

6-30-2010

# Audited Financial Statements Town of Fairfield, Maine

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TOWN OF FAIRFIELD, MAINE

FINANCIAL STATEMENTS

JUNE 30, 2010

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*Proven Expertise and Integrity*

## INDEPENDENT AUDITORS' REPORT

September 1, 2010

Town Council  
Town of Fairfield, Maine  
Fairfield, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Fairfield, Maine, as of and for the year ended June 30, 2010, 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, Maine's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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, 2010, and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2010, on our consideration of the Town of Fairfield, Maine's internal control over financial reporting and on our tests of its compliance with certain laws and provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 10 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Fairfield, Maine's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of The Town of Fairfield, Maine. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*RHR Smith & Company*  
Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

**(UNAUDITED)**

The following management's discussion and analysis of Town of Fairfield, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2010. 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 governmental activities, which include general government, public safety, public works, education, solid waste recycling, 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. These activities for the Town of Fairfield include the sewer fund.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Fairfield, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Fairfield can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 "Non-major Governmental Funds" column on these statements.

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

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

*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 Fiduciary Fund Financial Statements.

### **Required Supplementary Information**

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

### **Other Supplementary Information**

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

## Government-Wide Financial Analysis

Our analysis below focuses on the net assets, and changes in net assets of the Town's governmental and business-type activities. The Town's total net assets for governmental activities increased by \$1,267,276 from \$5,460,997 to \$6,728,273. The Town's total net assets for business-type activities increased by \$204,438 from \$1,083,596 to \$1,288,034.

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 - decreased for governmental activities to a deficit balance of \$1,184,413 at the end of this year. Unrestricted net assets for business-type activities decreased to a balance of \$590,231.

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

	<u>Governmental activities</u>		<u>Business-type activities</u>	
Assets:	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and Other Assets	\$ 5,936,906	\$ 5,018,745	\$ 590,231	\$ 591,213
Capital Assets	<u>3,989,484</u>	<u>3,692,008</u>	<u>3,109,327</u>	<u>2,441,121</u>
Total Assets	<u>\$ 9,926,390</u>	<u>\$ 8,710,753</u>	<u>\$ 3,699,558</u>	<u>\$ 3,032,334</u>
Liabilities:				
Current Liabilities	\$ 1,013,485	\$ 686,414	\$ 144,009	\$ 108,190
Long-term Debt Outstanding	<u>2,184,632</u>	<u>2,563,342</u>	<u>2,267,515</u>	<u>1,840,548</u>
Total Liabilities	<u>\$ 3,198,117</u>	<u>\$ 3,249,756</u>	<u>\$ 2,411,524</u>	<u>\$ 1,948,738</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	3,078,895	2,827,177	697,803	492,383
Restricted:				
Permanent funds	1,414,389	1,362,452	-	-
Capital projects funds	2,939,092	805,595	-	-
Special Revenue funds	480,310	475,346	-	-
Other Net Assets	<u>(1,184,413)</u>	<u>(9,573)</u>	<u>590,231</u>	<u>591,213</u>
Total Net Assets	<u>\$ 6,728,273</u>	<u>\$ 5,460,997</u>	<u>\$ 1,288,034</u>	<u>\$ 1,083,596</u>

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

	<b>Governmental activities</b>		<b>Business-type activities</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Revenues</b>				
Taxes	\$ 6,745,357	\$ 6,029,822	\$ -	\$ -
Excise taxes	897,389	921,296	-	-
Intergovernmental revenue	925,212	1,172,760	210,414	-
Charges for services	451,075	324,563	325,361	397,248
Investment income	57,655	39,785	-	-
Reimbursements	147,502	183,659	-	-
Sale of town assets	234,865	-	-	-
Other revenue	500,900	163,735	31,539	12,234
Total Revenues	<u>9,959,955</u>	<u>8,835,620</u>	<u>567,314</u>	<u>409,482</u>
<b>Expenses</b>				
General government	518,806	738,652	-	-
Public safety	1,807,777	1,890,712	-	-
Public works	685,638	987,704	-	-
Solid waste / recycling	521,211	425,992	-	-
Parks and recreation	28,588	93,162	-	-
Health and welfare	182,547	181,735	-	-
Library	173,039	170,453	-	-
TIF	20,513	59,709	-	-
Education	3,069,737	2,894,377	-	-
County tax	840,862	814,084	-	-
Overlay	62,300	12,913	-	-
Designated	338,705	290,777	-	-
Unclassified	76,800	134,753	-	-
Reserve/Capital	234,207			
Interest expense	54,958	138,225	61,747	42,861
Sewer department expenses	-	-	378,120	369,261
Total Expenses	<u>8,615,688</u>	<u>8,833,248</u>	<u>439,867</u>	<u>412,122</u>
Change in Net Assets	1,344,267	2,372	127,447	(2,640)
Transfers between funds	(76,991)	-	76,991	-
Net Assets - July 1,	<u>5,460,997</u>	<u>5,458,625</u>	<u>1,083,596</u>	<u>1,086,236</u>
Net Assets - June 30	<u>\$ 6,728,273</u>	<u>\$ 5,460,997</u>	<u>\$ 1,288,034</u>	<u>\$ 1,083,596</u>

## Revenues and Expenses

Revenues for the Town's governmental activities increased by 12.44%, while total expenses decreased by 8.85%.

The proprietary fund revenues increased by \$157,832, which was a result of capital contributions for the purchase of assets. Expenses increased by \$27,745, which was consistent with the prior year.

## Financial Analysis of the Town's Fund Statements

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

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

	<u>2010</u>	<u>2009</u>
Major Funds:		
General Fund:		
Designated	\$ -	\$ -
Undesignated	100,605	(21,563)
Total General Fund	<u>100,605</u>	<u>(21,563)</u>
Special Revenue Fund:		
Community Enhancement fund	<u>472,171</u>	<u>468,447</u>
Capital Projects Fund:		
Bio Tech Building	<u>1,897,688</u>	<u>-</u>
Total Major Funds	<u><u>\$ 2,470,464</u></u>	<u><u>\$ 446,884</u></u>
Nonmajor Funds:		
Special revenue funds	\$ 3,130	\$ 5,942
Capital projects funds	1,041,404	805,595
Permanent funds	<u>1,414,389</u>	<u>1,362,452</u>
Total Nonmajor Funds	<u><u>\$ 2,458,923</u></u>	<u><u>\$ 2,173,989</u></u>

The general fund total fund balance increased by \$122,168 over the prior fiscal year. The non-major fund balances increased by \$284,934 over the prior fiscal year. The community enhancement fund increased by \$3,724. The Bio Tech Building fund was established this year and finished the year with a \$1,897,698 fund balance.

### **Budgetary Highlights**

There was no significant difference between the original and final budget for the general fund, with the exception of the transfer of funds between the general and capital projects funds.

The general fund actual revenues were under budget by \$37,612. This was a result of all items being under-received with the exception of charges for services, other revenues and transfers.

The general fund actual expenditures were under the budget by \$525,921. All accounts were under budget with the exception of transfers, unclassified and solid waste/recycling.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

As of June 30, 2010, the net book value of capital assets recorded by the Town increased by \$965,682 over the prior year. This increase is the result of capital additions of \$1,274,233 less current year depreciation expense of \$308,551.

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

	<u>2010</u>	<u>2009</u>
Land and improvements	\$ 498,156	\$ 498,156
Buildings and improvements	1,245,115	1,103,472
Machinery and equipment	284,135	315,120
Vehicles	887,943	856,509
Infrastructure	<u>4,183,462</u>	<u>3,359,872</u>
Total	<u>\$ 7,098,811</u>	<u>\$ 6,133,129</u>

## **Debt**

At June 30, 2010, the Town had \$4.61 million in bonds outstanding versus \$4.33 million last year, an increase of 6.35%, as shown in Note 5 of the financial statements.

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

The Town is working towards maintaining a sufficient undesignated fund balance to sustain government operations for a period of approximately two months, while also maintaining significant reserve accounts for future capital and program needs.

## **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Finance Department at 19 Lawrence Avenue, P.O. Box 149, Fairfield, Maine 04937.

