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# Audited Financial Statements Town of Fairfield, Maine

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# Audited Financial Statements

## Town of Fairfield, Maine

June 30, 2012



*Proven Expertise and Integrity*

TOWN OF FAIRFIELD, MAINE

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JUNE 30, 2012

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## INDEPENDENT AUDITORS' REPORT

October 18, 2012

Town Council  
Town of Fairfield  
Fairfield, Maine

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, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Fairfield's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Fairfield, Maine as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 42 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

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

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

*RHR Smith & Company*

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

**(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, 2012. 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 other supplementary information which includes combining and other schedules.

**Basic Financial Statements**

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

**Government - Wide Financial Statements**

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

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

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



Both of the above mentioned financial statements have 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 general government, public safety, public works, health and welfare, education, parks and recreation and other 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 department.

### **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 as governmental 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of 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 "Nonmajor 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 department. 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.

*Fiduciary Funds:* These funds are used to account for resources held for the benefit of parties outside the Town of Fairfield. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

### **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 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

### **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.

### **Other Supplementary Information**

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

## Government-Wide Financial Analysis

Our analysis below focuses on the net assets, and changes in net assets of the Town's governmental activities. The Town's total governmental net assets increased by \$416,455 from \$7,592,076 to \$8,008,531. The Town's total business-type net assets increased by \$105,516 from \$1,339,708 to \$1,445,224.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for governmental activities to a balance of \$2,140,131 at the end of this year. Unrestricted net assets for business-type activities increased to a balance of \$570,105.

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

	Governmental activities		Business-type activities	
	2012	2011	2012	2011
<b>Assets:</b>				
Current and Other Assets	\$ 6,059,767	\$ 5,688,132	\$ 570,105	\$ 544,254
Capital Assets	3,938,906	4,047,352	2,996,154	3,062,970
<b>Total Assets</b>	<b><u>\$ 9,998,673</u></b>	<b><u>\$ 9,735,484</u></b>	<b><u>\$ 3,566,259</u></b>	<b><u>\$ 3,607,224</u></b>
<b>Liabilities:</b>				
Current Liabilities	\$ 180,522	\$ 217,167	\$ 149,019	\$ 146,481
Long-term Debt Outstanding	1,809,620	1,926,241	1,972,016	2,121,035
<b>Total Liabilities</b>	<b><u>\$ 1,990,142</u></b>	<b><u>\$ 2,143,408</u></b>	<b><u>\$ 2,121,035</u></b>	<b><u>\$ 2,267,516</u></b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	2,250,306	3,537,024	875,119	795,454
Restricted	3,618,094	3,654,717	-	-
Unrestricted	2,140,131	400,335	570,105	544,254
<b>Total Net Assets</b>	<b><u>\$ 8,008,531</u></b>	<b><u>\$ 7,592,076</u></b>	<b><u>\$ 1,445,224</u></b>	<b><u>\$ 1,339,708</u></b>

## **Revenues and Expenses**

Revenues for the Town's governmental activities increased by 1.08%, while total expenses increased by 7.40%. The increase in revenues was primarily due to increases in grants and contributions not restricted to specific programs along with reimbursements, partially offset by a decline in investment income. Increases in expenditures resulted from increases in education, unclassified and interest expense costs; partially offset by reductions in general government, public safety and county tax expenses.

Revenues for the Town's business-type activities increased, as charges for sewer services and other sewer income out-paced fiscal 2011. Sewer expenses declined overall, despite an increase in interest expense in the current year.

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

	Governmental activities		Business-type activities	
	2012	2011	2012	2011
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 580,569	\$ 548,746	\$ 435,290	\$ 365,832
Operating grants and contributions	12,829	39,540	-	-
Capital grants and contributions	77,528	74,820	-	-
<i>General Revenues:</i>				
Taxes	7,802,720	7,826,524	-	-
Grants and contributions not restricted to specific programs	996,022	819,912	-	-
Investment income	67,929	177,527	-	-
Reimbursements	116,431	-	-	-
Other income	467,948	526,280	32,897	13,304
Total Revenues	10,121,976	10,013,349	468,187	379,136
<b>Expenses</b>				
General government	715,372	754,880	-	-
Public safety	1,749,293	1,807,976	-	-
Public works	1,068,577	1,069,631	-	-
Solid waste / recycling	492,580	480,304	-	-
Parks and recreation	27,690	26,787	-	-
Health and welfare	204,073	183,469	-	-
Library	159,139	175,499	-	-
TIF	62,484	55,850	-	-
Education	3,315,437	3,092,628	-	-
County tax	880,877	899,598	-	-
Overlay	36,098	42,254	-	-
Unclassified	662,871	320,562	-	-
Reserve/Capital	29,626			
Interest expense	301,404	127,491	24,792	-
Sewer department expenses	-	-	337,879	424,229
Total Expenses	9,705,521	9,036,929	362,671	424,229
Transfers between funds	-	(96,767)	-	96,767
Change in Net Assets	416,455	976,420	105,516	(45,093)
Net Assets - July 1	7,592,076	6,712,423	1,339,708	1,288,034
Net Assets - June 30	\$ 8,008,531	\$ 7,592,076	\$ 1,445,224	\$ 1,339,708

## 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,**

	2012	2011
Major Funds:		
General Fund:		
Nonspendable	\$ 316	\$ 316
Unassigned	1,133,430	584,217
Community Enhancement Fund:		
Restricted	251,981	249,045
Bio Tech Building:		
Restricted	1,871,193	1,955,066
Total Major Funds	\$ 3,256,920	\$ 2,788,644
Nonmajor Funds:		
Special revenue funds:		
Restricted	\$ 1,849	\$ 6,010
Assigned	13,100	-
Unassigned	(793)	(793)
Capital project funds:		
Restricted	213,877	-
Committed	688,353	998,995
Assigned	52,188	-
Unassigned	(2,003)	(211)
Permanent funds:		
Nonspendable	168,757	211,170
Restricted	1,279,194	1,233,426
Total Nonmajor Funds	\$ 2,414,522	\$ 2,448,597

The general fund total fund balance increased by \$549,213 over the prior fiscal year. The Community Enhancement Fund increased by \$2,936, the Bio-Tech Building decreased by \$83,873. The non-major fund balances decreased by \$34,075 from the prior fiscal year.

## Budgetary Highlights

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

The general fund actual revenues were over budget by \$445,808. Most revenues were received in excess of budgeted amounts.

The general fund actual expenditures were under budget by \$134,405. All expenditures categories were under budget with the exception of transfers to other funds.

## Capital Asset and Long-Term Debt Administration

### Capital Assets

As of June 30, 2012, the net book value of capital assets recorded by the Town decreased by \$175,262 from the prior year. This is the result of current year depreciation expense less capital additions.

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

	<u>2011</u>	<u>2010</u>
Land and improvements	\$ 594,156	\$ 578,156
Buildings and improvements	1,237,509	1,196,758
Machinery and equipment	257,254	245,450
Vehicles	739,547	838,115
Infrastructure	<u>4,106,594</u>	<u>4,251,843</u>
Total	<u>\$ 6,935,060</u>	<u>\$ 7,110,322</u>

### Debt

At June 30, 2012, the Town had \$3,809,635 in bonds and notes outstanding versus \$4,062,916 last year, a decrease of 6.23%. Other obligations include accrued vacation pay and sick leave. For additional comparative information on the Town's outstanding debt, refer to Note 5 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 below a level sufficient to sustain government operations for a period of approximately two months, which is the Town's targeted amount for unassigned fund balance. However, the Town is working to build this balance to a sufficient level. As evidence of this, the Town's unassigned fund balance has increased to \$1,133,430 for the year ended June 30, 2012, from \$584,217 for the same period in 2011. 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 ASSETS

JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total Government
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 736,142	\$ -	\$ 736,142
Investments	3,697,049	-	3,697,049
Accounts receivable (net of allowance for uncollectibles)			
Taxes	388,778	-	388,778
Liens	135,018	-	135,018
Other	160,121	180,431	340,552
Due from other governments	1,332,017	-	1,332,017
Prepaid expenses	316	-	316
Internal balances	(389,674)	389,674	-
Total current assets	<u>6,059,767</u>	<u>570,105</u>	<u>6,629,872</u>
Noncurrent assets:			
Capital assets			
Land, infrastructure, and other assets not being depreciated	594,156	2,996,154	3,590,310
Buildings and vehicles, net of accumulated depreciation	3,344,750	-	3,344,750
Total noncurrent assets	<u>3,938,906</u>	<u>2,996,154</u>	<u>6,935,060</u>
Total assets	<u>\$ 9,998,673</u>	<u>\$ 3,566,259</u>	<u>\$ 13,564,932</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 49,772	\$ -	\$ 49,772
Prepaid taxes	18,813	-	18,813
Due to other governments	137	-	137
Current portion of long-term obligations	111,800	149,019	260,819
Total current liabilities	<u>180,522</u>	<u>149,019</u>	<u>329,541</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	1,536,800	1,972,016	3,508,816
Notes payable	40,000	-	40,000
Accrued compensated absences	232,820	-	232,820
Total noncurrent liabilities	<u>1,809,620</u>	<u>1,972,016</u>	<u>3,781,636</u>
Total liabilities	<u>1,990,142</u>	<u>2,121,035</u>	<u>4,111,177</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,250,306	875,119	3,125,425
Restricted	3,618,094	-	3,618,094
Unrestricted	2,140,131	570,105	2,710,236
Total net assets	<u>8,008,531</u>	<u>1,445,224</u>	<u>9,453,755</u>
Total liabilities and net assets	<u>\$ 9,998,673</u>	<u>\$ 3,566,259</u>	<u>\$ 13,564,932</u>

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, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Totals
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business - type Activities	
Governmental activities:							
General government	\$ 715,372	\$ 78,826	\$ -	\$ -	\$ (636,546)	\$ -	\$ (636,546)
Public safety	1,749,293	136,684	-	77,528	(1,535,081)	-	(1,535,081)
Public works	1,068,577	27,897	-	-	(1,040,680)	-	(1,040,680)
Solid waste / recycling	492,580	312,416	-	-	(180,164)	-	(180,164)
Parks and recreation	27,690	21,250	-	-	(6,440)	-	(6,440)
Health and welfare	204,073	-	12,829	-	(191,244)	-	(191,244)
Library	159,139	3,496	-	-	(155,643)	-	(155,643)
TIF	62,484	-	-	-	(62,484)	-	(62,484)
Education	3,315,437	-	-	-	(3,315,437)	-	(3,315,437)
County tax	880,877	-	-	-	(880,877)	-	(880,877)
Reserve/Capital	29,626	-	-	-	(29,626)	-	(29,626)
Overlay	36,098	-	-	-	(36,098)	-	(36,098)
Unclassified	662,871	-	-	-	(662,871)	-	(662,871)
Interest on long-term debt	301,404	-	-	-	(301,404)	-	(301,404)
Total governmental activities	<u>9,705,521</u>	<u>580,569</u>	<u>12,829</u>	<u>77,528</u>	<u>(9,034,595)</u>	<u>-</u>	<u>(9,034,595)</u>
Business-type activities:							
Sewer fund	<u>362,671</u>	<u>435,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,619</u>	<u>72,619</u>
Total business-type activities	<u>362,671</u>	<u>435,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,619</u>	<u>72,619</u>
Total government	<u>\$ 10,068,192</u>	<u>\$ 1,015,859</u>	<u>\$ 12,829</u>	<u>\$ 77,528</u>	<u>(9,034,595)</u>	<u>72,619</u>	<u>(8,961,976)</u>

STATEMENT B (CONTINUED)  
TOWN OF FAIRFIELD, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities	Business-type Activities	Totals
Changes in net assets:			
Net (expense) revenue	(9,034,595)	72,619	(8,961,976)
General revenues:			
Taxes:			
Property taxes	6,895,931	-	6,895,931
Excise taxes	906,789	-	906,789
Grants and contributions			
not restricted to specific programs	996,022	-	996,022
Investment income	67,929	-	67,929
Reimbursements	116,431	-	116,431
Other revenue	467,948	32,897	500,845
Total general revenues	9,451,050	32,897	9,483,947
Change in net assets	416,455	105,516	521,971
NET ASSETS - JULY 1	7,592,076	1,339,708	8,931,784
NET ASSETS - JUNE 30	\$ 8,008,531	\$ 1,445,224	\$ 9,453,755

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

## TOWN OF FAIRFIELD, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2012

	General Fund	Community Enhancement Fund	Bio Tech Building	Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 107,052	\$ 138,090	\$ 44,238	\$ 446,762	\$ 736,142
Investments	1,764,207	-	548,573	1,384,269	3,697,049
Accounts Receivables (net of allowance for uncollectibles):					
Taxes	388,778	-	-	-	388,778
Liens	135,018	-	-	-	135,018
Other	88,603	71,518	-	-	160,121
Due from other governments	44,137	-	1,287,880	-	1,332,017
Prepaid expense	316	-	-	-	316
Due from other funds	69,177	42,373	-	643,170	754,720
<b>TOTAL ASSETS</b>	<b>\$ 2,597,288</b>	<b>\$ 251,981</b>	<b>\$ 1,880,691</b>	<b>\$ 2,474,201</b>	<b>\$ 7,204,161</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 49,772	\$ -	\$ -	\$ -	\$ 49,772
Prepaid taxes	18,813	-	-	-	18,813
Due to other governments	137	-	-	-	137
Deferred revenue	319,603	-	-	-	319,603
Due to other funds	1,075,217	-	9,498	59,679	1,144,394
<b>TOTAL LIABILITIES</b>	<b>1,463,542</b>	<b>-</b>	<b>9,498</b>	<b>59,679</b>	<b>1,532,719</b>
<b>Fund Balances:</b>					
Nonspendable	316	-	-	168,757	169,073
Restricted	-	251,981	1,871,193	1,494,920	3,618,094
Committed	-	-	-	688,353	688,353
Assigned	-	-	-	65,288	65,288
Unassigned	1,133,430	-	-	(2,796)	1,130,634
<b>TOTAL FUND BALANCES</b>	<b>1,133,746</b>	<b>251,981</b>	<b>1,871,193</b>	<b>2,414,522</b>	<b>5,671,442</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,597,288</b>	<b>\$ 251,981</b>	<b>\$ 1,880,691</b>	<b>\$ 2,474,201</b>	<b>\$ 7,204,161</b>

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 ASSETS  
JUNE 30, 2012

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 5,671,442
Amounts reported for governmental activities in the statement are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	3,938,906
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	319,603
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	(1,638,600)
Notes payable	(50,000)
Accrued compensated absences	<u>(232,820)</u>
Net assets of governmental activities	<u><u>\$ 8,008,531</u></u>

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

## TOWN OF FAIRFIELD, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Community Enhancement Fund	Bio Tech Building	Non-major Governmental Funds	Totals Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 6,968,909	\$ -	\$ -	\$ -	\$ 6,968,909
Excise taxes	906,789	-	-	-	906,789
Intergovernmental revenue	1,078,158	-	-	8,221	1,086,379
Charges for services	580,569	-	-	-	580,569
Investment income	38,724	2,679	4,875	21,651	67,929
Reimbursements	116,431	-	-	-	116,431
Other revenue	270,276	257	36,159	161,256	467,948
Total revenues	<u>9,959,856</u>	<u>2,936</u>	<u>41,034</u>	<u>191,128</u>	<u>10,194,954</u>
<b>EXPENDITURES</b>					
Current:					
General government	726,743	-	-	-	726,743
Public safety	1,743,667	-	-	-	1,743,667
Public works	933,164	-	-	-	933,164
Solid waste / recycling	492,580	-	-	-	492,580
Parks and recreation	27,690	-	-	-	27,690
Health and welfare	204,073	-	-	-	204,073
Library	176,723	-	-	-	176,723
TIF	62,484	-	-	-	62,484
Education	3,315,437	-	-	-	3,315,437
County tax	880,877	-	-	-	880,877
Reserve / capital	29,626	-	-	-	29,626
Overlay	36,098	-	-	-	36,098
Debt Service:					
Principal	158,858	-	-	-	158,858
Interest	301,404	-	-	-	301,404
Unclassified	57,823	-	-	613,506	671,329
Total expenditures	<u>9,147,247</u>	<u>-</u>	<u>-</u>	<u>613,506</u>	<u>9,760,753</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>812,609</u>	<u>2,936</u>	<u>41,034</u>	<u>(422,378)</u>	<u>434,201</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	383,414	-	-	761,622	1,145,036
Operating transfers (out)	(646,810)	-	(124,907)	(373,319)	(1,145,036)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(263,396)</u>	<u>-</u>	<u>(124,907)</u>	<u>388,303</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	549,213	2,936	(83,873)	(34,075)	434,201
FUND BALANCES - JULY 1	<u>584,533</u>	<u>249,045</u>	<u>1,955,066</u>	<u>2,448,597</u>	<u>5,237,241</u>
FUND BALANCES - JUNE 30	<u>\$ 1,133,746</u>	<u>\$ 251,981</u>	<u>\$ 1,871,193</u>	<u>\$ 2,414,522</u>	<u>\$ 5,671,442</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, 2012

