

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 20 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS  
(CONTINUED)

on the improvements within the District will be returned to the developer for 15 years. The remaining 50% will be retained by the Town and used to fund the development plan of the District. For the Industrial Park Tract, 100% will be retained by the Town and used to fund the development plan of the District for 30 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5227(3)(A).

The TIF District will remain in place for a period of 30 years from adoption. The allocation of tax increment revenues, through a credit enhancement agreement, to be paid to owners/developers of specified property, will commence by agreement between the Town and the owner/developer and will continue for a period not to exceed 15 years or the remainder of the term of the District designation, whichever is less. No more than 75% of the property taxes to be generated on the improvements within the District will be returned to the developer for 15 years. The remaining amount will be retained by the Town and used to fund the development plan of the District. The Town Council may subsequently approve credit enhancement agreements with Summit Natural Gas, or any other developer of a project, within the Industrial Park Tract that will constitute a contract with the Town regarding allocation and payment of TIF revenues. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fill the commitment it makes in return for the tax abatement. The Town reserves the right to incur indebtedness to finance, in part or in whole, the projects within the Development Program. Any projects financed through municipal bonded indebtedness must be approved in advance by the Fairfield voters.

Thomas M. Teague Technology Park Municipal Development Tax Increment Financing District

On May 9, 2005, the Fairfield Town Council, as well as the Maine Department of Economic and Community Development, approved a Tax Increment Financing District for the development of education, science and technology related industries. The area of this District is approximately 321.27 acres. This agreement was amended on May 9, 2011 to designate each of the 24 parcels in this District into separate Tax Increment Financing Districts. 14 of these lots are now collectively referred to as the "Teague Districts," and the remaining 10 lots are collectively referred to as the "201 Districts." This agreement was amended again on September 27, 2017 to change the total district area from 321.27 acres to 671.29 acres as well as changes to the captured assessed valuation allocation as identified below. The original valuation of the property was \$1,447,220. The Town anticipates over the life of the district that new development, rehabilitation, and redevelopment will result in approximately \$6,500,000 in new taxable value. The Town will retain as captured assessed value 100% of the increased assessed value from all real and personal property within each of the Teague Districts

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 20 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS  
(CONTINUED)

and within each of the 201 Districts for a term of 13 years, commencing with the Town's 2005-2006 fiscal year and 75% for a term of 17 years ending with the Town's 2034-2035 fiscal year. The tax increment revenues will be deposited by the Town into the Development Program Fund for a period of 30 years. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. §5227(3)(A).

The TIF District will remain in place for a period of 30 years from adoption. The Town or any other developer of a project within one of the Teague or 201 Districts will enter into a separate credit enhancement agreement that will constitute a contract between the Town and developer regarding the allocation of the newly-generated TIF revenues within the particular Teague or 201 District. These agreements are not to exceed 15 years or the remainder of the term of the District designation, whichever is less. No more than 75% of the property taxes to be generated on the improvements within the District will be returned to the developer for 15 years. The remaining amount will be retained by the Town and used to fund the development plan of the District. The Town Council shall determine, in its discretion, whether it is necessary or appropriate to enter any Credit Enhancement Agreement to grant these abatements. The state law does not provide for the recapture of abated taxes in the event an abatement recipient does not fill the commitment it makes in return for the tax abatement. The Town financed the 201 Sewer Improvements to the Park with the proceeds of municipal bonds. Other than this Town TIF project, the Town does not currently expect that any of the costs of the other Town TIF projects will be financed through issuance of any municipal indebtedness.

**Abatements**

The Town has not made any commitments as part of the Credit Enhancement Agreements other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities. The Town currently has three tax abatement agreements, the Brewer Holdings, LLC Credit Enhancement Agreement, the Gerald Hotel Associates, LP Credit Enhancement Agreement and B.A. Hicks, LLC Credit Enhancement Agreement, which are summarized below:

*Brewer Holdings, LLC Credit Enhancement Agreement*

On February 28, 2012, the Town of Fairfield entered into a credit enhancement agreement with Brewer Holdings, LLC for the design, construction and operation of retail facilities. The original valuation of the property was \$124,400. Up to \$10,000, but not more than 75%, of the property taxes to be generated on the improvements within

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 20 - TAX INCREMENT FINANCING DISTRICTS AND ABATEMENTS  
(CONTINUED)

the District will be returned to the developer for 12 years. The remaining amount will be retained by the Town and used to fund the development plan of the District.

*Gerald Hotel Associates, LP Credit Enhancement Agreement*

On November 30, 2012, the Town of Fairfield entered into a credit enhancement agreement with Gerald Hotel Associates, LP for the rehabilitation and reconstruction of the former Gerald Hotel into 28 units of senior housing. The original valuation of the property was \$466,300. 75% of the property taxes to be generated on the improvements within the District will be returned to the developer for 15 years. The remaining 25% will be retained by the Town and used to fund the development plan of the District.

*B. A. Hicks, LLC Credit Enhancement Agreement*

On January 13, 2018, the Town of Fairfield entered into a credit enhancement agreement with B. A. Hicks, LLC for the building, land acquisition and facility improvements including parking area of 50 Eskeland Drive. The original valuation of the property was \$0 as the owner on April 1, 2017 was tax exempt. 75% of the property taxes to be generated on the improvements within the District will be returned to the developer for 15 years. The remaining 25% will be retained by the Town and used to fund the development plan of the District.