## TOWN OF FAIRFIELD, MAINE

STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Governmental Activities	Business-type Activities	Total Government
<b>ASSETS</b>			
Current assets			
Cash	\$ 922,127	\$ -	\$ 922,127
Investments	2,758,773	-	2,758,773
Accounts receivable (net of allowance for uncollectibles)			
Taxes	423,779	-	423,779
Liens	89,754	-	89,754
Loans	295,162	-	295,162
Other	57,599	140,787	198,386
Due from other governments	60	24,673	24,733
Prepaid expenses	316	-	316
Notes receivable	1,389,336	-	1,389,336
Due from other funds	-	424,771	424,771
Total current assets	<u>5,936,906</u>	<u>590,231</u>	<u>6,527,137</u>
Noncurrent assets			
Capital assets			
Land, infrastructure, and other assets not being depreciated	498,156	3,109,327	3,607,483
Buildings and vehicles, net of accumulated depreciation	3,491,328	-	3,491,328
Total noncurrent assets	<u>3,989,484</u>	<u>3,109,327</u>	<u>7,098,811</u>
Total assets	<u>\$ 9,926,390</u>	<u>\$ 3,699,558</u>	<u>\$ 13,625,948</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 29,047	\$ -	\$ 29,047
Prepaid taxes	10,209	-	10,209
Due to other governments	13,587	-	13,587
Due to other funds	424,771	-	424,771
Deferred revenue	175,000	-	175,000
Current portion of long-term obligations	360,871	144,009	504,880
Total current liabilities	<u>1,013,485</u>	<u>144,009</u>	<u>1,157,494</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Capital leases payable	52,793	-	52,793
Bonds payable	1,886,261	2,267,515	4,153,776
Accrued compensated absences	245,578	-	245,578
Total noncurrent liabilities	<u>2,184,632</u>	<u>2,267,515</u>	<u>4,452,147</u>
Total liabilities	<u>3,198,117</u>	<u>2,411,524</u>	<u>5,609,641</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,078,895	697,803	3,776,698
Restricted: Special revenue funds	480,310	-	480,310
Capital projects funds	2,939,092	-	2,939,092
Permanent funds	1,414,389	-	1,414,389
Unrestricted	(1,184,413)	590,231	(594,182)
Total net assets	<u>6,728,273</u>	<u>1,288,034</u>	<u>8,016,307</u>
Total liabilities and net assets	<u>\$ 9,926,390</u>	<u>\$ 3,699,558</u>	<u>\$ 13,625,948</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, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services/ Reimb	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business - type Activities	Total
Governmental activities							
General government	\$ 518,806	\$ 57,423	\$ -	\$ -	\$ (461,383)	\$ -	\$ (461,383)
Public safety	1,807,777	65,010	-	84,143	(1,658,624)	-	(1,658,624)
Public works	685,638	19,927	-	-	(665,711)	-	(665,711)
Solid waste / recycling	521,211	287,301	-	-	(233,910)	-	(233,910)
Parks and recreation	28,588	17,514	-	-	(11,074)	-	(11,074)
Health and welfare	182,547	-	4,212	-	(178,335)	-	(178,335)
Library	173,039	3,900	-	-	(169,139)	-	(169,139)
TIF	20,513	-	-	-	(20,513)	-	(20,513)
Education	3,069,737	-	-	-	(3,069,737)	-	(3,069,737)
County tax	840,862	-	-	-	(840,862)	-	(840,862)
Overlay	62,300	-	-	-	(62,300)	-	(62,300)
Unclassified	76,800	-	-	-	(76,800)	-	(76,800)
Designated	338,705	-	-	-	(338,705)	-	(338,705)
Reserve/Capital	234,207	-	-	-	(234,207)	-	(234,207)
Interest on long-term debt	54,958	-	-	-	(54,958)	-	(54,958)
Total governmental activities	8,615,688	451,075	4,212	84,143	(8,076,258)	-	(8,076,258)
Business-type activities							
Sewer fund	439,867	325,361	-	-	-	(114,506)	(114,506)
Total business-type activities	439,867	325,361	-	-	-	(114,506)	(114,506)
Total governmental activities	9,055,555	776,436	4,212	84,143	(8,076,258)	(114,506)	(8,190,764)



STATEMENT B (CONTINUED)

TOWN OF FAIRFIELD, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Changes in net assets:			
Net (expense) revenue	<u>(8,076,258)</u>	<u>(114,506)</u>	<u>(8,190,764)</u>
General revenue:			
Property taxes	6,745,357	-	6,745,357
Excise taxes	897,389	-	897,389
Intergovernmental revenue			
not restricted to specific programs	836,857	210,414	1,047,271
Investment income	57,655	-	57,655
Sale of town assets	234,865	-	234,865
Other revenue	<u>648,402</u>	<u>31,539</u>	<u>679,941</u>
Total general revenue	<u>9,420,525</u>	<u>241,953</u>	<u>9,662,478</u>
Change in net assets	1,344,267	127,447	1,471,714
Transfers	(76,991)	76,991	-
NET ASSETS - JULY 1	<u>5,460,997</u>	<u>1,083,596</u>	<u>6,544,593</u>
NET ASSETS - JUNE 30	<u>\$ 6,728,273</u>	<u>\$ 1,288,034</u>	<u>\$ 8,016,307</u>

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

## STATEMENT C

## TOWN OF FAIRFIELD, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2010

	General Fund	Community Enhancement Fund	Bio Tech Building	Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 418,756	\$ 133,636	\$ -	\$ 369,735	\$ 922,127
Investments	712,304	-	508,352	1,538,117	2,758,773
Accounts Receivables (net of allowance for uncollectibles)					
Taxes	423,779	-	-	-	423,779
Liens	89,754	-	-	-	89,754
Loans	-	295,162	1,389,336	-	1,684,498
Other	57,599	-	-	-	57,599
Due from other governments	60	-	-	-	60
Prepaid expense	316	-	-	-	316
Due from other funds	131,025	43,373	-	682,096	856,494
<b>TOTAL ASSETS</b>	<b>\$ 1,833,593</b>	<b>\$ 472,171</b>	<b>\$ 1,897,688</b>	<b>\$ 2,589,948</b>	<b>\$ 6,793,400</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities</b>					
Accounts payable	\$ 29,047	\$ -	\$ -	\$ -	\$ 29,047
Prepaid taxes	10,209	-	-	-	10,209
Due to other governments	13,587	-	-	-	13,587
Deferred revenue	529,905	-	-	-	529,905
Due to other funds	1,150,240	-	-	131,025	1,281,265
<b>TOTAL LIABILITIES</b>	<b>1,732,988</b>	<b>-</b>	<b>-</b>	<b>131,025</b>	<b>1,864,013</b>
<b>Fund Equity</b>					
<b>Reserved, reported in:</b>					
Capital Projects	-	-	1,897,688	1,041,404	2,939,092
<b>Special Revenues</b>					
Designated	-	472,171	-	8,139	480,310
Permanent Funds	-	-	-	1,414,389	1,414,389
<b>Unreserved, reported in:</b>					
<b>General Fund:</b>					
Undesignated	100,605	-	-	-	100,605
<b>Special Revenues</b>					
Undesignated	-	-	-	(5,009)	(5,009)
<b>TOTAL FUND EQUITY</b>	<b>100,605</b>	<b>472,171</b>	<b>1,897,688</b>	<b>2,458,923</b>	<b>4,929,387</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 1,833,593</b>	<b>\$ 472,171</b>	<b>\$ 1,897,688</b>	<b>\$ 2,589,948</b>	<b>\$ 6,793,400</b>

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

## TOWN OF FAIRFIELD, MAINE

RECONCILIATION OF THE GOVERNMENTAL BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Total Governmental Funds
Total Fund Equity	\$ 4,929,387
Amounts reported for governmental activities in the statement are different because:	
Notes receivable used to secure long term debt	-
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	3,989,484
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	354,905
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	(2,197,160)
Capital leases payable	(102,765)
Accrued compensated absences	(245,578)
Net assets of governmental activities	<u>\$ 6,728,273</u>

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

## TOWN OF FAIRFIELD, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Community Enhancement Fund	Bio Tech Building	Non-major Governmental Funds	Totals Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 6,656,349	\$ -	\$ -	\$ -	\$ 6,656,349
Excise taxes	897,389	-	-	-	897,389
Intergovernmental revenue	925,212	-	-	-	925,212
Charges for services	451,075	-	-	-	451,075
Investment income	50,834	6,454	367	-	57,655
Reimbursements	147,502	-	-	-	147,502
Sale of town assets	-	-	1,904,865	-	1,904,865
Other revenue	92,746	-	-	383,154	475,900
Total revenues	9,221,107	6,454	1,905,232	383,154	11,515,947
<b>EXPENDITURES</b>					
Current					
General government	697,163	-	-	-	697,163
Public safety	1,745,773	-	-	-	1,745,773
Public works	874,133	-	-	-	874,133
Solid waste / recycling	521,211	-	-	-	521,211
Parks and recreation	28,588	-	-	-	28,588
Health and welfare	182,547	-	-	-	182,547
Library	173,039	-	-	-	173,039
TIF	20,513	-	-	-	20,513
Education	3,069,737	-	-	-	3,069,737
County tax	840,862	-	-	-	840,862
Designated	-	-	-	338,705	338,705
Overlay	62,300	-	-	-	62,300
Debt Service:					
Principal	248,938	-	-	-	248,938
Interest	40,926	-	-	-	40,926
Unclassified	69,256	-	7,544	-	76,800
Reserve / capital	231,477	2,730	-	-	234,207
Total expenditures	8,806,463	2,730	7,544	338,705	9,155,442
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	414,644	3,724	1,897,688	44,449	2,360,505
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from debt	-	-	-	25,000	25,000
Operating transfers in	222,540	-	-	629,683	852,223
Operating transfers (out)	(515,016)	-	-	(414,198)	(929,214)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(292,476)	-	-	240,485	(51,991)
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</b>	122,168	3,724	1,897,688	284,934	2,308,514
<b>FUND BALANCES - JULY 1</b>	(21,563)	468,447	-	2,173,989	2,620,873
<b>FUND BALANCES - JUNE 30</b>	\$ 100,605	\$ 472,171	\$ 1,897,688	\$ 2,458,923	\$ 4,929,387