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 434,201</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 purchases capitalized	157,757
Capital assets disposed of	-
Depreciation expense	<u>(266,203)</u>
	<u>(108,446)</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 Assets	
	<u>158,858</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>(72,978)</u>
Revenues recognized in modified accrual statements already recognized on full accrual statements:	
Sale of town assets	<u>-</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	<u>4,820</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 416,455</u></u>

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

## TOWN OF FAIRFIELD, MAINE

BALANCE SHEET - PROPRIETARY FUNDS  
JUNE 30, 2012

	Enterprise Fund Sewer Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ -
Accounts receivable	180,431
Due from other funds	389,674
	<u>570,105</u>
Noncurrent assets:	
Infrastructure	3,361,640
Total capital assets	3,361,640
Less: accumulated depreciation	(365,486)
Net capital assets	<u>2,996,154</u>
Total assets	<u>\$ 3,566,259</u>
<b>LIABILITIES</b>	
Liabilities	
Current liabilities:	
Accounts payable	\$ -
Current portion of long-term debt	149,019
Total current liabilities	<u>149,019</u>
Noncurrent liabilities	
Noncurrent portion of long-term obligations:	
Bonds payable	1,972,016
Total noncurrent liabilities	<u>1,972,016</u>
Total liabilities	<u>2,121,035</u>
<b>NET ASSETS</b>	
Investment in capital assets, net of related debt	875,119
Unrestricted	570,105
Total net assets	<u>1,445,224</u>
Total liabilities and net assets	<u>\$ 3,566,259</u>

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



## TOWN OF FAIRFIELD, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROPRIETARY  
FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Enterprise Fund Sewer Fund
	<u>                    </u>
OPERATING REVENUES	
Charges for services	\$      435,290
Other income	32,897
TOTAL OPERATING REVENUES	<u>          468,187</u>
OPERATING EXPENSES	
Administration	69,798
KSTD debt service	81,056
Maintenance	6,041
Supplies	10,464
Utilities	1,296
Depreciation	66,816
Other operating expenses	102,408
TOTAL OPERATING EXPENSES	<u>         337,879</u>
OPERATING INCOME (LOSS)	<u>         130,308</u>
OTHER FINANCING SOURCES (USES)	
Interest expense	(24,792)
TOTAL OTHER FINANCING SOURCES (USES)	<u>         (24,792)</u>
NET INCOME (LOSS)	105,516
NET ASSETS - JULY 1	<u>         1,339,708</u>
NET ASSETS - JUNE 30	<u>         \$     1,445,224</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, 2012

	Enterprise Fund Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 409,317
Internal activity - receipts (payments) from (to) other funds	122
Other receipts	32,897
Payments to suppliers	(271,063)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>171,273</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of capital assets	-
Contributed capital	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-</u>
CASH FLOWS FORM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from debt	-
Interfund loans	-
Principal paid on debt	(146,481)
Interest paid on capital debt	(24,792)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(171,273)</u>
INCREASE (DECREASE) IN CASH	-
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)	\$ 130,308
Depreciation	66,816
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(25,973)
(Increase) decrease in due from other funds	122
	<u><u>\$ 171,273</u></u>

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

## TOWN OF FAIRFIELD, MAINE

STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 JUNE 30, 2012

	<b>Private - Purpose Trusts</b>
<b>ASSETS</b>	
Investments, at fair value:	\$ 1,045,957
Total assets	\$ 1,045,957
<b>LIABILITIES</b>	
Accounts payable	\$ -
Deposits held for others	-
Total current liabilities	-
<b>NET ASSETS</b>	
Held in trust for special purposes	\$ 1,045,957

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

## TOWN OF FAIRFIELD, MAINE

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Private - Purpose Trusts</u>
ADDITIONS	
Contributions	\$ 92,322
Net increase (decrease) in the fair value of investments	13,212
Other	4,822
Total additions	<u>110,356</u>
DEDUCTIONS	
Distributions	161,877
Other expenses	151
Total deductions	<u>162,028</u>
CHANGE IN NET ASSETS	(51,672)
NET ASSETS - JULY 1	<u>1,097,629</u>
NET ASSETS - JUNE 30	<u>\$ 1,045,957</u>

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

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, health and welfare, education, parks and recreation and other 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 Statement No. 39.

***Government – Wide and Fund Financial Statements***

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

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. 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.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

- 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. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.
- d. Permanent Funds are used to account for assets held by the Town pursuant to a trust agreement. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Proprietary Funds

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

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (private – purpose trusts). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basis of Accounting**

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

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.

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.



TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. The Town does not adopt budgets for Special Revenue Funds.

**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.

**Inventories**

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

**Transactions Between Funds**

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts, as reported in the Community Enhancement Fund, is estimated to be \$76,679 as of June 30, 2012.

**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.

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 notes or bonds payable and capital leases.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Net Assets**

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

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

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The Town's property tax for the current year was levied August 11, 2011 on the assessed value listed as of April 1, 2011, for all real and personal property located in the Town. Taxes were due on November 10, 2011 and May 11, 2012. Interest on unpaid taxes commenced on November 11, 2011 and May 12, 2012 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 \$73,106 for the year ended June 30, 2012.

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, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (grant income/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 FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2012, the Town's deposits amounting to \$736,142 were comprised of bank deposits of \$845,136. Of these bank deposits, \$845,136 was fully covered by federal depository insurance, fully insured, or covered with an irrevocable stand by letter of credit and consequently was not exposed to custodial credit risk.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 225,982
Money markets	167,662
Sweep accounts	292,555
	<u>158,937</u>
	<u>\$ 845,136</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.

At June 30, 2012, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>
Certificates of deposit	\$ 1,534,106	\$ -	\$ 1,534,106	\$ -
Money market funds	1,764,207	1,764,207	-	-
Mutual funds - equity	1,444,693	1,444,693	-	-
	<u>\$ 4,743,006</u>	<u>\$ 3,208,900</u>	<u>\$ 1,534,106</u>	<u>\$ -</u>

In accordance with its investment policy, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. As such, the Town's investments of \$3,697,049 were fully covered by federal depository insurance or the Securities Investor Protection Corporation (SIPC) and consequently were not exposed to custodial credit risk.