For the fiscal year ended June 30, 2018, the Town abated property taxes for the following programs:

<u>Tax Abatement Program</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Brewer Holdings, LLC Credit Enhancement Agreement	n/a	\$ 10,000
Gerald Hotel Associates, LP Credit Enhancement Agreement	75%	48,586
		<u>\$ 58,586</u>

# TOWN OF FAIRFIELD, MAINE

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

### NOTE 21 - OVERLAPPING DEBT

The Town's proportionate share of debt of the County of Somerset and RSU No. 49 has not been recorded in the financial statements of the Town of Fairfield. It is not required to be recorded in order for the financial statements to conform to generally accepted accounting principles. The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. As of June 30, 2018, the Town's share was as follows:

	Outstanding Debt	Town's Percentage	Total Share
RSU No. 49	\$ 595,936	42.62%	\$ 253,988
Somerset County	14,460,000	7.42%	1,073,522
			<u>\$ 1,327,510</u>

### NOTE 22 - COLLATERALIZATION

At June 30, 2018, the Town has a third-party deposit pledge and agency agreement issued by the Federal Home Loan Bank of Boston serving as collateral for its deposits held at Skowhegan Savings Bank. This pledge, which expires at the close of business on December 31, 2019, authorizes securities to be held up to the amount of \$1,000,000. There were no draws for the year ended June 30, 2018.

### NOTE 23 - RELATED PARTY TRANSACTIONS

During fiscal year 2018, the Town purchased \$450 worth of mulch from a Town employee.

### NOTE 24 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 25 - RESTATEMENT

The net position of the governmental activities has been restated at July 1, 2017 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by \$31,111. The resulting restatement decreased net position from \$10,972,565 to \$10,941,454.

### Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- Schedule of Proportionate Share of the Net OPEB Liability
- Schedule of Contributions - OPEB

## TOWN OF FAIRFIELD, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 3,228,535	\$ 3,228,535	\$ 3,228,535	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	8,332,504	8,332,504	8,332,504	-
Excise taxes	995,400	995,400	1,173,610	178,210
Intergovernmental revenues	1,382,449	1,382,449	1,453,134	70,685
Charges for services	398,000	398,000	295,250	(102,750)
Investment income	35,000	35,000	131,814	96,814
Reimbursements	94,500	94,500	62,804	(31,696)
Other revenues	19,000	19,000	50,054	31,054
Transfers from other funds	179,223	841,694	824,693	(17,001)
Amounts Available for Appropriation	<u>14,664,611</u>	<u>15,327,082</u>	<u>15,552,398</u>	<u>225,316</u>
Charges to Appropriations (Outflows):				
General government	798,380	798,380	751,279	47,101
Public safety	2,025,214	2,025,214	2,007,663	17,551
Public works	1,055,251	1,055,251	1,031,012	24,239
Solid waste/recycling	550,225	550,225	345,941	204,284
Parks and recreation	25,043	25,043	24,391	652
Health and welfare	187,895	187,895	159,365	28,530
Library	195,090	195,090	191,246	3,844
Education	4,426,913	4,426,913	4,426,912	1
County tax	931,210	931,210	931,210	-
Overlay	73,309	73,309	24,515	48,794
Unclassified	79,843	79,843	62,843	17,000
Debt Service:				
Principal	147,473	819,066	815,972	3,094
Interest	46,262	37,140	28,262	8,878
Transfers to other funds	893,968	893,968	852,400	41,568
Total Charges to Appropriations	<u>11,436,076</u>	<u>12,098,547</u>	<u>11,653,011</u>	<u>445,536</u>
Budgetary Fund Balance, June 30	<u>\$ 3,228,535</u>	<u>\$ 3,228,535</u>	<u>\$ 3,899,387</u>	<u>\$ 670,852</u>

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



## TOWN OF FAIRFIELD, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST 10 FISCAL YEARS\*

	2018	2017	2016	2015
<u>PLD Plan:</u>				
Proportion of the net pension liability	0.18053%	0.19518%	0.19830%	0.19518%
Proportionate share of the net pension liability	\$ 739,144	\$ 1,037,035	\$ 632,670	\$ 300,341
Covered-employee payroll	854,400	862,884	816,939	751,453
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	86.51%	120.18%	77.44%	39.97%
Plan fiduciary net position as a percentage of the total pension liability	86.43%	81.61%	88.27%	94.10%

\* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

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

## TOWN OF FAIRFIELD, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSIONS  
LAST 10 FISCAL YEARS\*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>PLD Plan:</u>				
Contractually required contribution	\$ 108,433	\$ 92,528	\$ 91,586	\$ 81,058
Contributions in relation to the contractually required contribution	<u>(108,433)</u>	<u>(92,528)</u>	<u>(91,586)</u>	<u>(81,058)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	960,870	\$ 854,400	\$ 862,884	\$ 816,939
Contributions as a percentage of covered-employee payroll	11.28%	10.83%	10.61%	9.92%

\* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

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

## TOWN OF FAIRFIELD, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
LAST 10 FISCAL YEARS\*

	<u>2018</u>	<u>2017</u>
<u>PLD Life Insurance:</u>		
Proportion of the net OPEB liability	0.13%	0.14%
District's proportionate share of the net OPEB liability	<u>\$ 22,099</u>	<u>\$ 31,111</u>
 Covered-employee payroll	 \$ 854,400	 \$ 862,884
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	2.59%	3.61%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%

\* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

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

## TOWN OF FAIRFIELD, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB  
LAST 10 FISCAL YEARS\*

	<u>2018</u>	<u>2017</u>
<u>PLD Life Insurance:</u>		
Contractually required contribution	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 960,870	\$ 854,400
Contributions as a percentage of covered- employee payroll	0.00%	0.00%

\* The amounts presented for each fiscal year are for those years for which information is available.