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, 2010

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 2,308,514</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocated those expenditures over the life of the assets:	
Capital asset purchases capitalized	542,337
Capital assets disposed of	-
Depreciation expense	<u>(244,861)</u>
	<u>297,476</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>234,906</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>89,008</u>
Revenues recognized in modified accrual statements already recognized on full accrual statements:	
Sale of town assets	<u>(1,670,000)</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>7,372</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 1,267,276</u></u>

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

TOWN OF FAIRFIELD, MAINE  
BALANCE SHEET- PROPRIETARY FUNDS  
JUNE 30, 2010

STATEMENT G

<b>ASSETS</b>	<b><u>Enterprise Fund</u></b> <b><u>Sewer</u></b> <b><u>Fund</u></b>
Current assets:	
Cash	\$ -
Accounts receivable	140,787
Due from other governments	24,673
Due from other funds	<u>424,771</u>
	<u>590,231</u>
Noncurrent assets:	
Infrastructure	<u>3,340,764</u>
Total capital assets	3,340,764
Less: accumulated depreciation	<u>(231,437)</u>
Net capital assets	<u>3,109,327</u>
 Total assets	 <u><u>\$ 3,699,558</u></u>
<b>LIABILITIES AND FUND EQUITY</b>	
Liabilities	
Current liabilities:	
Accounts payable	\$ -
Current portion of long-term debt	<u>144,009</u>
Total current liabilities	<u>144,009</u>
Noncurrent liabilities	
Noncurrent portion of long-term obligations:	
Bonds payable	<u>2,267,515</u>
Total noncurrent liabilities	<u>2,267,515</u>
Total liabilities	<u>2,411,524</u>
Net Assets	
Investment in capital assets, net of related debt	697,803
Restricted	-
Unrestricted	<u>590,231</u>
Total fund equity	<u>1,288,034</u>
 Total liabilities and fund equity	 <u><u>\$ 3,699,558</u></u>

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

## TOWN OF FAIRFIELD, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 325,361
Other income	31,539
Total operating revenues	<u>356,900</u>
<b>OPERATING EXPENSES</b>	
KSTD debt service	227,284
Maintenance	9,797
Supplies	14,045
Utilities	972
Depreciation	63,690
Other operating expenses	62,332
Total operating expenses	<u>378,120</u>
Operating income (loss)	<u>(21,220)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Operating transfers in	76,991
Capital contributions	210,414
Interest expense	(61,747)
Total other financing sources (uses)	<u>225,658</u>
Net income (loss)	204,438
Net assets - July 1	<u>1,083,596</u>
Net assets - June 30	<u>\$ 1,288,034</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, 2010

	<u>Enterprise Fund</u> <u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 411,790
Internal activity - receipts (payments) from/to other funds	(60,774)
Other receipts	31,539
Payments to suppliers	(314,430)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>68,125</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of capital assets	(731,896)
Contributed capital	185,741
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(546,155)</u>
CASH FLOWS FORM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from debt	575,608
Interfund loans	76,991
Principal paid on debt	(112,822)
Interest paid on capital debt	(61,747)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>478,030</u>
INCREASE (DECREASE) IN CASH	-
CASH - JULY 1	<u>-</u>
CASH - JUNE 30	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (21,220)
Depreciation	63,690
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	86,429
(Increase) decrease in due from other governments	-
(Increase) decrease in due from other funds	(60,774)
Increase (decrease) in accounts payable	-
	<u><u>\$ 68,125</u></u>

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



## TOWN OF FAIRFIELD, MAINE

BALANCE SHEET – FIDUCIARY FUNDS  
JUNE 30, 2010

	<u>Private Purpose</u>
<b>ASSETS</b>	
Current assets:	
Investments	\$ 936,612
Due from other funds	-
Total assets	<u>\$ 936,612</u>
 <b>LIABILITIES AND NET ASSETS</b>	
Current liabilities:	
Accounts payable	\$ -
Deposits held for others	-
Total current liabilities	<u>-</u>
 <b>NET ASSETS</b>	
Held in trust for special purposes	<u>936,612</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u><u>\$ 936,612</u></u>

See accompanying independent auditors' report and notes to financial statements

## TOWN OF FAIRFIELD, MAINE

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Private Purpose</u>
ADDITIONS	
Contributions	\$ 96,582
Net increase (decrease) in the fair value of investments	49,708
Other	6,223
Total additions	<u>152,513</u>
DEDUCTIONS	
Distributions	36,516
Other expenses	277
Total deductions	<u>36,793</u>
CHANGE IN NET ASSETS	115,720
NET ASSETS - JULY 1	<u>820,892</u>
NET ASSETS - JUNE 30	<u>\$ 936,612</u>

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

## TOWN OF FAIRFIELD, MAINE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### ***Reporting Entity***

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

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

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

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

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

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

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

The following fund types are used by the Town:

1. Governmental Funds:

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

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 are 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). 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.

TOWN OF FAIRFIELD, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Basis of Accounting**

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

1. Accrual

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

2. Modified Accrual

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

**Budget**

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The Town of Fairfield has no formal investment policy but instead follows the State of Maine Statutes. It is in the process of adopting a more detailed investment policy.

**Inventories**

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

TOWN OF FAIRFIELD, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Interfund Receivables and Payables**

Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances". Interfund balances and transactions have been eliminated in the government-wide financial statements.

**Transactions Between Funds**

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

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2010, however there are some collectability issues. (see note 6)

**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 is 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 retroactivity recorded infrastructure.



TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

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

**Long-term Obligations**

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

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

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.

**Compensated Absences**

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

**Reserves**

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

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

The Town's property tax for the current year was levied August 1, 2009 on the assessed value listed as of April 1, 2009, for all real and personal property located in the Town. Taxes were due in four installments on October 9, 2009, November 7, 2009, February 6, 2010 and May 8, 2010. Interest on unpaid taxes was stated at 9% 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 \$124,322 for the year ended June 30, 2010.

Tax liens foreclose automatically 18 months after recording if 30 day lien notices have been properly mailed.

**Program Revenues**

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

**Operating/Non-operating Proprietary Fund Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Encumbrance Accounting**

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

**Use of Estimates**

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

NOTE 2 – DEPOSITS AND INVESTMENTS

The Town maintains a cash pool which is available for use by all funds. In addition cash and investments may be held by other funds within the government.

The Town does not have a formal investment policy but instead follows state statutes. These statutes authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town applies this to all Town funds.

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

At June 30, 2010, the Town's cash balance of \$922,127 was comprised of deposits amounting to \$1,014,504. This amount was comprised of \$1,014,504 which was insured by federal depository insurance and consequently was not exposed to custodial credit risk.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 56,303
Money markets	237,589
Sweep accounts	720,611
	<u>\$ 1,014,504</u>

At June 30, 2010, the Town's investments of \$3,695,384 were comprised of \$1,096,335 of certificates of deposit that were insured by federal depository insurance, \$387,672 of treasury securities, mutual funds amounting to \$2,061,881 and \$149,497 of stocks.