At June 30, 2012, the Town's fiduciary fund investment portfolio is comprised of a mix of money market funds, equity mutual funds and bond mutual funds, totaling \$1,045,957, which is uncollateralized and therefore exposed to custodial credit risk.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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 cashflows 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, 2012 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General Fund	\$ 69,177	\$ 1,075,217
Community Enhancement	42,373	-
Bio Tech Building	-	9,498
Special Revenue fund	14,949	793
Capital Projects fund	628,221	\$ 7,870
Permanent fund	-	51,016
Sewer fund	389,674	-
	<u>\$ 1,144,394</u>	<u>\$ 1,144,394</u>

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 4 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2012:

	Balance, 7/1/11	Additions	Disposals	Balance, 6/30/12
Governmental activities				
Non-depreciated assets:				
Land	\$ 578,156	\$ 16,000	\$ -	\$ 594,156
	<u>578,156</u>	<u>16,000</u>	<u>-</u>	<u>594,156</u>
Depreciated assets:				
Buildings	1,955,559	-	-	1,955,559
Building improvements	150,000	89,108	-	239,108
Machinery & Equipment	674,722	47,349	-	722,071
Vehicles	1,978,108	5,300	(70,000)	1,913,408
Infrastructure	1,410,205	-	-	1,410,205
	<u>6,168,594</u>	<u>141,757</u>	<u>(70,000)</u>	<u>6,240,351</u>
Less: accumulated depreciation	<u>(2,699,398)</u>	<u>(266,203)</u>	<u>70,000</u>	<u>(2,895,601)</u>
	<u>3,469,196</u>	<u>(124,446)</u>	<u>-</u>	<u>3,344,750</u>
Net capital assets	<u>\$ 4,047,352</u>	<u>\$ (108,446)</u>	<u>\$ -</u>	<u>\$ 3,938,906</u>
<u>Business-type activities:</u>				
Depreciated assets:				
Infrastructure	\$ 3,361,640	\$ -		\$ 3,361,640
	<u>3,361,640</u>	<u>-</u>	<u>-</u>	<u>3,361,640</u>
Less: accumulated depreciation	<u>(298,670)</u>	<u>(66,816)</u>	<u>-</u>	<u>(365,486)</u>
	<u>3,062,970</u>	<u>(66,816)</u>	<u>-</u>	<u>2,996,154</u>
Net capital assets	<u>\$ 3,062,970</u>	<u>\$ (66,816)</u>	<u>\$ -</u>	<u>\$ 2,996,154</u>
Current year depreciation:				
Administration				\$ 27,166
Police				48,161
Fire				35,514
Highway department				154,713
Sewer department				66,816
Town Wide				<u>649</u>
Total depreciation expense				<u>\$ 333,019</u>



TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 5 – LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2012:

	Balance, 7/1/11	Additions	Deletions	Balance, 6/30/12	Current Portion
Bonds payable	\$ 4,002,916	\$ -	\$ (243,281)	\$ 3,759,635	\$ 250,819
Notes payable	60,000	-	(10,000)	50,000	10,000
Capital Leases	52,058	-	(52,058)	-	-
Accrued compensated absences	237,640	-	(4,820)	232,820	-
	<u>\$ 4,352,614</u>	<u>\$ -</u>	<u>\$ (310,159)</u>	<u>\$ 4,042,455</u>	<u>\$ 260,819</u>

The following is a description of the outstanding bonds and notes payable:

\$360,000 1995 General obligation bond due in annual principal payments of \$20,000 plus interest, through November of 2013. Interest is charged at a rate of 5.159% to 5.959% per annum.	\$ 40,000
\$702,000 1998 General obligation bond due in annual principal payments of \$46,800 plus interest, through November of 2013. Interest is charged at a rate of 4.127% to 4.477% per annum.	93,600
\$520,000 2004 Clean Water Revolving Loan Fund 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.	332,159
\$1,670,000 2003 General obligation bond due in annual principal payments of \$25,000 to \$120,000 plus interest, through November of 2033. Interest is charged at a rate of 5.5% to 6.375% per annum.	1,505,000
\$480,000 2003 SRF General obligation 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 4.34% per annum.	280,475
\$1,500,000 2004 SRF General obligation 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.	990,352

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 5 – LONG-TERM DEBT (CONTINUED)

\$753,413 2009 General obligation bond due in annual principal payments of \$14,390 and semi annual fee payments through April of 2030.

No interest is charged on the bond.

518,049

Total bonds payable

\$ 3,759,635

\$80,000 2009 Note payable to the Fairfield Historical Society for the purchase of land due in annual principal installments through 2017. No interest is charged on the note.

50,000

Total bonds and notes payable

\$ 3,809,635

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$ 260,819	\$ 134,336	\$ 395,155
2014	263,424	126,957	390,381
2015	204,298	120,860	325,158
2016	207,045	116,083	323,128
2017	209,866	111,244	321,110
2018-2022	1,099,354	441,226	1,540,580
2023-2027	768,487	308,990	1,077,477
2028-2032	561,342	158,113	719,455
2033-2037	235,000	15,141	250,141
	<u>\$ 3,809,635</u>	<u>\$ 1,532,950</u>	<u>\$ 5,342,585</u>

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 6 – NONSPENDABLE FUND BALANCES

At June 30, 2012, the Town had the following nonspendable fund balances:

Prepaid expenses	\$ 316
Nonmajor permanent funds (Schedule H)	168,757
	<u>\$ 169,073</u>

NOTE 7 – RESTRICTED FUND BALANCES

At June 30, 2012, the Town had the following restricted fund balances:

Community Enhancement Fund	\$ 251,981
Bio-Tech Building	1,871,193
Nonmajor special revenue funds (Schedule D)	1,849
Nonmajor capital project funds (Schedule F)	213,877
Nonmajor permanent funds (Schedule H)	1,279,194
	<u>\$ 3,618,094</u>

NOTE 8 – COMMITTED FUND BALANCES

At June 30, 2012, the Town had the following committed fund balances:

Nonmajor capital project funds (Schedule F)	<u>\$ 688,353</u>
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NOTE 9 – ASSIGNED FUND BALANCES

At June 30, 2012, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 13,100
Nonmajor capital project funds (Schedule F)	52,188
	<u>\$ 65,288</u>

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 10 – RISK MANAGEMENT – PARTICIPATION IN A PUBLIC ENTITY RISK POOL

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

NOTE 11 – 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 12 – DEFICIT FUND BALANCES

The following funds have deficit fund balances at June 30, 2012:

Byrne - Jag Indirect	\$	59
Underage Drinking Task Force		734
Capital Improvement		<u>2,003</u>
	\$	<u><u>2,796</u></u>

NOTE 13 – EXPENDITURES OVER APPROPRIATIONS

The following appropriations were overspent as of June 30, 2012:

Transfers to other funds	\$	<u><u>75,607</u></u>
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TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 14 – LETTER OF CREDIT

At June 30, 2012, the Town of Fairfield has an outstanding irrevocable letter of credit issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits held at TD, Bank, N.A. This letter of credit, which expires at the close of business on September 25, 2012, authorizes one draw only up to the amount of \$1,000,000. There were no draws for the year ended June 30, 2012.

NOTE 15 – NOTES / LOANS RECEIVABLE

The Town has determined that the allowance for doubtful accounts is to be \$0 for the fiscal year 2012. The community enhancement loans have been carried at face value without including the interest due and the Town is actively pursuing collection of any old accounts and will make any future adjustments accordingly.

## Required Supplementary Information

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

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

TOWN OF FAIRFIELD, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 584,533	\$ 584,533	\$ 584,533	\$ -
Resources (Inflows):				
Taxes				
Property taxes	6,930,238	6,930,238	6,968,909	38,671
Excise taxes	863,444	863,444	906,789	43,345
Intergovernmental revenues	945,423	945,423	1,078,158	132,735
Charges for services	502,750	502,750	580,569	77,819
Investment income	36,500	36,500	38,724	2,224
Reimbursements	133,600	133,600	116,431	(17,169)
Other revenues	234,803	234,803	270,276	35,473
Transfers from other funds	250,704	250,704	383,414	132,710
Amounts Available for Appropriation	<u>10,481,995</u>	<u>10,481,995</u>	<u>10,927,803</u>	<u>445,808</u>
Charges to Appropriations (Outflows):				
Current				
General government	767,017	767,017	726,743	40,274
Public safety	1,841,117	1,841,117	1,743,667	97,450
Public works	943,759	943,759	933,164	10,595
Solid waste / recycling	492,580	492,580	492,580	-
Parks and recreation	31,720	31,720	27,690	4,030
Health and welfare	210,936	210,936	204,073	6,863
Library	178,471	178,471	176,723	1,748
TIF	62,484	62,484	62,484	-
Education	3,315,438	3,315,438	3,315,437	1
County tax	880,878	880,878	880,877	1
Reserves	32,850	32,850	29,626	3,224
Overlay	73,106	73,106	36,098	37,008
Unclassified	61,638	61,638	57,823	3,815
Debt Service:				
Principal	163,861	163,861	158,858	5,003
Interest	301,404	301,404	301,404	-
Transfers to other funds	571,203	571,203	646,810	(75,607)
Total Charges to Appropriations	<u>9,928,462</u>	<u>9,928,462</u>	<u>9,794,057</u>	<u>134,405</u>
Budgetary Fund Balance, June 30	<u>\$ 553,533</u>	<u>\$ 553,533</u>	<u>\$ 1,133,746</u>	<u>\$ 580,213</u>
Utilization of unassigned fund balance	\$ 31,000	\$ 31,000	\$ -	\$ (31,000)
Utilization of assigned fund balance	-	-	-	-
	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ -</u>	<u>\$ (31,000)</u>

See accompanying independent auditors' report.