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

### Other Supplementary Information

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

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

## TOWN OF FAIRFIELD, MAINE

SCHEDULE OF DEPARTMENT OF OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
GENERAL GOVERNMENT					
Administration	\$ 768,584	\$ -	\$ 768,584	\$ 736,404	\$ 32,180
Legal services	20,000	-	20,000	6,869	13,131
Elections	9,796	-	9,796	8,006	1,790
	<u>798,380</u>	<u>-</u>	<u>798,380</u>	<u>751,279</u>	<u>47,101</u>
PUBLIC SAFETY					
Police department	981,826	-	981,826	981,826	-
Fire department	834,828	-	834,828	820,209	14,619
Hydrant rental	131,560	-	131,560	133,208	(1,648)
Street lights	77,000	-	77,000	72,420	4,580
	<u>2,025,214</u>	<u>-</u>	<u>2,025,214</u>	<u>2,007,663</u>	<u>17,551</u>
PUBLIC WORKS					
Public works	1,055,251	-	1,055,251	1,031,012	24,239
	<u>1,055,251</u>	<u>-</u>	<u>1,055,251</u>	<u>1,031,012</u>	<u>24,239</u>
SOLID WASTE/RECYCLING					
Solid waste disposal	550,225	-	550,225	345,941	204,284
	<u>550,225</u>	<u>-</u>	<u>550,225</u>	<u>345,941</u>	<u>204,284</u>

## TOWN OF FAIRFIELD, MAINE

SCHEDULE OF DEPARTMENT OF OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
PARKS AND RECREATION					
Fairfield Community Center	25,043	-	25,043	24,391	652
	<u>25,043</u>	<u>-</u>	<u>25,043</u>	<u>24,391</u>	<u>652</u>
HEALTH AND WELFARE					
Social/community agencies	82,582	-	82,582	82,653	(71)
General assistance	15,000	-	15,000	6,705	8,295
Cemeteries/parks	90,313	-	90,313	70,007	20,306
	<u>187,895</u>	<u>-</u>	<u>187,895</u>	<u>159,365</u>	<u>28,530</u>
LIBRARY	195,090	-	195,090	191,246	3,844
EDUCATION	<u>4,426,913</u>	<u>-</u>	<u>4,426,913</u>	<u>4,426,912</u>	<u>1</u>
COUNTY TAX	<u>931,210</u>	<u>-</u>	<u>931,210</u>	<u>931,210</u>	<u>-</u>
DEBT SERVICE					
Principal	147,473	671,593	819,066	815,972	3,094
Interest	46,262	(9,122)	37,140	28,262	8,878
	<u>193,735</u>	<u>662,471</u>	<u>856,206</u>	<u>844,234</u>	<u>11,972</u>

## TOWN OF FAIRFIELD, MAINE

SCHEDULE OF DEPARTMENT OF OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
TRANSFERS					
Sewer fund	101,568	-	101,568	-	101,568
Capital projects funds	792,400	-	792,400	852,400	(60,000)
	<u>893,968</u>	<u>-</u>	<u>893,968</u>	<u>852,400</u>	<u>41,568</u>
OVERLAY	<u>73,309</u>	<u>-</u>	<u>73,309</u>	<u>24,515</u>	<u>48,794</u>
UNCLASSIFIED					
Economic development	100	-	100	100	-
Mid-Maine Chamber of Commerce	625	-	625	625	-
Contingency	17,000	-	17,000	-	17,000
First Park	36,043	-	36,043	36,043	-
KVCOG	8,478	-	8,478	8,478	-
Regional Growth Council	17,597	-	17,597	17,597	-
	<u>79,843</u>	<u>-</u>	<u>79,843</u>	<u>62,843</u>	<u>17,000</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 11,436,076</u>	<u>\$ 662,471</u>	<u>\$ 12,098,547</u>	<u>\$ 11,653,011</u>	<u>\$ 445,536</u>

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



## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 261,096	\$ 261,096
Investments	-	-	1,327,899	1,327,899
Due from other funds	16,617	1,841,983	-	1,858,600
TOTAL ASSETS	<u>\$ 16,617</u>	<u>\$ 1,841,983</u>	<u>\$ 1,588,995</u>	<u>\$ 3,447,595</u>
LIABILITIES				
Due to other funds	\$ 10,682	\$ -	\$ 148,680	\$ 159,362
TOTAL LIABILITIES	<u>10,682</u>	<u>-</u>	<u>148,680</u>	<u>159,362</u>
FUND BALANCES				
Nonspendable-principal	-	-	162,694	162,694
Restricted	-	841,040	1,277,621	2,118,661
Committed	-	730,635	-	730,635
Assigned	16,617	270,308	-	286,925
Unassigned	(10,682)	-	-	(10,682)
TOTAL FUND BALANCES	<u>5,935</u>	<u>1,841,983</u>	<u>1,440,315</u>	<u>3,288,233</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 16,617</u>	<u>\$ 1,841,983</u>	<u>\$ 1,588,995</u>	<u>\$ 3,447,595</u>