<u>Investment Type</u>	<u>Fair Value</u>
Mutual funds, short term funds	\$2,061,881
Treasury securities	387,672
Invested certificates	1,096,335
Stocks	149,497
	<u>\$ 3,695,384</u>

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2010 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General Fund	\$ 131,025	\$ 1,150,240
Community Enhancement	43,373	-
Special Revenue fund	6,911	5,009
Capital Projects fund	675,185	\$ 75,000
Permanent fund	-	51,016
Sewer fund	424,771	-
	<u>\$ 1,281,265</u>	<u>\$ 1,281,265</u>

TOWN OF FAIRFIELD, MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2010:

	Balance, 7/1/09	Additions	Disposals	Balance, 6/30/10
Governmental activities				
Non-depreciated assets:				
Land	\$ 498,156	\$ -	\$ -	\$ 498,156
Construction in progress	-	-	-	-
	<u>498,156</u>	<u>-</u>	<u>-</u>	<u>498,156</u>
Depreciated assets:				
Buildings	1,755,559	200,000	-	1,955,559
Building improvements	150,000	-	-	150,000
Machinery & Equipment	667,722	7,000	-	674,722
Vehicles	1,828,735	140,337	(54,000)	1,915,072
Infrastructure	1,022,032	195,000	-	1,217,032
	<u>5,424,048</u>	<u>542,337</u>	<u>(54,000)</u>	<u>5,912,385</u>
Less: accumulated depreciation	<u>(2,230,196)</u>	<u>(244,861)</u>	<u>54,000</u>	<u>(2,421,057)</u>
	<u>3,193,852</u>	<u>297,476</u>	<u>-</u>	<u>3,491,328</u>
Net capital assets	<u>\$ 3,692,008</u>	<u>\$ 297,476</u>	<u>\$ -</u>	<u>\$ 3,989,484</u>
<u>Business-type activities:</u>				
Depreciated assets:				
Infrastructure	\$ 2,608,868	\$ 731,896		\$ 3,340,764
	<u>2,608,868</u>	<u>731,896</u>	<u>-</u>	<u>3,340,764</u>
Less: accumulated depreciation	<u>(167,747)</u>	<u>(63,690)</u>	<u>-</u>	<u>(231,437)</u>
	<u>2,441,121</u>	<u>668,206</u>	<u>-</u>	<u>3,109,327</u>
Net capital assets	<u>\$ 2,441,121</u>	<u>\$ 668,206</u>	<u>\$ -</u>	<u>\$ 3,109,327</u>
Current year depreciation:				
Administration				\$ 28,366
Police				50,427
Fire				35,514
Highway department				129,905
Sewer department				63,690
Town Wide				<u>649</u>
Total depreciation expense				<u>\$ 308,551</u>

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 5 - LONG-TERM DEBT

The General Fund of the Town is used to pay for all long-term debt. A summary of long-term debt is as follows:

	Balance, 7/1/09	Additions	Deletions	Balance, 6/30/10	Current Portion
Bonds payable	\$ 4,333,569	\$ 575,608	\$(300,493)	\$ 4,608,684	\$ 454,908
Capital Leases	150,000	-	(47,235)	102,765	49,972
Accrued comp absences	252,950	-	(7,372)	245,578	-
	<u>\$ 4,736,519</u>	<u>\$ 575,608</u>	<u>\$(355,100)</u>	<u>\$ 4,957,027</u>	<u>\$ 504,880</u>

The following is a summary of bonds outstanding as of June 30, 2010:

\$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.	\$ 80,000
\$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.	187,200
\$700,000 2000 General obligation bond due in annual principal payments of \$60,000 to \$175,000 plus interest through July of 2011. Interest is charged at a rate of 8.5% to 8.80% per annum.	175,000
\$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.	381,444
\$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.	1,565,000
\$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.	326,726

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 5 - LONG-TERM DEBT (CONTINUED)

\$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. 1,127,737

\$125,000 2006 General obligation bond due in annual principal and interest payments of \$ 16,073 through June of 2016.

Interest is charged at a rate of 4.85% per annum. 81,969

\$135,000 2008 General obligation bond due in annual principal payments of \$27,000 plus interest, through October of 2013.

Interest is charged at a rate of 5.85% per annum. 108,000

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

575,608

Total bonds payable

\$ 4,608,684

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

	Principal	Interest	Total Debt Service
2011	\$ 454,908	\$ 177,607	\$ 632,515
2012	282,957	160,887	443,844
2013	291,117	140,269	431,386
2014	294,368	130,665	425,033
2015	208,919	122,312	331,231
2016-2020	1,054,524	496,941	1,551,465
2021-2025	1,012,989	377,902	1,390,891
2026-2030	568,902	218,367	787,269
2031-2035	440,000	58,331	498,331
	<u>\$ 4,608,684</u>	<u>\$ 1,883,281</u>	<u>\$ 6,491,965</u>

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary leases outstanding as of June 30, 2010:

The Town leases a fire pumper under a non-cancelable lease agreement. The term of the lease is for a three year period expiring in 2012. Annual payments are \$54,231.

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

2011	\$ 54,231
2012	54,231
2013	-
2014	-
Total	<u>108,462</u>
Less interest:	<u>(5,697)</u>
Present value of payments	<u>\$ 102,765</u>

All bonds payable and capital leases payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 6 – NOTES / LOANS RECEIVABLE

The Town has determined that the allowance for doubtful accounts is to be \$0 for the fiscal year 2010. 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. The prior year note receivable of \$1,670,000 which was used to secure the Town's loan was paid off when the building was sold during the current fiscal year.



TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 7 - RESERVED FUND BALANCE

The following net assets have been reserved at June 30, 2010 for the following purposes:

Reserved for capital projects funds	\$ 2,939,092
Reserved for special revenue funds	480,310
Reserved for permanent funds	<u>1,414,389</u>
	<u>\$ 4,833,791</u>

NOTE 8 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town either carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Maine Municipal Association.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2010. There were no significant reductions in insurance coverage from that of the prior year.

NOTE 9 – DEFICIT FUND BALANCE

At June 30, 2010 the Town had the following deficit fund balances / net assets:

High Visibility Enforcement	\$ 1,751
Drug Eradication	957
Mill Island	2,301

NOTE 10 – 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.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 10 – CONTINGENCIES (CONTINUED)

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.

### 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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Positive</u> <u>(Negative)</u>
Budgetary Fund Balance, July 1	\$ (21,563)	\$ (21,563)	\$ (21,563)	\$ -
Resources (Inflows):				
Taxes				
Property taxes	6,745,357	6,745,357	6,656,349	(89,008)
Excise taxes	906,300	906,300	897,389	(8,911)
Intergovernmental revenues	1,116,502	1,116,502	925,212	(191,290)
Charges for services	416,700	416,700	451,075	34,375
Investment income	60,000	60,000	50,834	(9,166)
Reimbursements	187,900	187,900	147,502	(40,398)
Other revenues	49,240	8,500	92,746	84,246
Transfers from other funds	40,000	40,000	222,540	182,540
Amounts Available for Appropriation	<u>9,500,436</u>	<u>9,459,696</u>	<u>9,422,084</u>	<u>(37,612)</u>
Charges to Appropriations (Outflows):				
Current				
General government	797,190	797,190	697,163	100,027
Public safety	1,917,404	1,917,404	1,745,773	171,631
Public works	1,096,837	1,096,837	874,133	222,704
Solid waste / recycling	491,220	491,220	521,211	(29,991)
Parks and recreation	31,680	31,680	28,588	-
Health and welfare	189,569	192,482	182,547	9,935
Library	176,276	176,276	173,039	3,237
TIF	89,747	89,747	20,513	69,234
Education	3,069,737	3,069,737	3,069,737	-
County tax	840,862	840,862	840,862	-
Reserves	407,500	407,500	231,477	176,023
Debt Service:				
Principal	411,767	411,767	248,938	162,829
Interest	97,581	97,581	40,926	56,655
Leases	37,224	37,224	-	37,224
Overlay	124,322	124,322	62,300	62,022
Unclassified	65,571	65,571	69,256	(3,685)
Transfers to other funds	-	-	515,016	(515,016)
Total Charges to Appropriations	<u>9,844,487</u>	<u>9,847,400</u>	<u>9,321,479</u>	<u>525,921</u>
Budgetary Fund Balance, June 30	<u><u>\$ (344,051)</u></u>	<u><u>\$ (387,704)</u></u>	<u><u>\$ 100,605</u></u>	<u><u>\$ 488,309</u></u>
Utilization of undesignated fund balance	\$ -	\$ -	\$ -	\$ -
Utilization of designated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></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
- Schedule of Revenues Budget and Actual – General Fund
- Schedule of School Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
- 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 Project Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

## TOWN OF FAIRFIELD, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Adjusted Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Taxes:				
Property taxes	\$ 6,745,357	\$ 6,745,357	\$ 6,656,349	\$ (89,008)
Auto excise	900,000	900,000	891,072	(8,928)
Boat excise	6,300	6,300	6,317	17
Intergovernmental revenues:				
State revenue sharing	785,000	785,000	577,361	(207,639)
Homestead reimbursement	231,333	231,333	231,333	-
Local Road Assistance	82,732	82,732	84,143	1,411
BETE Reimbursement	14,524	14,524	14,562	38
Tree growth	-	-	5,603	5,603
General assistance	-	-	4,212	4,212
Snowmobile	2,913	2,913	2,913	-
Veteran's reimbursement	-	-	5,085	5,085
Charges for services				
Solid waste charges	282,000	282,000	287,301	5,301
Agent fees	25,000	25,000	25,670	670
Community center rental	12,000	12,000	17,514	5,514
Public works	10,000	10,000	19,927	9,927
Misc	5,000	5,000	999	(4,001)
Library	2,000	2,000	3,900	1,900
Plumbing permits	3,000	3,000	2,368	(632)
Land use permits	7,500	7,500	16,127	8,627
Vitals	8,000	8,000	11,749	3,749
Police	4,500	4,500	5,286	786
Fire	57,500	57,500	59,724	2,224
Weapons permits	200	200	510	310
Interest income				
Tax interest	30,000	30,000	49,250	19,250
Investment income	30,000	30,000	1,584	(28,416)
Reimbursements				
PERC rebate	105,300	105,300	113,151	7,851
Chinet bond reimbursement	67,600	67,600	17,600	(50,000)
First Park	15,000	15,000	16,751	1,751
Other income				
Sewer	143,677	143,677	-	(143,677)
Reserves	181,724	181,724	-	(181,724)
Cemetery income	-	-	3,750	3,750
Sale of town property	-	-	15,441	15,441
Lien costs	7,000	7,000	1,730	(5,270)
Incidentals	1,500	1,500	1,861	361
Other	40,740	40,740	69,964	29,224
Transfers from other funds	40,000	40,000	222,540	182,540
Use of fund balance	-	-	-	-
Amounts Available for Appropriation	<u>\$ 9,847,400</u>	<u>\$ 9,847,400</u>	<u>\$ 9,443,647</u>	<u>\$ (403,753)</u>

See accompanying independent auditors' report.