## Other Supplementary Information

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

- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects
- 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, 2012

	Original Appropriations	Budget Adjustments	Final Budget	Expenditures	Balance Positive (Negative)
<b>GENERAL GOVERNMENT</b>					
Administration	\$ 515,452	\$ -	\$ 515,452	\$ 488,976	\$ 26,476
Insurance	138,936	-	138,936	127,181	11,755
Tax assessment	95,789	-	95,789	95,214	575
Legal services	10,000	-	10,000	10,000	-
Elections	6,840	-	6,840	5,372	1,468
	<u>767,017</u>	<u>-</u>	<u>767,017</u>	<u>726,743</u>	<u>40,274</u>
<b>PUBLIC SAFETY</b>					
Police department	929,544	-	929,544	851,228	78,316
Fire department	713,640	-	713,640	695,184	18,456
Hydrant rental	120,000	-	120,000	119,325	675
Street lights	64,000	-	64,000	64,000	-
Health / Plumb / CEO	13,933	-	13,933	13,930	3
	<u>1,841,117</u>	<u>-</u>	<u>1,841,117</u>	<u>1,743,667</u>	<u>97,450</u>
<b>PUBLIC WORKS</b>					
Public works	943,759	-	943,759	933,164	10,595
Equipment	-	-	-	-	-
	<u>943,759</u>	<u>-</u>	<u>943,759</u>	<u>933,164</u>	<u>10,595</u>
<b>SOLID WASTE / RECYCLING</b>					
Solid waste disposal	478,860	-	478,860	478,860	-
Kennebec Sanitary District	13,720	-	13,720	13,720	-
	<u>492,580</u>	<u>-</u>	<u>492,580</u>	<u>492,580</u>	<u>-</u>

TOWN OF FAIRFIELD, MAINE

SCHEDULE OF DEPARTMENT OF OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012

	Original Appropriations	Budget Adjustments	Final Budget	Expenditures	Balance Positive (Negative)
<b>PARKS AND RECREATION</b>					
Fairfield Community Center	31,720	-	31,720	27,690	4,030
	<u>31,720</u>	<u>-</u>	<u>31,720</u>	<u>27,690</u>	<u>4,030</u>
<b>HEALTH AND WELFARE</b>					
Social / community agencies	115,600	-	115,600	113,592	2,008
General assistance	24,000	-	24,000	24,000	-
Cemeteries / parks	71,336	-	71,336	66,481	4,855
	<u>210,936</u>	<u>-</u>	<u>210,936</u>	<u>204,073</u>	<u>6,863</u>
<b>LIBRARY</b>	<u>178,471</u>	<u>-</u>	<u>178,471</u>	<u>176,723</u>	<u>1,748</u>
<b>TIF</b>	<u>62,484</u>	<u>-</u>	<u>62,484</u>	<u>62,484</u>	<u>-</u>
<b>EDUCATION</b>	<u>3,315,438</u>	<u>-</u>	<u>3,315,438</u>	<u>3,315,437</u>	<u>1</u>
<b>COUNTY TAX</b>	<u>880,878</u>	<u>-</u>	<u>880,878</u>	<u>880,877</u>	<u>1</u>
<b>DEBT SERVICE</b>					
Principal	163,861	-	163,861	158,858	5,003
Interest	301,404	-	301,404	301,404	-
	<u>465,265</u>	<u>-</u>	<u>465,265</u>	<u>460,262</u>	<u>5,003</u>

TOWN OF FAIRFIELD, MAINE

SCHEDULE OF DEPARTMENT OF OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012

	Original Appropriations	Budget Adjustments	Final Budget	Expenditures	Balance Positive (Negative)
<b>CAPITAL OUTLAY</b>					
Public works equipment	5,250	-	5,250	4,900	350
Police cruisers	6,100	-	6,100	3,784	2,316
Fire equipment	16,000	-	16,000	16,000	-
Building improvements	5,500	-	5,500	4,942	558
Contingency	-	-	-	-	-
Reserves	-	-	-	-	-
Computer hardware	-	-	-	-	-
	<u>32,850</u>	<u>-</u>	<u>32,850</u>	<u>29,626</u>	<u>3,224</u>
<b>TRANSFERS</b>					
Capital projects funds	571,203	-	571,203	646,810	(75,607)
	<u>571,203</u>	<u>-</u>	<u>571,203</u>	<u>646,810</u>	<u>(75,607)</u>
<b>OVERLAY</b>					
	<u>73,106</u>	<u>-</u>	<u>73,106</u>	<u>36,098</u>	<u>37,008</u>
<b>UNCLASSIFIED</b>					
Humane Society	9,372	-	9,372	9,372	-
First Park	36,360	-	36,360	36,021	339
KVCOG	8,106	-	8,106	8,106	-
Senior citizen advocate	7,800	-	7,800	4,324	3,476
Regional Growth Council	-	-	-	-	-
	<u>61,638</u>	<u>-</u>	<u>61,638</u>	<u>57,823</u>	<u>3,815</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 9,928,462</u>	<u>\$ -</u>	<u>\$ 9,928,462</u>	<u>\$ 9,794,057</u>	<u>\$ 134,405</u>

See accompanying independent auditors' report.

## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 332,064	\$ 114,698	\$ 446,762
Investments	-	-	1,384,269	1,384,269
Due from other funds	14,949	628,221	-	643,170
<b>TOTAL ASSETS</b>	<u>\$ 14,949</u>	<u>\$ 960,285</u>	<u>\$ 1,498,967</u>	<u>\$ 2,474,201</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 793	\$ 7,870	\$ 51,016	\$ 59,679
<b>TOTAL LIABILITIES</b>	<u>793</u>	<u>7,870</u>	<u>51,016</u>	<u>59,679</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	168,757	168,757
Restricted	1,849	213,877	1,279,194	1,494,920
Committed	-	688,353	-	688,353
Assigned	13,100	52,188	-	65,288
Unassigned	(793)	(2,003)	-	(2,796)
<b>TOTAL FUND BALANCES</b>	<u>14,156</u>	<u>952,415</u>	<u>1,447,951</u>	<u>2,414,522</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 14,949</u>	<u>\$ 960,285</u>	<u>\$ 1,498,967</u>	<u>\$ 2,474,201</u>

See accompanying independent auditors' report.

## TOWN OF FAIRFIELD, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Investment income	\$ -	\$ 796	\$ 20,855	\$ 21,651
Intergovernmental revenue	8,221	-	-	8,221
Other income	75,000	86,256	-	161,256
<b>TOTAL REVENUES</b>	<u>83,221</u>	<u>87,052</u>	<u>20,855</u>	<u>191,128</u>
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
Other expenses	74,282	521,724	17,500	613,506
<b>TOTAL EXPENDITURES</b>	<u>74,282</u>	<u>521,724</u>	<u>17,500</u>	<u>613,506</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>8,939</u>	<u>(434,672)</u>	<u>3,355</u>	<u>(422,378)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from debt	-	-	-	-
Operating Transfer In	-	761,622	-	761,622
Operating Transfers Out	-	(373,319)	-	(373,319)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>388,303</u>	<u>-</u>	<u>388,303</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</b>	8,939	(46,369)	3,355	(34,075)
<b>FUND BALANCES, JULY 1</b>	<u>5,217</u>	<u>998,784</u>	<u>1,444,596</u>	<u>2,448,597</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 14,156</u>	<u>\$ 952,415</u>	<u>\$ 1,447,951</u>	<u>\$ 2,414,522</u>

See accompanying independent auditors' report.