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

## TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ 51,671	\$ 51,671
Intergovernmental	4,733	-	-	4,733
Other income	-	152,573	-	152,573
TOTAL REVENUES	<u>4,733</u>	<u>152,573</u>	<u>51,671</u>	<u>208,977</u>
EXPENDITURES				
Capital outlay	-	890,229	-	890,229
Other expenses	8,767	100,550	29,389	138,706
TOTAL EXPENDITURES	<u>8,767</u>	<u>990,779</u>	<u>29,389</u>	<u>1,028,935</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,034)</u>	<u>(838,206)</u>	<u>22,282</u>	<u>(819,958)</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	249,500	-	249,500
Transfers in	-	852,400	-	852,400
Transfers (out)	-	(69,050)	-	(69,050)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>1,032,850</u>	<u>-</u>	<u>1,032,850</u>
NET CHANGE IN FUND BALANCES	(4,034)	194,644	22,282	212,892
FUND BALANCES - JULY 1	<u>9,969</u>	<u>1,647,339</u>	<u>1,418,033</u>	<u>3,075,341</u>
FUND BALANCES - JUNE 30	<u><u>\$ 5,935</u></u>	<u><u>\$ 1,841,983</u></u>	<u><u>\$ 1,440,315</u></u>	<u><u>\$ 3,288,233</u></u>

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

### Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

## TOWN OF FAIRFIELD, MAINE

## COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2018

	Small Cities	MMA Safety Grant	Speed Enforcement	Byrne Jag Grant	Homeland Security	Inland Hospital Trail Grant
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	4,161	-	3,456	-	-	5,000
TOTAL ASSETS	<u>\$ 4,161</u>	<u>\$ -</u>	<u>\$ 3,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ 2,740	\$ 2,996	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,740</u>	<u>2,996</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	4,161	-	3,456	-	-	5,000
Unassigned	-	-	-	(2,740)	(2,996)	-
TOTAL FUND BALANCES (DEFICITS)	<u>4,161</u>	<u>-</u>	<u>3,456</u>	<u>(2,740)</u>	<u>(2,996)</u>	<u>5,000</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 4,161</u>	<u>\$ -</u>	<u>\$ 3,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>

## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2018

	MEMA Grant	King Foundation	Seatbelt Grant	MGMC Substance Abuse Grant	MGMC Drug Free Community Grant	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	2,000	2,000	16,617
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 16,617</u>
LIABILITIES						
Due to other funds	\$ 2,590	\$ -	\$ 2,356	\$ -	\$ -	\$ 10,682
TOTAL LIABILITIES	<u>2,590</u>	<u>-</u>	<u>2,356</u>	<u>-</u>	<u>-</u>	<u>10,682</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	2,000	2,000	16,617
Unassigned	(2,590)	-	(2,356)	-	-	(10,682)
TOTAL FUND BALANCES (DEFICITS)	<u>(2,590)</u>	<u>-</u>	<u>(2,356)</u>	<u>2,000</u>	<u>2,000</u>	<u>5,935</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 16,617</u>

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

## TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Small Cities	MMA Safety Grant	Speed Enforcement	Byrne Jag Grant	Homeland Security	Inland Hospital Trail Grant
REVENUES						
Intergovernmental	\$ -	\$ 733	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	733	-	-	-	-
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other expenses	-	-	-	2,740	2,996	-
TOTAL EXPENDITURES	-	-	-	2,740	2,996	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	733	-	(2,740)	(2,996)	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	733	-	(2,740)	(2,996)	-
FUND BALANCES (DEFICITS) - JULY 1	4,161	(733)	3,456	-	-	5,000
FUND BALANCES (DEFICITS) - JUNE 30	\$ 4,161	\$ -	\$ 3,456	\$ (2,740)	\$ (2,996)	\$ 5,000

## TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	MEMA Grant	King Foundation	Seatbelt Grant	MGMC Substance Abuse Grant	MGMC Drug Free Community Grant	Total
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ 2,000	\$ 2,000	\$ 4,733
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	2,000	2,000	4,733
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other expenses	-	675	2,356	-	-	8,767
TOTAL EXPENDITURES	-	675	2,356	-	-	8,767
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(675)	(2,356)	2,000	2,000	(4,034)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(675)	(2,356)	2,000	2,000	(4,034)
FUND BALANCES (DEFICITS) - JULY 1	(2,590)	675	-	-	-	9,969
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (2,590)</u>	<u>\$ -</u>	<u>\$ (2,356)</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 5,935</u>

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

### Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.



## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2018

	TIF Economic Development	Capital Improvement	Equipment Reserve	Cable Franchise Fees	PWD Paving Account	Revaluation Reserve
ASSETS						
Due from other funds	\$ 25,745	\$ 124,970	\$ 165,487	\$ 59,768	\$ 29,727	\$ 150,715
TOTAL ASSETS	<u>\$ 25,745</u>	<u>\$ 124,970</u>	<u>\$ 165,487</u>	<u>\$ 59,768</u>	<u>\$ 29,727</u>	<u>\$ 150,715</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	25,745	-	-	-	-	-
Committed	-	124,970	165,487	59,768	29,727	150,715
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>25,745</u>	<u>124,970</u>	<u>165,487</u>	<u>59,768</u>	<u>29,727</u>	<u>150,715</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 25,745</u>	<u>\$ 124,970</u>	<u>\$ 165,487</u>	<u>\$ 59,768</u>	<u>\$ 29,727</u>	<u>\$ 150,715</u>

## SCHEDULE F (CONTINUED)

## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2018

	<u>Contingency</u>	<u>225th Anniversary</u>	<u>Drug Interdiction</u>	<u>Concerts in the Park</u>	<u>Public Works Equipment</u>	<u>G/A Donations</u>
ASSETS						
Due from other funds	\$ 59,711	\$ 3,800	\$ 2,323	\$ 3,620	\$ 50,000	\$ 23,608
TOTAL ASSETS	<u>\$ 59,711</u>	<u>\$ 3,800</u>	<u>\$ 2,323</u>	<u>\$ 3,620</u>	<u>\$ 50,000</u>	<u>\$ 23,608</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	23,608
Committed	59,711	3,800	2,323	-	50,000	-
Assigned	-	-	-	3,620	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>59,711</u>	<u>3,800</u>	<u>2,323</u>	<u>3,620</u>	<u>50,000</u>	<u>23,608</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 59,711</u>	<u>\$ 3,800</u>	<u>\$ 2,323</u>	<u>\$ 3,620</u>	<u>\$ 50,000</u>	<u>\$ 23,608</u>

## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2018

	Fire Prevention	Fire Dept Reserve	Police Dept Reserve	Computer Reserve	Library Reserve	Senior Appreciation
ASSETS						
Due from other funds	\$ 9,016	\$ 5,371	\$ 24,173	\$ 17,548	\$ 16,966	\$ 1,727
TOTAL ASSETS	<u>\$ 9,016</u>	<u>\$ 5,371</u>	<u>\$ 24,173</u>	<u>\$ 17,548</u>	<u>\$ 16,966</u>	<u>\$ 1,727</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	9,016	5,371	24,173	17,548	16,966	1,727
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>9,016</u>	<u>5,371</u>	<u>24,173</u>	<u>17,548</u>	<u>16,966</u>	<u>1,727</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,016</u>	<u>\$ 5,371</u>	<u>\$ 24,173</u>	<u>\$ 17,548</u>	<u>\$ 16,966</u>	<u>\$ 1,727</u>

## SCHEDULE F (CONTINUED)

## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2018

	Friends of the Library	Playground	Animal Control	Housing	Heating Donations	Chocolate Fest
ASSETS						
Due from other funds	\$ 5,330	\$ 17,115	\$ 5,233	\$ 41,607	\$ 39,296	\$ 4,508
TOTAL ASSETS	<u>\$ 5,330</u>	<u>\$ 17,115</u>	<u>\$ 5,233</u>	<u>\$ 41,607</u>	<u>\$ 39,296</u>	<u>\$ 4,508</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	5,233	-	-	-
Committed	-	-	-	-	-	-
Assigned	5,330	17,115	-	41,607	39,296	4,508
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>5,330</u>	<u>17,115</u>	<u>5,233</u>	<u>41,607</u>	<u>39,296</u>	<u>4,508</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,330</u>	<u>\$ 17,115</u>	<u>\$ 5,233</u>	<u>\$ 41,607</u>	<u>\$ 39,296</u>	<u>\$ 4,508</u>

## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2018

	Route 201 TIF	Downtown TIF	Childrens Program Library	Natural Gas TIF	Time Warner Cable Settlement
ASSETS					
Due from other funds	\$ 107,860	\$ 165,200	\$ 154	\$ 513,394	\$ 81,358
TOTAL ASSETS	<u>\$ 107,860</u>	<u>\$ 165,200</u>	<u>\$ 154</u>	<u>\$ 513,394</u>	<u>\$ 81,358</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	107,860	165,200	-	513,394	-
Committed	-	-	-	-	-
Assigned	-	-	154	-	81,358
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>107,860</u>	<u>165,200</u>	<u>154</u>	<u>513,394</u>	<u>81,358</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 107,860</u>	<u>\$ 165,200</u>	<u>\$ 154</u>	<u>\$ 513,394</u>	<u>\$ 81,358</u>

## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2018

	Cops Care for Kids	Fairfield Festival	PERC Debt Reserve	Total
ASSETS				
Due from other funds	\$ 24,488	\$ 9,333	\$ 52,832	\$ 1,841,983
TOTAL ASSETS	<u>\$ 24,488</u>	<u>\$ 9,333</u>	<u>\$ 52,832</u>	<u>\$ 1,841,983</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	841,040
Committed	-	9,333	-	730,635
Assigned	24,488	-	52,832	270,308
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>24,488</u>	<u>9,333</u>	<u>52,832</u>	<u>1,841,983</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 24,488</u>	<u>\$ 9,333</u>	<u>\$ 52,832</u>	<u>\$ 1,841,983</u>