## TOWN OF FAIRFIELD, MAINE

SCHEDULE OF DEPARTMENT OF OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original</u>	<u>Budget</u>	<u>Final</u>	<u>Expenditures</u>	<u>Balance</u>
	<u>Appropriations</u>	<u>Adjustments</u>	<u>Budget</u>		
<b>GENERAL GOVERNMENT</b>					
Administration	\$ 780,500	\$ -	\$ 780,500	\$ 682,247	\$ 98,253
Legal services	10,000	-	10,000	8,304	1,696
Elections	6,690	-	6,690	6,612	78
Total	797,190	-	797,190	697,163	100,027
<b>PUBLIC SAFETY</b>					
Police department	1,006,801	-	1,006,801	879,836	126,965
Fire department	722,603	-	722,603	691,252	31,351
Hydrant rental	120,000	-	120,000	119,325	675
Street lights	68,000	-	68,000	55,360	12,640
Total	1,917,404	-	1,917,404	1,745,773	171,631
<b>PUBLIC WORKS</b>					
Public works	959,837	-	959,837	756,889	202,948
Equipment	137,000	-	137,000	117,244	19,756
Total	1,096,837	-	1,096,837	874,133	222,704
<b>SOLID WASTE / RECYCLING</b>					
Solid waste disposal	477,500	-	477,500	507,491	(29,991)
Kennebec Sanitary District	13,720	-	13,720	13,720	-
Total	491,220	-	491,220	521,211	(29,991)

SCHEDULE A (CONTINUED)

TOWN OF FAIRFIELD, MAINE

SCHEDULE OF DEPARTMENT OF OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Appropriations</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Balance</u>
<b>PARKS AND RECREATION</b>					
Fairfield Community Center	31,680	-	31,680	28,588	3,092
Total	31,680	-	31,680	28,588	3,092
<b>HEALTH AND WELFARE</b>					
Social / community agencies	102,854	2,913	105,767	105,767	-
General assistance	12,000	-	12,000	6,379	5,621
Cemeteries / parks	74,715	-	74,715	70,401	4,314
Total	189,569	2,913	192,482	182,547	9,935
<b>LIBRARY</b>	176,276	-	176,276	173,039	3,237
<b>TIF</b>	89,747	-	89,747	20,513	69,234
<b>EDUCATION</b>	3,069,737	-	3,069,737	3,069,737	-
<b>COUNTY TAX</b>	840,862	-	840,862	840,862	-
<b>DEBT SERVICE</b>					
Principal	411,767	-	411,767	248,938	162,829
Interest	97,581	-	97,581	40,926	56,655
Leases	37,224	-	37,224	-	37,224
Total	546,572	-	546,572	289,864	256,708



SCHEDULE A (CONTINUED)

TOWN OF FAIRFIELD, MAINE

SCHEDULE OF DEPARTMENT OF OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original</u> <u>Appropriations</u>	<u>Budget</u> <u>Adjustments</u>	<u>Final</u> <u>Budget</u>	<u>Expenditures</u>	<u>Balance</u>
<b>CAPITAL OUTLAY</b>					
Capital improvement	25,000	-	25,000	-	-
Equipment	50,000	-	50,000	-	-
Paving	195,000	-	195,000	178,286	-
Economic development	90,000	-	90,000	34,199	-
Contingency	5,000	-	5,000	-	-
Reserves	35,000	-	35,000	18,992	-
Computer hardware	7,500	-	7,500	-	-
Total	407,500	-	407,500	231,477	-
<b>TRANSFERS</b>					
Capital projects funds	-	-	-	515,016	(515,016)
Total	-	-	-	515,016	(515,016)
<b>OVERLAY</b>	124,322	-	124,322	62,300	-
<b>UNCLASSIFIED</b>					
Humane Society	10,125	-	10,125	10,125	-
First Park	34,815	-	34,815	34,926	(111)
KVCOG	8,106	-	8,106	8,106	-
Miscellaneous	-	-	-	3,754	(3,754)
Regional Growth Council	12,525	-	12,525	12,345	-
Total	65,571	-	65,571	69,256	(3,685)
<b>TOTAL EXPENDITURES</b>	<b>\$ 9,844,487</b>	<b>\$ 2,913</b>	<b>\$ 9,847,400</b>	<b>\$ 9,321,479</b>	<b>\$ 287,696</b>

See accompanying independent auditors' report.

## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Permanent Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>				
Cash	\$ 1,228	\$ 368,507	\$ -	\$ 369,735
Investments	-	72,712	1,465,405	1,538,117
Note receivable	-	-	-	-
Due from other funds	6,911	675,185	-	682,096
Total assets	<u>\$ 8,139</u>	<u>\$ 1,116,404</u>	<u>\$ 1,465,405</u>	<u>\$ 2,589,948</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 5,009	\$ 75,000	\$ 51,016	\$ 131,025
Total liabilities	<u>5,009</u>	<u>75,000</u>	<u>51,016</u>	<u>131,025</u>
<b>FUND EQUITY</b>				
Fund balance				
Designated for subsequent years' expenditures	8,139	1,041,404	1,414,389	2,463,932
Undesignated	(5,009)	-	-	(5,009)
Total fund equity	<u>3,130</u>	<u>1,041,404</u>	<u>1,414,389</u>	<u>2,458,923</u>
Total liabilities and fund equity	<u>\$ 8,139</u>	<u>\$ 1,116,404</u>	<u>\$ 1,465,405</u>	<u>\$ 2,589,948</u>

See accompanying independent auditors' report.

## SCHEDULE C

## TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES	<u>\$ 30,118</u>	<u>\$ 291,099</u>	<u>\$ 61,937</u>	<u>\$ 383,154</u>
EXPENDITURES	<u>32,930</u>	<u>305,775</u>	<u>-</u>	<u>338,705</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,812)</u>	<u>(14,676)</u>	<u>61,937</u>	<u>44,449</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from debt	-	25,000	-	25,000
Operating Transfer In	-	629,683	-	629,683
Operating Transfers Out	-	(404,198)	(10,000)	(414,198)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>250,485</u>	<u>(10,000)</u>	<u>240,485</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(2,812)</u>	<u>235,809</u>	<u>51,937</u>	<u>284,934</u>
FUND BALANCES, JULY 1	<u>5,942</u>	<u>805,595</u>	<u>1,362,452</u>	<u>2,173,989</u>
FUND BALANCES, JUNE 30	<u>\$ 3,130</u>	<u>\$ 1,041,404</u>	<u>\$ 1,414,389</u>	<u>\$ 2,458,923</u>

See accompanying independent auditors' report.