## 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, 2012

	Small Cities	Byrne-Jag Indirect	Underage Drinking Task Force	Seatbelt Enforcement	High Visibility	OUI Grant
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	4,161	-	-	337	1,512	-
<b>TOTAL ASSETS</b>	<u>\$ 4,161</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 337</u>	<u>\$ 1,512</u>	<u>\$ -</u>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ 59	\$ 734	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>59</u>	<u>734</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	337	1,512	-
Committed	-	-	-	-	-	-
Assigned	4,161	-	-	-	-	-
Unassigned	-	(59)	(734)	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>4,161</u>	<u>(59)</u>	<u>(734)</u>	<u>337</u>	<u>1,512</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 4,161</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 337</u>	<u>\$ 1,512</u>	<u>\$ -</u>

TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET- NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2012

	Public Service	King Foundation	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other funds	-	8,939	14,949
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 8,939</u>	<u>\$ 14,949</u>
<b>LIABILITIES</b>			
Due to other funds	\$ -	\$ -	\$ 793
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>793</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	-	-	1,849
Committed	-	-	-
Assigned	-	8,939	13,100
Unassigned	-	-	(793)
<b>TOTAL FUND BALANCES</b>	<u>-</u>	<u>8,939</u>	<u>14,156</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 8,939</u>	<u>\$ 14,949</u>

See accompanying independent auditors' report.



TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Small Cities	Byrne-Jag Indirect	Underage Drinking Task Force	Seatbelt Enforcement	High Visibility	OUI Grant
REVENUES						
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	3,874	736	1,860	-	1,751
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>3,874</u>	<u>736</u>	<u>1,860</u>	<u>-</u>	<u>1,751</u>
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other expenses	-	3,874	736	1,860	-	1,751
TOTAL EXPENDITURES	<u>-</u>	<u>3,874</u>	<u>736</u>	<u>1,860</u>	<u>-</u>	<u>1,751</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, JULY 1	<u>4,161</u>	<u>(59)</u>	<u>(734)</u>	<u>337</u>	<u>1,512</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u>\$ 4,161</u>	<u>\$ (59)</u>	<u>\$ (734)</u>	<u>\$ 337</u>	<u>\$ 1,512</u>	<u>\$ -</u>

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Public Service	King Foundation	Totals
REVENUES			
Investment income	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	8,221
Other income	50,000	25,000	75,000
TOTAL REVENUES	<u>50,000</u>	<u>25,000</u>	<u>83,221</u>
EXPENDITURES			
Capital outlay	-	-	-
Other expenses	50,000	16,061	74,282
TOTAL EXPENDITURES	<u>50,000</u>	<u>16,061</u>	<u>74,282</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>8,939</u>	<u>8,939</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	-	8,939	8,939
FUND BALANCES, JULY 1	<u>-</u>	<u>-</u>	<u>5,217</u>
FUND BALANCES, JUNE 30	<u>\$ -</u>	<u>\$ 8,939</u>	<u>\$ 14,156</u>

See accompanying independent auditors' report.

## 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 PROJECT FUNDS  
JUNE 30, 2012

	<u>TIF Economic Development</u>	<u>Capital Improvement</u>	<u>Equipment Reserve</u>	<u>Public Works Building</u>	<u>PWD Paving Account</u>	<u>Revaluation Reserve</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 29,572	\$ 2,938	\$ 278,846	\$ -	\$ -	\$ 20,708
Investments	-	-	-	-	-	-
Due from other funds	4,764	-	-	6,545	-	-
<b>TOTAL ASSETS</b>	<u>\$ 34,336</u>	<u>\$ 2,938</u>	<u>\$ 278,846</u>	<u>\$ 6,545</u>	<u>\$ -</u>	<u>\$ 20,708</u>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ 4,941	\$ 2,929	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>4,941</u>	<u>2,929</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	34,336	-	-	-	-	-
Committed	-	-	275,917	6,545	-	20,708
Assigned	-	-	-	-	-	-
Unassigned	-	(2,003)	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>34,336</u>	<u>(2,003)</u>	<u>275,917</u>	<u>6,545</u>	<u>-</u>	<u>20,708</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 34,336</u>	<u>\$ 2,938</u>	<u>\$ 278,846</u>	<u>\$ 6,545</u>	<u>\$ -</u>	<u>\$ 20,708</u>

TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET- NONMAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2012

	<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>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Due from other funds	73,532	3,800	24,796	810	67,130	18,403
<b>TOTAL ASSETS</b>	<u><u>\$ 73,532</u></u>	<u><u>\$ 3,800</u></u>	<u><u>\$ 24,796</u></u>	<u><u>\$ 810</u></u>	<u><u>\$ 67,130</u></u>	<u><u>\$ 18,403</u></u>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	18,403
Committed	73,532	3,800	24,796	-	67,130	-
Assigned	-	-	-	810	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>73,532</u>	<u>3,800</u>	<u>24,796</u>	<u>810</u>	<u>67,130</u>	<u>18,403</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 73,532</u></u>	<u><u>\$ 3,800</u></u>	<u><u>\$ 24,796</u></u>	<u><u>\$ 810</u></u>	<u><u>\$ 67,130</u></u>	<u><u>\$ 18,403</u></u>

TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET- NONMAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2012

	<u>Fire Prevention</u>	<u>Fire Dept Reserve</u>	<u>Police Dept Reserve</u>	<u>Computer Reserve</u>	<u>Library Reserve</u>	<u>Senior Appreciation</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Due from other funds	2,653	37,970	50,000	28,545	3,946	2,265
<b>TOTAL ASSETS</b>	<u>\$ 2,653</u>	<u>\$ 37,970</u>	<u>\$ 50,000</u>	<u>\$ 28,545</u>	<u>\$ 3,946</u>	<u>\$ 2,265</u>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	2,653	37,970	50,000	28,545	3,946	2,265
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>2,653</u>	<u>37,970</u>	<u>50,000</u>	<u>28,545</u>	<u>3,946</u>	<u>2,265</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,653</u>	<u>\$ 37,970</u>	<u>\$ 50,000</u>	<u>\$ 28,545</u>	<u>\$ 3,946</u>	<u>\$ 2,265</u>

TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET- NONMAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2012

	<u>Friends of the Library</u>	<u>Playground</u>	<u>Animal Control</u>	<u>Housing</u>	<u>Heating Donations</u>	<u>Chocolate Fest</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Due from other funds	8,119	45	8,253	24,380	12,826	3,623
<b>TOTAL ASSETS</b>	<u>\$ 8,119</u>	<u>\$ 45</u>	<u>\$ 8,253</u>	<u>\$ 24,380</u>	<u>\$ 12,826</u>	<u>\$ 3,623</u>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	8,253	-	-	-
Committed	-	-	-	-	-	-
Assigned	8,119	45	-	24,380	12,826	3,623
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>8,119</u>	<u>45</u>	<u>8,253</u>	<u>24,380</u>	<u>12,826</u>	<u>3,623</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 8,119</u>	<u>\$ 45</u>	<u>\$ 8,253</u>	<u>\$ 24,380</u>	<u>\$ 12,826</u>	<u>\$ 3,623</u>

TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET- NONMAJOR CAPITAL PROJECT FUNDS  
JUNE 30, 2012

	Rainy Day Account	Infrastructure Account	TIF Sewer Line Rte. 201	Computer Software	Childrens Program Library	Community Events
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Due from other funds	-	90,546	117,973	1,979	365	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 90,546</b>	<b>\$ 117,973</b>	<b>\$ 1,979</b>	<b>\$ 365</b>	<b>\$ -</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	117,973	-	-	-
Committed	-	90,546	-	-	-	-
Assigned	-	-	-	1,979	365	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>90,546</b>	<b>117,973</b>	<b>1,979</b>	<b>365</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 90,546</b>	<b>\$ 117,973</b>	<b>\$ 1,979</b>	<b>\$ 365</b>	<b>\$ -</b>



TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET- NONMAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2012

	Local Road Assistance	Chinet TIF	Retirement Benefits Account	Donations Account	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 332,064
Investments	-	-	-	-	-
Due from other funds	-	34,912	-	41	628,221
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 34,912</b>	<b>\$ -</b>	<b>\$ 41</b>	<b>\$ 960,285</b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 7,870
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,870</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	34,912	-	-	213,877
Committed	-	-	-	-	688,353
Assigned	-	-	-	41	52,188
Unassigned	-	-	-	-	(2,003)
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>34,912</b>	<b>-</b>	<b>41</b>	<b>952,415</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 34,912</b>	<b>\$ -</b>	<b>\$ 41</b>	<b>\$ 960,285</b>

See accompanying independent auditors' report.