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

## TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	TIF Economic Development	Capital Improvement	Equipment Reserve	Cable Franchise Fees	PWD Paving Account	Revaluation Reserve
REVENUES						
Other income	\$ 1,333	\$ -	\$ -	\$ 78,209	\$ -	\$ -
TOTAL REVENUES	<u>1,333</u>	<u>-</u>	<u>-</u>	<u>78,209</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Capital outlay	-	-	449,627	-	430,100	-
Other expenses	-	-	-	20,782	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>449,627</u>	<u>20,782</u>	<u>430,100</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,333</u>	<u>-</u>	<u>(449,627)</u>	<u>57,427</u>	<u>(430,100)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Debt proceeds	-	-	249,500	-	-	-
Transfers in	2,000	30,000	175,000	-	250,000	20,000
Transfers (out)	-	-	-	(20,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,000</u>	<u>30,000</u>	<u>424,500</u>	<u>(20,000)</u>	<u>250,000</u>	<u>20,000</u>
NET CHANGE IN FUND BALANCES	3,333	30,000	(25,127)	37,427	(180,100)	20,000
FUND BALANCES - JULY 1	<u>22,412</u>	<u>94,970</u>	<u>190,614</u>	<u>22,341</u>	<u>209,827</u>	<u>130,715</u>
FUND BALANCES - JUNE 30	<u>\$ 25,745</u>	<u>\$ 124,970</u>	<u>\$ 165,487</u>	<u>\$ 59,768</u>	<u>\$ 29,727</u>	<u>\$ 150,715</u>

## SCHEDULE G (CONTINUED)

## TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Contingency	225th Anniversary	Drug Interdiction	Concerts in the Park	Public Works Equipment	G/A Donations
REVENUES						
Other income	\$ -	\$ -	\$ 1,747	\$ 700	\$ -	\$ 5,841
TOTAL REVENUES	-	-	1,747	700	-	5,841
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other expenses	1,210	-	8,931	2,405	-	558
TOTAL EXPENDITURES	1,210	-	8,931	2,405	-	558
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,210)	-	(7,184)	(1,705)	-	5,283
OTHER FINANCING SOURCES (USES)						
Debt proceeds	-	-	-	-	-	-
Transfers in	-	-	-	2,000	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	2,000	-	-
NET CHANGE IN FUND BALANCES	(1,210)	-	(7,184)	295	-	5,283
FUND BALANCES - JULY 1	60,921	3,800	9,507	3,325	50,000	18,325
FUND BALANCES - JUNE 30	\$ 59,711	\$ 3,800	\$ 2,323	\$ 3,620	\$ 50,000	\$ 23,608



## SCHEDULE G (CONTINUED)

## TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Fire Prevention	Fire Dept Reserve	Police Dept Reserve	Computer Reserve	Library Reserve	Senior Appreciation
REVENUES						
Other income	\$ 2,000	\$ 2,826	\$ 250	\$ -	\$ -	\$ 186
TOTAL REVENUES	<u>2,000</u>	<u>2,826</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>186</u>
EXPENDITURES						
Capital outlay	-	-	5,251	5,251	-	-
Other expenses	-	-	-	-	-	1,137
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>5,251</u>	<u>5,251</u>	<u>-</u>	<u>1,137</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,000</u>	<u>2,826</u>	<u>(5,001)</u>	<u>(5,251)</u>	<u>-</u>	<u>(951)</u>
OTHER FINANCING SOURCES (USES)						
Debt proceeds	-	-	-	-	-	-
Transfers in	-	-	-	2,500	-	1,500
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>1,500</u>
NET CHANGE IN FUND BALANCES	2,000	2,826	(5,001)	(2,751)	-	549
FUND BALANCES - JULY 1	<u>7,016</u>	<u>2,545</u>	<u>29,174</u>	<u>20,299</u>	<u>16,966</u>	<u>1,178</u>
FUND BALANCES - JUNE 30	<u>\$ 9,016</u>	<u>\$ 5,371</u>	<u>\$ 24,173</u>	<u>\$ 17,548</u>	<u>\$ 16,966</u>	<u>\$ 1,727</u>

## SCHEDULE G (CONTINUED)

## TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Friends of the Library	Playground	Animal Control	Housing	Heating Donations	Chocolate Fest
REVENUES						
Other income	\$ 1,582	\$ -	\$ 1,123	\$ 1,991	\$ 100	\$ -
TOTAL REVENUES	<u>1,582</u>	<u>-</u>	<u>1,123</u>	<u>1,991</u>	<u>100</u>	<u>-</u>
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other expenses	743	-	-	763	1,448	-
TOTAL EXPENDITURES	<u>743</u>	<u>-</u>	<u>-</u>	<u>763</u>	<u>1,448</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>839</u>	<u>-</u>	<u>1,123</u>	<u>1,228</u>	<u>(1,348)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Debt proceeds	-	-	-	-	-	-
Transfers in	-	5,000	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	839	5,000	1,123	1,228	(1,348)	-
FUND BALANCES - JULY 1	<u>4,491</u>	<u>12,115</u>	<u>4,110</u>	<u>40,379</u>	<u>40,644</u>	<u>4,508</u>
FUND BALANCES - JUNE 30	<u>\$ 5,330</u>	<u>\$ 17,115</u>	<u>\$ 5,233</u>	<u>\$ 41,607</u>	<u>\$ 39,296</u>	<u>\$ 4,508</u>

## TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Route 201 TIF	Downtown TIF	Childrens Program Library	Natural Gas TIF	Time Warner Cable Settlement
REVENUES					
Other income	\$ -	\$ -	\$ 375	\$ -	\$ -
TOTAL REVENUES	-	-	375	-	-
EXPENDITURES					
Capital outlay	-	-	-	-	-
Other expenses	-	59,728	979	-	-
TOTAL EXPENDITURES	-	59,728	979	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(59,728)	(604)	-	-
OTHER FINANCING SOURCES (USES)					
Debt proceeds	-	-	-	-	-
Transfers in	20,027	222,941	-	118,432	-
Transfers (out)	-	(49,050)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	20,027	173,891	-	118,432	-
NET CHANGE IN FUND BALANCES	20,027	114,163	(604)	118,432	-
FUND BALANCES - JULY 1	87,833	51,037	758	394,962	81,358
FUND BALANCES - JUNE 30	\$ 107,860	\$ 165,200	\$ 154	\$ 513,394	\$ 81,358

## TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Cops Care for Kids	Fairfield Festival	PERC Debt Reserve	Total
REVENUES				
Other income	\$ 1,478	\$ -	\$ 52,832	\$ 152,573
TOTAL REVENUES	<u>1,478</u>	<u>-</u>	<u>52,832</u>	<u>152,573</u>
EXPENDITURES				
Capital outlay	-	-	-	890,229
Other expenses	1,866	-	-	100,550
TOTAL EXPENDITURES	<u>1,866</u>	<u>-</u>	<u>-</u>	<u>990,779</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(388)</u>	<u>-</u>	<u>52,832</u>	<u>(838,206)</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	-	249,500
Transfers in	-	3,000	-	852,400
Transfers (out)	-	-	-	(69,050)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>1,032,850</u>
NET CHANGE IN FUND BALANCES	(388)	3,000	52,832	194,644
FUND BALANCES - JULY 1	<u>24,876</u>	<u>6,333</u>	<u>-</u>	<u>1,647,339</u>
FUND BALANCES - JUNE 30	<u>\$ 24,488</u>	<u>\$ 9,333</u>	<u>\$ 52,832</u>	<u>\$ 1,841,983</u>

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

## Permanent Funds

Permanent funds are used to account for assets held by the Town of Fairfield, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.

## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2018

	Library	Speak Charity Fund	William Crawford Fund	Keyes Athletic Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 15,770	\$ 5,617	\$ 158,335	\$ 2,691
Investments	80,205	28,567	805,270	13,683
<b>TOTAL ASSETS</b>	<u>\$ 95,975</u>	<u>\$ 34,184</u>	<u>\$ 963,605</u>	<u>\$ 16,374</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 8,740	\$ -	\$ 4,245
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>8,740</u>	<u>-</u>	<u>4,245</u>
<b>FUND BALANCES</b>				
Nonspendable-principal	-	5,000	-	10,000
Restricted	95,975	20,445	963,604	2,129
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>95,975</u>	<u>25,445</u>	<u>963,604</u>	<u>12,129</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 95,975</u>	<u>\$ 34,185</u>	<u>\$ 963,604</u>	<u>\$ 16,374</u>

## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2018

	Friend Cemetery Fund	Cemetery Perpetual Care	Fairfield Corner Cemetery	Irvin Covell Cemetery
ASSETS				
Cash and cash equivalents	\$ 8,917	\$ 58,843	\$ 966	\$ 180
Investments	45,350	299,268	4,913	918
TOTAL ASSETS	<u>\$ 54,267</u>	<u>\$ 358,111</u>	<u>\$ 5,879</u>	<u>\$ 1,098</u>
LIABILITIES				
Due to other funds	\$ 14,044	\$ 104,320	\$ 1,522	\$ 284
TOTAL LIABILITIES	<u>14,044</u>	<u>104,320</u>	<u>1,522</u>	<u>284</u>
FUND BALANCES				
Nonspendable-principal	18,204	122,481	509	500
Restricted	22,019	131,310	3,848	313
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>40,223</u>	<u>253,791</u>	<u>4,357</u>	<u>813</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 54,267</u>	<u>\$ 358,111</u>	<u>\$ 5,879</u>	<u>\$ 1,097</u>

## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2018

	Edmon Fish Cemetery	Dunbar Charity Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,449	\$ 8,328	\$ 261,096
Investments	7,368	42,357	1,327,899
TOTAL ASSETS	<u>\$ 8,817</u>	<u>\$ 50,685</u>	<u>\$ 1,588,995</u>
LIABILITIES			
Due to other funds	\$ 2,283	\$ 13,242	\$ 148,680
TOTAL LIABILITIES	<u>2,283</u>	<u>13,242</u>	<u>148,680</u>
FUND BALANCES			
Nonspendable-principal	1,000	5,000	162,694
Restricted	5,535	32,443	1,277,621
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>6,535</u>	<u>37,443</u>	<u>1,440,315</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,818</u>	<u>\$ 50,685</u>	<u>\$ 1,588,995</u>