### Special Revenue Funds Description

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary 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, 2010

	Small Cities	Wal Mart	Speed Detail	High Visability Enforcement	Drug Eradication	OUI Grant
<b>ASSETS</b>						
Cash	\$ 1,228	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other funds	2,933	500	1,347	-	-	93
Total assets	<u>\$ 4,161</u>	<u>\$ 500</u>	<u>\$ 1,347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93</u>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ 1,751	\$ 957	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,751</u>	<u>957</u>	<u>-</u>
<b>FUND EQUITY</b>						
Fund balance						
Designated for subsequent years' expenditures	4,161	500	1,347	-	-	93
Undesignated	-	-	-	(1,751)	(957)	-
Total fund equity	<u>4,161</u>	<u>500</u>	<u>1,347</u>	<u>(1,751)</u>	<u>(957)</u>	<u>93</u>
Total liabilities and fund equity	<u>\$ 4,161</u>	<u>\$ 500</u>	<u>\$ 1,347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93</u>

## TOWN OF FAIRFIELD

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2010

	Wellness Grant	Byrne Jag Grant	Title IV Grant	Summer Program Library	Mill Island	Totals
<b>ASSETS</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,228
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other funds	226	-	1,747	65	-	6,911
Total assets	<u>\$ 226</u>	<u>\$ -</u>	<u>\$ 1,747</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 8,139</u>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 2,301	\$ 5,009
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,301</u>	<u>5,009</u>
<b>FUND EQUITY</b>						
Fund balance						
Designated for subsequent years' expenditures	226	-	1,747	65	-	8,139
Undesignated	-	-	-	-	(2,301)	(5,009)
Total fund equity	<u>226</u>	<u>-</u>	<u>1,747</u>	<u>65</u>	<u>(2,301)</u>	<u>3,130</u>
Total liabilities and fund equity	<u>\$ 226</u>	<u>\$ -</u>	<u>\$ 1,747</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 8,139</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, 2010

	Small Cities	Wal Mart	Speed Detail	High Visability Enforcement	Drug Eradication	OUI Grant
REVENUE	\$ -	\$ -	\$ 3,414	\$ -	\$ -	\$ 5,352
EXPENDITURES	-	-	2,067	1,751	-	5,459
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	1,347	(1,751)	-	(107)
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	-	-	1,347	(1,751)	-	(107)
FUND BALANCES, JULY 1	4,161	500	-	-	(957)	200
FUND BALANCES, JUNE 30	\$ 4,161	\$ 500	\$ 1,347	\$ (1,751)	\$ (957)	\$ 93

SCHEDULE E (CONTINUED)

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Wellness Grant	Bryne Jag Grant	Title IV Grant	Summer Program Library	Mill Island	Totals
REVENUE	\$ -	\$ 17,265	\$ -	\$ -	\$ 4,087	\$ 30,118
EXPENDITURES	-	17,265	-	-	6,388	32,930
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	-	-	(2,301)	(2,812)
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	-	-	-	-	(2,301)	(2,812)
FUND BALANCES, JULY 1	226	-	1,747	65	-	5,942
FUND BALANCES, JUNE 30	\$ 226	\$ -	\$ 1,747	\$ 65	\$ (2,301)	\$ 3,130

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- NON MAJOR CAPITAL PROJECT FUNDS  
JUNE 30, 2010

	<u>Economic Development</u>	<u>Capital Improvement</u>	<u>Equipment Reserve</u>	<u>Public Works Building</u>
<b>ASSETS</b>				
Cash	\$ -	\$ 112,846	\$ 101,579	\$ -
Investments	-	-	-	-
Note receivable	-	-	-	-
Due from other funds	13,018	-	-	6,545
Total assets	<u>\$ 13,018</u>	<u>\$ 112,846</u>	<u>\$ 101,579</u>	<u>\$ 6,545</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ -	\$ 75,000	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>-</u>
<b>FUND EQUITY</b>				
Fund balance				
Designated for subsequent years' expenditures	13,018	112,846	26,579	6,545
Undesignated	-	-	-	-
Total fund equity	<u>13,018</u>	<u>112,846</u>	<u>26,579</u>	<u>6,545</u>
Total liabilities and fund equity	<u>\$ 13,018</u>	<u>\$ 112,846</u>	<u>\$ 101,579</u>	<u>\$ 6,545</u>

## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2010

	<u>PWD Paving Account</u>	<u>Revaluation Reserve</u>	<u>Contingency</u>	<u>225th Anniversary</u>	<u>Drug Interdiction</u>	<u>Labor Negotiations</u>
<b>ASSETS</b>						
Cash	\$ 49,439	\$ 689	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-
Due from other funds	16,714	1,008	59,232	3,400	6,063	4,460
Total assets	<u>\$ 66,153</u>	<u>\$ 1,697</u>	<u>\$ 59,232</u>	<u>\$ 3,400</u>	<u>\$ 6,063</u>	<u>\$ 4,460</u>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND EQUITY</b>						
Fund balance						
Designated for subsequent years' expenditures	66,153	1,697	59,232	3,400	6,063	4,460
Undesignated	-	-	-	-	-	-
Total fund equity	<u>66,153</u>	<u>1,697</u>	<u>59,232</u>	<u>3,400</u>	<u>6,063</u>	<u>4,460</u>
Total liabilities and fund equity	<u>\$ 66,153</u>	<u>\$ 1,697</u>	<u>\$ 59,232</u>	<u>\$ 3,400</u>	<u>\$ 6,063</u>	<u>\$ 4,460</u>

## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2010

	Parking Fines	LRA -EC Dev Fire	Cable TV	Image Camera	Public Works Equipment	General Assistance Donations
<b>ASSETS</b>						
Cash	\$ -	\$ -	-	\$ 5,318	\$ -	\$ -
Investments	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-
Due from other funds	3,055	-	5,119	-	75,000	10,794
Total assets	<u>\$ 3,055</u>	<u>\$ -</u>	<u>\$ 5,119</u>	<u>\$ 5,318</u>	<u>\$ 75,000</u>	<u>\$ 10,794</u>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	-	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND EQUITY</b>						
Fund balance						
Designated for subsequent years' expenditures	3,055	-	5,119	5,318	75,000	10,794
Undesignated	-	-	-	-	-	-
Total fund equity	<u>3,055</u>	<u>-</u>	<u>5,119</u>	<u>5,318</u>	<u>75,000</u>	<u>10,794</u>
Total liabilities and fund equity	<u>\$ 3,055</u>	<u>\$ -</u>	<u>\$ 5,119</u>	<u>\$ 5,318</u>	<u>\$ 75,000</u>	<u>\$ 10,794</u>

## TOWN OF FAIRFIELD, MAINE

## COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2010

	Fire Prevention	Fire Department Reserve	Town Farm Revenue	Police Department Reserve	Computer Reserve	Library Reserve
<b>ASSETS</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-
Due from other funds	1,750	49,198	20,471	75,000	19,195	3,946
Total assets	<u>\$ 1,750</u>	<u>\$ 49,198</u>	<u>\$ 20,471</u>	<u>\$ 75,000</u>	<u>\$ 19,195</u>	<u>\$ 3,946</u>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND EQUITY</b>						
Fund balance						
Designated for subsequent years' expenditures	1,750	49,198	20,471	75,000	19,195	3,946
Undesignated	-	-	-	-	-	-
Total fund equity	<u>1,750</u>	<u>49,198</u>	<u>20,471</u>	<u>75,000</u>	<u>19,195</u>	<u>3,946</u>
Total liabilities and fund equity	<u>\$ 1,750</u>	<u>\$ 49,198</u>	<u>\$ 20,471</u>	<u>\$ 75,000</u>	<u>\$ 19,195</u>	<u>\$ 3,946</u>

## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2010

	SR Appreciation Day	Friends Of Library	Playground	Animal Control	Housing	Heating Donations
<b>ASSETS</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	551	5,746	7,446	10,574	18,868	7,633
	<u>\$ 551</u>	<u>\$ 5,746</u>	<u>\$ 7,446</u>	<u>\$ 10,574</u>	<u>\$ 18,868</u>	<u>\$ 7,633</u>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND EQUITY</b>						
Fund balance						
Designated for subsequent years' expenditures	551	5,746	7,446	10,574	18,868	7,633
Undesignated	-	-	-	-	-	-
Total fund equity	<u>551</u>	<u>5,746</u>	<u>7,446</u>	<u>10,574</u>	<u>18,868</u>	<u>7,633</u>
Total liabilities and fund equity	<u>\$ 551</u>	<u>\$ 5,746</u>	<u>\$ 7,446</u>	<u>\$ 10,574</u>	<u>\$ 18,868</u>	<u>\$ 7,633</u>

## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2010

	Chocolate Fest	Rainy Day Account	DFB Old Town Garage	Infrastructure Account	TIF Sewer Line Route 201
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Note receivable	-	-	-	-	-
Due from other funds	2,255	96,250	10,220	14,591	29,873
Total assets	<u>\$ 2,255</u>	<u>\$ 96,250</u>	<u>\$ 10,220</u>	<u>\$ 14,591</u>	<u>\$ 29,873</u>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND EQUITY</b>					
Fund balance					
Designated for subsequent years' expenditures	2,255	96,250	10,220	14,591	29,873
Undesignated	-	-	-	-	-
Total fund equity	<u>2,255</u>	<u>96,250</u>	<u>10,220</u>	<u>14,591</u>	<u>29,873</u>
Total liabilities and fund equity	<u>\$ 2,255</u>	<u>\$ 96,250</u>	<u>\$ 10,220</u>	<u>\$ 14,591</u>	<u>\$ 29,873</u>

## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2010

	<u>Local Road Assistance</u>	<u>Economic Development</u>	<u>Fire Equipment Reserve</u>	<u>Retirement Benefit</u>
<b>ASSETS</b>				
Cash	\$ 3	\$ 13,031	\$ 85,602	\$ -
Investments	-	-	-	72,712
Note receivable	-	-	-	-
Due from other funds	-	54,457	38,567	-
Total assets	<u>\$ 3</u>	<u>\$ 67,488</u>	<u>\$ 124,169</u>	<u>\$ 72,712</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND EQUITY</b>				
Fund balance				
Designated for subsequent years' expenditures	3	67,488	124,169	72,712
Undesignated	-	-	-	-
Total fund equity	<u>3</u>	<u>67,488</u>	<u>124,169</u>	<u>72,712</u>
Total liabilities and fund equity	<u>\$ 3</u>	<u>\$ 67,488</u>	<u>\$ 124,169</u>	<u>\$ 72,712</u>



## TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2010

	Computer Software	Childrens Program Library	Community Events	Totals
<b>ASSETS</b>				
Cash	\$ -	\$ -	\$ -	\$ 368,507
Investments	-	-	-	72,712
Note receivable	-	-	-	-
Due from other funds	1,979	315	1,892	675,185
Total assets	<u>\$ 1,979</u>	<u>\$ 315</u>	<u>\$ 1,892</u>	<u>\$ 1,116,404</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ -	\$ -	\$ 75,000
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>
<b>FUND EQUITY</b>				
Fund balance				
Designated for subsequent years' expenditures	1,979	315	1,892	1,041,404
Undesignated	-	-	-	-
Total fund equity	<u>1,979</u>	<u>315</u>	<u>1,892</u>	<u>1,041,404</u>
Total liabilities and fund equity	<u>\$ 1,979</u>	<u>\$ 315</u>	<u>\$ 1,892</u>	<u>\$ 1,116,404</u>

See accompanying independent auditors' report.

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Economic Development</u>	<u>Capital Improvement</u>	<u>Equipment Reserve</u>	<u>Public Works Building</u>
REVENUES				
Investment income	\$ -	\$ 442	\$ 19	\$ -
Other income	-	35,100	49,010	-
TOTAL REVENUES	-	35,542	49,029	-
EXPENDITURES				
Capital outlay	-	-	-	-
Other expenses	-	10,034	85,095	-
TOTAL EXPENDITURES	-	10,034	85,095	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	25,508	(36,066)	-
OTHER FINANCING SOURCES (USES)				
Proceeds from debt	-	-	-	-
Operating Transfers In	-	25,000	50,359	-
Operating Transfers Out	(45,971)	(37,477)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(45,971)	(12,477)	50,359	-
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	(45,971)	13,031	14,293	-
FUND BALANCES, JULY 1	58,989	99,815	12,286	6,545
FUND BALANCES, JUNE 30	\$ 13,018	\$ 112,846	\$ 26,579	\$ 6,545

## TOWN OF FAIRFIELD, MAINE

**NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

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SCHEDULE G (CONTINUED)

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Fire		Town	Police		Library	
	Prevention	Department Reserve	Farm Revenue	Department Reserve	Computer Reserve	Reserve	Reserve
REVENUES							
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	2,648	3,051	7,484	870	-	-	-
TOTAL REVENUES	2,648	3,051	7,484	870	-	-	-
EXPENDITURES							
Capital outlay	-	2,250	-	5,500	-	-	-
Other expenses	1,815	1,700	-	-	-	-	-
TOTAL EXPENDITURES	1,815	3,950	-	5,500	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	833	(899)	7,484	(4,630)	-	-	-
OTHER FINANCING SOURCES (USES)							
Proceeds from debt	-	-	-	-	-	-	-
Operating Transfers In	-	31,351	-	27,223	7,500	3,237	3,237
Operating Transfers Out	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	31,351	-	27,223	7,500	3,237	3,237
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	833	30,452	7,484	22,593	7,500	3,237	3,237
FUND BALANCES, JULY 1	917	18,746	12,987	52,407	11,695	709	709
FUND BALANCES, JUNE 30	\$ 1,750	\$ 49,198	\$ 20,471	\$ 75,000	\$ 19,195	\$ 3,946	\$ 3,946

SCHEDULE G (CONTINUED)

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	SR					
	Appreciation Day	Friends Of Library	Playground	Animal Control	Housing	Heating Donations
REVENUES						
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	1,446	3,796	4,300	1,033	3,903	224
TOTAL REVENUES	<u>1,446</u>	<u>3,796</u>	<u>4,300</u>	<u>1,033</u>	<u>3,903</u>	<u>224</u>
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other expenses	1,674	2,161	-	-	15,122	22
TOTAL EXPENDITURES	<u>1,674</u>	<u>2,161</u>	<u>-</u>	<u>-</u>	<u>15,122</u>	<u>22</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(228)</u>	<u>1,635</u>	<u>4,300</u>	<u>1,033</u>	<u>(11,219)</u>	<u>202</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from debt	-	-	-	-	-	-
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>(228)</u>	<u>1,635</u>	<u>4,300</u>	<u>1,033</u>	<u>(11,219)</u>	<u>202</u>
FUND BALANCES, JULY 1	<u>779</u>	<u>4,111</u>	<u>3,146</u>	<u>9,541</u>	<u>30,087</u>	<u>7,431</u>
FUND BALANCES, JUNE 30	<u>\$ 551</u>	<u>\$ 5,746</u>	<u>\$ 7,446</u>	<u>\$ 10,574</u>	<u>\$ 18,868</u>	<u>\$ 7,633</u>

SCHEDULE G (CONTINUED)

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Chocolate Fest	Rainy Day Account	DFB Old Town Garage	Infrastructure Account	TIF Sewer Line Route 201
REVENUES					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	510	28,750	11,800	-	-
TOTAL REVENUES	510	28,750	11,800	-	-
EXPENDITURES					
Capital outlay	-	-	-	-	-
Other expenses	322	19,583	1,580	-	-
TOTAL EXPENDITURES	322	19,583	1,580	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	188	9,167	10,220	-	-
OTHER FINANCING SOURCES (USES)					
Proceeds from debt	-	-	-	-	-
Operating Transfers In	-	-	-	9,120	27,730
Operating Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	9,120	27,730
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	188	9,167	10,220	9,120	27,730
FUND BALANCES, JULY 1	2,067	87,083	-	5,471	2,143
FUND BALANCES, JUNE 30	\$ 2,255	\$ 96,250	\$ 10,220	\$ 14,591	\$ 29,873

## TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

	Local Road Assistance	Economic Development	Fire Equip. Reserve	Retirement Benefit
REVENUES				
Investment income	\$ -	\$ -	\$ -	\$ 3,798
Other income	-	-	-	-
TOTAL REVENUES	-	-	-	3,798
EXPENDITURES				
Capital outlay	-	-	-	-
Other expenses	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	3,798
OTHER FINANCING SOURCES (USES)				
Proceeds from debt	-	-	-	-
Operating Transfers In	3	67,488	124,169	93,914
Operating Transfers Out	-	-	-	(25,000)
TOTAL OTHER FINANCING SOURCES (USES)	3	67,488	124,169	68,914
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	3	67,488	124,169	72,712
FUND BALANCES, JULY 1	-	-	-	-
FUND BALANCES, JUNE 30	\$ 3	\$ 67,488	\$ 124,169	\$ 72,712



## TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

	Computer Software	Childrens Program Library	Community Events	Totals
REVENUES				
Investment income	\$ -	\$ -	\$ -	\$ 4,711
Other income	-	-	1,500	286,388
TOTAL REVENUES	-	-	1,500	291,099
EXPENDITURES				
Capital outlay	-	-	-	17,000
Other expenses	-	-	350	288,775
TOTAL EXPENDITURES	-	-	350	305,775
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	1,150	(14,676)
OTHER FINANCING SOURCES (USES)				
Proceeds from debt	-	-	-	25,000
Operating Transfers In	-	-	-	629,683
Operating Transfers Out	-	-	-	(404,198)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	250,485
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	-	-	1,150	235,809
FUND BALANCES, JULY 1	1,979	315	742	805,595
FUND BALANCES, JUNE 30	\$ 1,979	\$ 315	\$ 1,892	\$ 1,041,404

See accompanying independent auditors' report.