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	TIF Economic Development	Capital Improvement	Equipment Reserve	Public Works Building	PWD Paving Account	Revaluation Reserve
REVENUES						
Investment income	\$ 42	\$ 246	\$ 349	\$ -	\$ -	\$ 17
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>42</u>	<u>246</u>	<u>349</u>	<u>-</u>	<u>-</u>	<u>17</u>
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other expenses	20,000	160,498	15	-	-	-
TOTAL EXPENDITURES	<u>20,000</u>	<u>160,498</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,958)</u>	<u>(160,252)</u>	<u>334</u>	<u>-</u>	<u>-</u>	<u>17</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	30,000	25,000	157,000	-	-	20,000
Operating Transfers (Out)	-	(4,942)	(54,231)	-	(18)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>30,000</u>	<u>20,058</u>	<u>102,769</u>	<u>-</u>	<u>(18)</u>	<u>20,000</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>10,042</u>	<u>(140,194)</u>	<u>103,103</u>	<u>-</u>	<u>(18)</u>	<u>20,017</u>
FUND BALANCES, JULY 1	<u>24,294</u>	<u>138,191</u>	<u>172,814</u>	<u>6,545</u>	<u>18</u>	<u>691</u>
FUND BALANCES, JUNE 30	<u>\$ 34,336</u>	<u>\$ (2,003)</u>	<u>\$ 275,917</u>	<u>\$ 6,545</u>	<u>\$ -</u>	<u>\$ 20,708</u>

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	<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>
REVENUES						
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	1,000	-	43,285	950	-	-
TOTAL REVENUES	<u>1,000</u>	<u>-</u>	<u>43,285</u>	<u>950</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other expenses	58,750	-	25,126	540	213,870	-
TOTAL EXPENDITURES	<u>58,750</u>	<u>-</u>	<u>25,126</u>	<u>540</u>	<u>213,870</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(57,750)</u>	<u>-</u>	<u>18,159</u>	<u>410</u>	<u>(213,870)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	75,000	3,800	-	400	231,000	18,403
Operating Transfers (Out)	-	-	-	-	(25,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>75,000</u>	<u>3,800</u>	<u>-</u>	<u>400</u>	<u>206,000</u>	<u>18,403</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>17,250</u>	<u>3,800</u>	<u>18,159</u>	<u>810</u>	<u>(7,870)</u>	<u>18,403</u>
FUND BALANCES, JULY 1	<u>56,282</u>	<u>-</u>	<u>6,637</u>	<u>-</u>	<u>75,000</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u>\$ 73,532</u>	<u>\$ 3,800</u>	<u>\$ 24,796</u>	<u>\$ 810</u>	<u>\$ 67,130</u>	<u>\$ 18,403</u>

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Fire Prevention	Fire Dept Reserve	Police Dept Reserve	Computer Reserve	Library Reserve	Senior Appreciation
REVENUES						
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	2,011	-	-	-	18
TOTAL REVENUES	<u>-</u>	<u>2,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18</u>
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other expenses	-	6,030	-	650	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>6,030</u>	<u>-</u>	<u>650</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(4,019)</u>	<u>-</u>	<u>(650)</u>	<u>-</u>	<u>18</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	2,653	18,456	57,410	5,000	-	2,247
Operating Transfers (Out)	-	(25,000)	(25,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,653</u>	<u>(6,544)</u>	<u>32,410</u>	<u>5,000</u>	<u>-</u>	<u>2,247</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	2,653	(10,563)	32,410	4,350	-	2,265
FUND BALANCES, JULY 1	<u>-</u>	<u>48,533</u>	<u>17,590</u>	<u>24,195</u>	<u>3,946</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u>\$ 2,653</u>	<u>\$ 37,970</u>	<u>\$ 50,000</u>	<u>\$ 28,545</u>	<u>\$ 3,946</u>	<u>\$ 2,265</u>

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Friends of the Library	Playground	Animal Control	Housing	Heating Donations	Chocolate Fest
REVENUES						
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	1,562	2,217	2,191	17,733	1,201	-
TOTAL REVENUES	<u>1,562</u>	<u>2,217</u>	<u>2,191</u>	<u>17,733</u>	<u>1,201</u>	<u>-</u>
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other expenses	747	9,572	5,425	14,021	1,080	1,410
TOTAL EXPENDITURES	<u>747</u>	<u>9,572</u>	<u>5,425</u>	<u>14,021</u>	<u>1,080</u>	<u>1,410</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>815</u>	<u>(7,355)</u>	<u>(3,234)</u>	<u>3,712</u>	<u>121</u>	<u>(1,410)</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	12,916	5,033
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,916</u>	<u>5,033</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>815</u>	<u>(7,355)</u>	<u>(3,234)</u>	<u>3,712</u>	<u>13,037</u>	<u>3,623</u>
FUND BALANCES, JULY 1	<u>7,304</u>	<u>7,400</u>	<u>11,487</u>	<u>20,668</u>	<u>(211)</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u>\$ 8,119</u>	<u>\$ 45</u>	<u>\$ 8,253</u>	<u>\$ 24,380</u>	<u>\$ 12,826</u>	<u>\$ 3,623</u>

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Rainy Day Account	Infrastructure Account	TIF Sewer Line Rte. 201	Computer Software	Childrens Program Library	Community Events
REVENUES						
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	200	4,448
TOTAL REVENUES	-	-	-	-	200	4,448
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other expenses	-	-	-	-	150	810
TOTAL EXPENDITURES	-	-	-	-	150	810
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	50	3,638
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	19,321	69,528	-	-	-
Operating Transfers (Out)	(103,550)	(13,689)	(13,689)	-	-	(11,280)
TOTAL OTHER FINANCING SOURCES (USES)	(103,550)	5,632	55,839	-	-	(11,280)
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	(103,550)	5,632	55,839	-	50	(7,642)
FUND BALANCES, JULY 1	103,550	84,914	62,134	1,979	315	7,642
FUND BALANCES, JUNE 30	\$ -	\$ 90,546	\$ 117,973	\$ 1,979	\$ 365	\$ -

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Local Road Assistance	Chinet TIF	Retirement Benefits Account	Donations Account	Totals
REVENUES					
Investment income	\$ -	\$ -	\$ 142	\$ -	\$ 796
Other income	-	-	-	9,440	86,256
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>142</b>	<b>9,440</b>	<b>87,052</b>
EXPENDITURES					
Capital outlay	-	-	-	-	-
Other expenses	-	-	-	3,030	521,724
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,030</b>	<b>521,724</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	142	6,410	(434,672)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	8,455	-	-	761,622
Operating Transfers (Out)	(3)	(13,689)	(49,277)	(33,951)	(373,319)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3)</b>	<b>(5,234)</b>	<b>(49,277)</b>	<b>(33,951)</b>	<b>388,303</b>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	(3)	(5,234)	(49,135)	(27,541)	(46,369)
FUND BALANCES, JULY 1	3	40,146	49,135	27,582	998,784
FUND BALANCES, JUNE 30	\$ -	\$ 34,912	\$ -	\$ 41	\$ 952,415

See accompanying independent auditors' report.

## Permanent Funds

Permanent funds are used to account for assets held by the Town of Fairfield, Maine in trust or as an agent for individuals, private organizations, other governmental units and/or other funds.



## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS  
JUNE 30, 2012

	<u>Library</u>	<u>Speak Charity Fund</u>	<u>Keyes Educational Fund</u>	<u>Alton George School Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,575	\$ 2,661	\$ 3,594	\$ 1,595
Investments	90,271	20,570	27,777	12,331
Due from other funds	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 91,846</u>	<u>\$ 23,231</u>	<u>\$ 31,371</u>	<u>\$ 13,926</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 2,156	\$ 2,911	\$ 1,292
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>2,156</u>	<u>2,911</u>	<u>1,292</u>
<b>FUND BALANCES</b>				
Nonspendable	-	5,000	4,326	1,737
Restricted	91,846	16,075	24,134	10,897
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>91,846</u>	<u>21,075</u>	<u>28,460</u>	<u>12,634</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 91,846</u>	<u>\$ 23,231</u>	<u>\$ 31,371</u>	<u>\$ 13,926</u>

TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS  
JUNE 30, 2012

	Friend Cemetery Fund	Cemetery Perpetual Care	Fairfield Corner Cemetery	Irvin Covell Cemetery
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,234	\$ 30,397	\$ 459	\$ 86
Investments	32,724	234,944	3,546	661
Due from other funds	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 36,958</u></b>	<b><u>\$ 265,341</u></b>	<b><u>\$ 4,005</u></b>	<b><u>\$ 747</u></b>
<b>LIABILITIES</b>				
Due to other funds	\$ 3,430	\$ 35,180	\$ 372	\$ 68
<b>TOTAL LIABILITIES</b>	<b><u>3,430</u></b>	<b><u>35,180</u></b>	<b><u>372</u></b>	<b><u>68</u></b>
<b>FUND BALANCES</b>				
Nonspendable	18,204	122,481	509	500
Restricted	15,324	107,680	3,124	179
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>33,528</u></b>	<b><u>230,161</u></b>	<b><u>3,633</u></b>	<b><u>679</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 36,958</u></b>	<b><u>\$ 265,341</u></b>	<b><u>\$ 4,005</u></b>	<b><u>\$ 747</u></b>

TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS  
JUNE 30, 2012

	Edmon Fish Cemetery	Dunbar Charity Fund	Keyes Athletic Fund	William Crawford Fund	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 688	\$ 4,106	\$ 2,126	\$ 63,178	\$ 114,698
Investments	5,321	31,734	16,433	907,956	1,384,269
Due from other funds	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 6,009</u>	<u>\$ 35,840</u>	<u>\$ 18,559</u>	<u>\$ 971,134</u>	<u>\$ 1,498,967</u>
<b>LIABILITIES</b>					
Due to other funds	\$ 558	\$ 3,326	\$ 1,723	\$ -	51,016
<b>TOTAL LIABILITIES</b>	<u>558</u>	<u>3,326</u>	<u>1,723</u>	<u>-</u>	<u>51,016</u>
<b>FUND BALANCES</b>					
Nonspendable	1,000	5,000	10,000	-	168,757
Restricted	4,451	27,514	6,836	971,134	1,279,194
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>5,451</u>	<u>32,514</u>	<u>16,836</u>	<u>971,134</u>	<u>1,447,951</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 6,009</u>	<u>\$ 35,840</u>	<u>\$ 18,559</u>	<u>\$ 971,134</u>	<u>\$ 1,498,967</u>

See accompanying independent auditors' report.

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Library	Speak Charity Fund	Keyes Educational Fund	Alton George School Fund
REVENUES				
Investment income	\$ 438	\$ 269	\$ 363	\$ 161
Other income	-	-	-	-
TOTAL REVENUES	<u>438</u>	<u>269</u>	<u>363</u>	<u>161</u>
EXPENDITURES				
Other expenses	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>438</u>	<u>269</u>	<u>363</u>	<u>161</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	438	269	363	161
FUND BALANCES, JULY 1	<u>91,408</u>	<u>20,806</u>	<u>28,097</u>	<u>12,473</u>
FUND BALANCES, JUNE 30	<u>\$ 91,846</u>	<u>\$ 21,075</u>	<u>\$ 28,460</u>	<u>\$ 12,634</u>

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Friend Cemetery Fund	Cemetery Perpetual Care	Fairfield Corner Cemetery	Irvin Covell Cemetery
REVENUES				
Investment income	\$ 427	\$ 3,069	\$ 46	\$ 9
Other income	-	-	-	-
TOTAL REVENUES	<u>427</u>	<u>3,069</u>	<u>46</u>	<u>9</u>
EXPENDITURES				
Other expenses	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>427</u>	<u>3,069</u>	<u>46</u>	<u>9</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	427	3,069	46	9
FUND BALANCES, JULY 1	<u>33,101</u>	<u>227,092</u>	<u>3,587</u>	<u>670</u>
FUND BALANCES, JUNE 30	<u>\$ 33,528</u>	<u>\$ 230,161</u>	<u>\$ 3,633</u>	<u>\$ 679</u>

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Edmon Fish Cemetery	Dunbar Charity Fund	Keyes Athletic Fund	William Crawford Fund	Totals
REVENUES					
Investment income	\$ 70	\$ 415	\$ 215	\$ 15,373	\$ 20,855
Other income	-	-	-	-	-
TOTAL REVENUES	<u>70</u>	<u>415</u>	<u>215</u>	<u>15,373</u>	<u>20,855</u>
EXPENDITURES					
Other expenses	-	-	-	17,500	17,500
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,500</u>	<u>17,500</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>70</u>	<u>415</u>	<u>215</u>	<u>(2,127)</u>	<u>3,355</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	70	415	215	(2,127)	3,355
FUND BALANCES, JULY 1	<u>5,381</u>	<u>32,099</u>	<u>16,621</u>	<u>973,261</u>	<u>1,444,596</u>
FUND BALANCES, JUNE 30	<u>\$ 5,451</u>	<u>\$ 32,514</u>	<u>\$ 16,836</u>	<u>\$ 971,134</u>	<u>\$ 1,447,951</u>

See accompanying independent auditors' report.

## General Capital Assets

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

## TOWN OF FAIRFIELD, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2012

	Land and Non-depreciable Assets	Buildings Buildings Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Administration	\$ 114,800	\$ 1,102,668	\$ 52,000	\$ -	\$ 1,269,468
Police	16,000	172,500	914,468	-	1,102,968
Fire	26,100	47,200	768,343	-	841,643
Communications center	-	5,000	-	-	5,000
Highway	88,900	841,257	894,179	1,410,205	3,234,541
Library	-	17,584	-	-	17,584
Sewer enterprise	-	-	-	3,361,640	3,361,640
Town Wide	348,356	8,458	6,489	-	363,303
		-			
Total General Capital Assets	594,156	2,194,667	2,635,479	4,771,845	10,196,147
Less: Accumulated Depreciation	-	(957,158)	(1,638,678)	(665,251)	(3,261,087)
Net General Capital Assets	\$ 594,156	\$ 1,237,509	\$ 996,801	\$ 4,106,594	\$ 6,935,060

See accompanying independent auditors' report.



TOWN OF FAIRFIELD, MAINE

SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2012

	General Capital Assets 7/1/11	Additions	Deletions	General Capital Assets 6/30/12
Administration	\$ 1,235,102	\$ 34,366	\$ -	\$ 1,269,468
Police department	1,123,619	49,349	(70,000)	1,102,968
Fire department	817,943	23,700	-	841,643
Communications center	-	5,000	-	5,000
Highway department	3,215,241	19,300	-	3,234,541
Library	-	17,584	-	17,584
Sewer enterprise	3,361,640	-	-	3,361,640
Town-wide	<u>354,845</u>	<u>8,458</u>	<u>-</u>	<u>363,303</u>
 Total General Capital Assets	 10,108,390	 157,757	 (70,000)	 10,196,147
 Less: Accumulated Depreciation	 <u>(2,998,068)</u>	 <u>(333,019)</u>	 <u>70,000</u>	 <u>(3,261,087)</u>
 Net General Capital Assets	 <u><u>\$ 7,110,322</u></u>	 <u><u>\$ (175,262)</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 6,935,060</u></u>

See accompanying independent auditors' report.