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



## TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Library</u>	<u>Speak Charity Fund</u>	<u>William Crawford Fund</u>	<u>Keyes Athletic Fund</u>
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 3,249	\$ 1,686	\$ 31,070	\$ 539
TOTAL REVENUES	<u>3,249</u>	<u>1,686</u>	<u>31,070</u>	<u>539</u>
EXPENDITURES				
Program expenses	<u>5,889</u>	<u>350</u>	<u>6,493</u>	<u>112</u>
TOTAL EXPENDITURES	<u>5,889</u>	<u>350</u>	<u>6,493</u>	<u>112</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,640)</u>	<u>1,336</u>	<u>24,577</u>	<u>427</u>
NET CHANGE IN FUND BALANCES	(2,640)	1,336	24,577	427
FUND BALANCES - JULY 1	<u>98,615</u>	<u>24,109</u>	<u>939,027</u>	<u>11,702</u>
FUND BALANCES - JUNE 30	<u><u>\$ 95,975</u></u>	<u><u>\$ 25,445</u></u>	<u><u>\$ 963,604</u></u>	<u><u>\$ 12,129</u></u>

## TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Friend Cemetery Fund	Cemetery Perpetual Care	Fairfield Corner Cemetery	Irvin Covell Cemetery
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 1,789	\$ 11,706	\$ 194	\$ 36
TOTAL REVENUES	<u>1,789</u>	<u>11,706</u>	<u>194</u>	<u>36</u>
EXPENDITURES				
Program expenses	<u>372</u>	<u>15,834</u>	<u>40</u>	<u>8</u>
TOTAL EXPENDITURES	<u>372</u>	<u>15,834</u>	<u>40</u>	<u>8</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,417</u>	<u>(4,128)</u>	<u>154</u>	<u>28</u>
NET CHANGE IN FUND BALANCES	1,417	(4,128)	154	28
FUND BALANCES - JULY 1	<u>38,806</u>	<u>257,919</u>	<u>4,203</u>	<u>785</u>
FUND BALANCES - JUNE 30	<u>\$ 40,223</u>	<u>\$ 253,791</u>	<u>\$ 4,357</u>	<u>\$ 813</u>

## TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Edmon Fish Cemetery	Dunbar Charity Fund	Total
REVENUES			
Investment income, net of unrealized gains/(losses)	\$ 291	\$ 1,111	\$ 51,671
TOTAL REVENUES	291	1,111	51,671
EXPENDITURES			
Program expenses	60	231	29,389
TOTAL EXPENDITURES	60	231	29,389
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	231	880	22,282
NET CHANGE IN FUND BALANCES	231	880	22,282
FUND BALANCES - JULY 1	6,304	36,563	1,418,033
FUND BALANCES - JUNE 30	\$ 6,535	\$ 37,443	\$ 1,440,315

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

### General Capital Assets

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

## TOWN OF FAIRFIELD, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2018

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Administration	\$ 272,300	\$ 1,102,668	\$ 84,266	\$ -	\$ 1,459,234
Police department	16,000	202,600	910,660	-	1,129,260
Fire department	26,100	47,200	1,859,257	-	1,932,557
Community center	-	5,000	18,000	-	23,000
Highway department	88,900	841,257	1,525,927	2,500,412	4,956,496
Library	-	97,424	-	-	97,424
Sewer fund	-	-	-	3,744,438	3,744,438
Town-wide	348,356	8,458	87,833	-	444,647
Total General Capital Assets	751,656	2,304,607	4,485,943	6,244,850	13,787,056
Less: Accumulated Depreciation	-	(1,276,898)	(2,250,220)	(1,709,788)	(5,236,906)
Net General Capital Assets	\$ 751,656	\$ 1,027,709	\$ 2,235,723	\$ 4,535,062	\$ 8,550,150

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

## TOWN OF FAIRFIELD, MAINE

SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2018

	General Capital Assets 7/1/17	Additions	Deletions	General Capital Assets 6/30/18
Administration	\$ 1,459,234	\$ -	\$ -	\$ 1,459,234
Police department	1,115,652	13,608	-	1,129,260
Fire department	1,683,057	249,500	-	1,932,557
Community center	23,000	-	-	23,000
Highway department	4,761,486	195,010	-	4,956,496
Library	97,424	-	-	97,424
Sewer fund	3,744,438	-	-	3,744,438
Town-wide	424,608	20,039	-	444,647
Total General Capital Assets	13,308,899	478,157	-	13,787,056
Less: Accumulated Depreciation	(4,737,065)	(499,841)	-	(5,236,906)
Net General Capital Assets	<u>\$ 8,571,834</u>	<u>\$ (21,684)</u>	<u>\$ -</u>	<u>\$ 8,550,150</u>

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



*Proven Expertise and Integrity*

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Town Council  
Town of Fairfield  
Fairfield, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Fairfield, Maine as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Fairfield, Maine's basic financial statements, and have issued our report thereon dated January 21, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fairfield, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Fairfield, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Fairfield, Maine'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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Fairfield, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "RHR Smith & Company".

Buxton, Maine  
January 21, 2019