### Permanent Funds

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

## TOWN OF FAIRFIELD

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2010

	Library	Speak Charity Fund	Keyes Educational Fund	Alton George School Fund
<b>ASSETS</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	90,156	19,807	26,748	11,874
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 90,156</u>	<u>\$ 19,807</u>	<u>\$ 26,748</u>	<u>\$ 11,874</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND EQUITY</b>				
Fund balance				
Designated for subsequent years' expenditures	90,156	19,807	26,748	11,874
Undesignated	-	-	-	-
Total fund equity	<u>90,156</u>	<u>19,807</u>	<u>26,748</u>	<u>11,874</u>
Total liabilities and fund equity	<u>\$ 90,156</u>	<u>\$ 19,807</u>	<u>\$ 26,748</u>	<u>\$ 11,874</u>

## TOWN OF FAIRFIELD

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2010

	Friend Cemetery Fund	Cemetery Perpetual Care	Fairfield Corner Cemetery	Irvin Covill Cemetery
<b>ASSETS</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	31,512	266,701	3,415	638
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 31,512</u>	<u>\$ 266,701</u>	<u>\$ 3,415</u>	<u>\$ 638</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 51,016	\$ -	\$ -
Total liabilities	<u>-</u>	<u>51,016</u>	<u>-</u>	<u>-</u>
<b>FUND EQUITY</b>				
Fund balance				
Designated for subsequent years' expenditures	31,512	215,685	3,415	638
Undesignated	-	-	-	-
Total fund equity	<u>31,512</u>	<u>215,685</u>	<u>3,415</u>	<u>638</u>
Total liabilities and fund equity	<u>\$ 31,512</u>	<u>\$ 266,701</u>	<u>\$ 3,415</u>	<u>\$ 638</u>

SCHEDULE H (CONTINUED)

TOWN OF FAIRFIELD

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2010

	Edmon Fish Cemetery	Dundar Charity Fund	Keyes Athletic Fund	William Crawford Fund	Totals
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	5,123	30,558	15,823	963,050	1,465,405
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 5,123</u>	<u>\$ 30,558</u>	<u>\$ 15,823</u>	<u>\$ 963,050</u>	<u>\$ 1,465,405</u>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ -	51,016
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,016</u>
<b>FUND EQUITY</b>					
Fund balance					
Designated for subsequent years' expenditures	5,123	30,558	15,823	963,050	1,414,389
Undesignated	-	-	-	-	-
Total fund equity	<u>5,123</u>	<u>30,558</u>	<u>15,823</u>	<u>963,050</u>	<u>1,414,389</u>
Total liabilities and fund equity	<u>\$ 5,123</u>	<u>\$ 30,558</u>	<u>\$ 15,823</u>	<u>\$ 963,050</u>	<u>\$ 1,465,405</u>

See accompanying independent auditors' report.

## TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IS FUND BALANCES  
 NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

	Library	Speak Charity Fund	Keyes Educational Fund	Alton George School Fund
REVENUES				
Investment income	\$ 4,370	\$ 934	\$ 1,261	\$ 560
Capital gains (losses)	-	-	-	-
TOTAL REVENUES	<u>4,370</u>	<u>934</u>	<u>1,261</u>	<u>560</u>
EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,370</u>	<u>934</u>	<u>1,261</u>	<u>560</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)	<u>4,370</u>	<u>934</u>	<u>1,261</u>	<u>560</u>
FUND BALANCES, JULY 1	<u>85,786</u>	<u>18,873</u>	<u>25,487</u>	<u>11,314</u>
FUND BALANCES, JUNE 30	<u>\$ 90,156</u>	<u>\$ 19,807</u>	<u>\$ 26,748</u>	<u>\$ 11,874</u>

## TOWN OF FAIRFIELD

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Friend Cemetery Fund	Cemetery Perpetual Care	Fairfield Corner Cemetery	Irvin Covill Cemetery
REVENUES				
Investment income	\$ 1,486	\$ 10,670	\$ 161	\$ 30
Capital gains (losses)	-	1,795	-	-
TOTAL REVENUES	1,486	12,465	161	30
EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,486	12,465	161	30
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	(10,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(10,000)	-	-
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	1,486	2,465	161	30
FUND BALANCES, JULY 1	30,026	213,220	3,254	608
FUND BALANCES, JUNE 30	\$ 31,512	\$ 215,685	\$ 3,415	\$ 638

SCHEDULE I (CONTINUED)

TOWN OF FAIRFIELD

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Edmon Fish Cemetery	Dundar Charity Fund	Keyes Athletic Fund	William Crawford Fund	Totals
REVENUES					
Investment income	\$ 242	\$ 1,441	\$ 746	\$ 38,241	\$ 60,142
Capital gains (losses)	-	-	-	-	1,795
TOTAL REVENUES	<u>242</u>	<u>1,441</u>	<u>746</u>	<u>38,241</u>	<u>61,937</u>
EXPENDITURES	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>242</u>	<u>1,441</u>	<u>746</u>	<u>38,241</u>	<u>61,937</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>242</u>	<u>1,441</u>	<u>746</u>	<u>38,241</u>	<u>51,937</u>
FUND BALANCES, JULY 1	<u>4,881</u>	<u>29,117</u>	<u>15,077</u>	<u>924,809</u>	<u>1,362,452</u>
FUND BALANCES, JUNE 30	<u>\$ 5,123</u>	<u>\$ 30,558</u>	<u>\$ 15,823</u>	<u>\$ 963,050</u>	<u>\$ 1,414,389</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, 2010

	Land and Non-depreciable Assets	Buildings & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Administration	\$ 114,800	\$ 1,068,302	\$ 52,000	\$ -	\$ 1,235,102
Police	-	170,000	890,583	-	1,060,583
Fire	26,100	40,000	751,843	-	817,943
Highway	88,900	827,257	888,879	1,217,032	3,022,068
Sewer enterprise	-	-	-	3,340,764	3,340,764
Town Wide	268,356	-	6,489	-	274,845
Total General Capital Assets	498,156	2,105,559	2,589,794	4,557,796	9,751,305
Less: Accumulated Depreciation	-	(860,444)	(1,417,716)	(374,334)	(2,652,494)
Net General Capital Assets	\$ 498,156	\$ 1,245,115	\$ 1,172,078	\$ 4,183,462	\$ 7,098,811

See accompanying independent auditors' report.

## TOWN OF FAIRFIELD, MAINE

SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2010

	General Capital Assets 7/1/09	Additions	Deletions	General Capital Assets 6/30/10
Administration	\$ 1,035,102	\$ 200,000	\$ -	\$ 1,235,102
Police department	1,090,646	23,937	(54,000)	1,060,583
Fire department	817,943	-	-	817,943
Highway department	2,703,668	318,400	-	3,022,068
Sewer enterprise	2,608,868	731,896	-	3,340,764
Town-wide	274,845	-	-	274,845
Total General Capital Assets	8,531,072	1,274,233	(54,000)	9,751,305
Less: Accumulated Depreciation	(2,397,943)	(308,551)	54,000	(2,652,494)
Net General Capital Assets	<u>\$ 6,133,129</u>	<u>\$ 965,682</u>	<u>\$ -</u>	<u>\$ 7,098,811</u>

See accompanying independent auditors' report.

TOWN OF FAIRFIELD, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Number	Federal Expenditures
U.S. Enviromental Protection			
Passed through Maine Municipal Bond Bank			
Capitalization grant for clean water - ARRA	66.458	Fairfield- 2009 ARRA	731,896
Total Enviromental Protection			731,896
TOTAL FEDERAL ASSISTANCE			\$ 731,896

TOWN OF FAIRFIELD, MAINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Town of Fairfield, Maine. All federal financial assistance received is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.



*Proven Expertise and Integrity*

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

September 1, 2010

Board of Selectmen  
Town of Fairfield, Maine  
Fairfield, Maine

We have audited the financial statements of the Town of Fairfield, Maine, as of and for the year ended June 30, 2010, and have issued our report thereon dated September 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Fairfield, Maine's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Fairfield, Maine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not necessarily designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

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

This report is intended solely for the information of the Board of Selectmen, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

RHR Smith & company

Certified Public Accountants



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

September 1, 2010

Board of Selectmen  
Town of Fairfield, Maine  
Fairfield, Maine

Compliance

We have audited the compliance of the Town of Fairfield, Maine, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. The Town of Fairfield, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Fairfield, Maine's management. Our responsibility is to express an opinion on the Town of Fairfield, Maine's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Fairfield, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Fairfield, Maine's compliance with those requirements.

In our opinion, the Town of Fairfield, Maine complied in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2010.



## Internal Control Over Compliance

The management of the Town of Fairfield, Maine is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Fairfield, Maine's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Fairfield, Maine's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material with a type of compliance requirement of a federal program will not be prevented or detected and correct, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Board of Selectmen, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

*RHR Smith & company*

Certified Public Accountants

TOWN OF FAIRFIELD, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS- INTERNAL CONTROL  
FOR THE YEAR ENDED JUNE 30, 2010

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued : Unqualified

Internal control over financial reporting:

- Material weakness (es) identified? ☐ yes ☒ no
- Significant deficiency (ies) identified? ☐ yes ☒ no
- Noncompliance material to financial statements noted ☐ yes ☒ no

*Federal Awards*

Internal control over major programs:

- Material weakness (es) identified? ☐ yes ☒ no
- Significant deficiency (ies) identified? ☐ yes ☒ no

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported

In accordance with section 510(a) of OMB Circular A-133? ☐ yes ☒ no

Identification of major programs:

**CFDA Numbers**

**Name of Federal Program or Cluster**

66.458

Capitalization Grant for Clean Water

Dollar threshold used to distinguish between type A and B: \$300,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

**Section II – Financial Statement Findings**

None

**Section III – Federal Awards Findings and Questioned Costs**

None