

6-30-2014

Audited Financial Statements and Other Supplementary Information Town of Fairfield, Maine

RHR Smith & Company

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Proven Expertise and Integrity

March 31, 2015

Ms. Susan Inman
Treasurer
Town of Fairfield
PO Box 149
Fairfield, Maine 04937

Dear Ms. Inman:

Enclosed are 5 bound copies and 1 unbound copy of the Town of Fairfield's audited financial statements for the year ended June 30, 2014.

If we can be of any further assistance to you, or if there are any questions concerning these statements, please contact us.

It has been a pleasure serving the Town of Fairfield, Maine.

Very Best,

A handwritten signature in blue ink, appearing to read "Ron".

Ron H.R. Smith, C.P.A.

RHRS/jlp

Enclosures



Proven Expertise and Integrity

March 31, 2015

Ms. Susan Inman
Treasurer
Town of Fairfield
PO Box 149
Fairfield, Maine 04937

Dear Ms. Inman:

Enclosed is a draft of your audited financial statements for the year ended June 30, 2014.

Please review these statements and return this letter to us within 20 business days of the date above, indicating whether you have questions or corrections, or whether you have accepted this draft as an adequate result of our engagement, and understand the contents well enough to take responsibility for them.

Please call me with questions I have on page(s) _____.

OR

I have reviewed this draft, understand the financial information it represents and accept it as the final result of our engagement.

Subsequent Events:

In connection with your audit of the Town of Fairfield's financial statements, you were provided with a representation letter dated August 29, 2014. Your signature below is assurance that no information has come to your attention since that date which would cause you to believe that any of those previous representations should be modified. In addition, no events have occurred subsequent to June 30, 2014 and through the date of this letter that would require adjustment to or disclosure in the financial statements. If events have occurred that should be disclosed, a separate attachment has been enclosed with a signed copy of this letter.

SIGNED _____

(Print Name) _____

If you have any questions or comments, please do not hesitate to call.

Very Best,

Ron H.R. Smith, C.P.A.

RHRS/jlp

Enclosures

Audited Financial Statements and
Other Supplementary Information

Town of Fairfield, Maine

June 30, 2014



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TOWN OF FAIRFIELD, MAINE

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JUNE 30, 2014

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INDEPENDENT AUDITORS' REPORT

Town Council
Town of Fairfield
Fairfield, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Fairfield, Maine, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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www.rhrsmith.com

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Fairfield, Maine as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 12 and 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Fairfield, Maine's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

RHR Smith & Company

Buxton, Maine
August 29, 2014

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

(UNAUDITED)

The following management's discussion and analysis of the Town of Fairfield, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2014. 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 Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

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

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

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

Fund Financial Statements

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total governmental net position increased by \$408,028 from \$8,365,146 to \$8,773,174. The Town's total business-type net position increased by \$160,501 from \$1,524,137 to \$1,684,638.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for governmental activities to a balance of \$2,967,049 at the end of this year. Unrestricted net position for business-type activities decreased to a balance of \$513,499.

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

	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>2014</u>	<u>2013 (Restated)</u>	<u>2014</u>	<u>2013</u>
Assets:				
Current and Other Assets	\$ 6,184,896	\$ 6,450,344	\$ 513,499	\$ 543,905
Capital Assets	<u>3,795,831</u>	<u>3,792,582</u>	<u>3,243,232</u>	<u>3,216,655</u>
Total Assets	<u>9,980,727</u>	<u>10,242,926</u>	<u>3,756,731</u>	<u>3,760,560</u>
Liabilities:				
Current Liabilities	126,956	155,868	167,130	164,330
Long-term Debt Outstanding	<u>1,066,073</u>	<u>1,709,665</u>	<u>1,904,963</u>	<u>2,072,093</u>
Total Liabilities	<u>1,193,029</u>	<u>1,865,533</u>	<u>2,072,093</u>	<u>2,236,423</u>
Deferred Inflows of Resources:				
Prepaid taxes	<u>14,524</u>	<u>12,247</u>	-	-
Total deferred inflows of resources	<u>14,524</u>	<u>12,247</u>	-	-
Net Position:				
Net Investment in Capital Assets	2,826,499	2,159,976	1,171,139	980,232
Restricted	2,979,626	3,642,234	-	-
Unrestricted	<u>2,967,049</u>	<u>2,562,936</u>	<u>513,499</u>	<u>543,905</u>
Total Net Position	<u>\$ 8,773,174</u>	<u>\$ 8,365,146</u>	<u>\$ 1,684,638</u>	<u>\$ 1,524,137</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 2.48%, while total expenses increased by 2.00%. The increase in revenues was primarily due to increases in taxes along with grants and contributions and investment income, partially offset by a decline in charges for services, reimbursements and other income. Increases in expenditures resulted from increases in education and unclassified; partially offset by reductions in TIF and interest expense.

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

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

	<u>Governmental activities</u>		<u>Business-type activities</u>	
	2014	2013 (Restated)	2014	2013
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 443,381	\$ 450,454	\$ 388,690	\$ 412,039
Operating grants and contributions	4,132	272,787	-	-
<i>General Revenues:</i>				
Taxes	8,351,515	8,085,436	-	-
Grants and contributions not restricted to specific programs	1,257,438	1,010,051	-	-
Investment income	139,667	56,592	-	-
Reimbursements	117,480	135,041	-	-
Other income	347,965	393,701	115,312	25,413
Total Revenues	<u>10,661,578</u>	<u>10,404,062</u>	<u>504,002</u>	<u>437,452</u>
Expenses				
General government	738,275	727,533	-	-
Public safety	1,799,278	1,843,366	-	-
Public works	1,154,703	1,109,441	-	-
Solid waste/recycling	554,592	568,701	-	-
Parks and recreation	29,344	29,861	-	-
Health and welfare	164,211	186,260	-	-
Library	167,444	170,767	-	-
TIF	-	120,351	-	-
Education	3,803,703	3,611,740	-	-
County tax	840,193	880,977	-	-
Overlay	21,904	26,252	-	-
Unclassified	719,131	475,671	-	-
Capital outlay	1,906	-	-	-
Interest expense	157,901	202,799	37,531	39,699
Sewer department expenses	-	-	406,935	412,568
Total Expenses	<u>10,152,585</u>	<u>9,953,719</u>	<u>444,466</u>	<u>452,267</u>
Change in Net Position	508,993	450,343	59,536	(14,815)
Transfers between funds	(100,965)	(93,728)	100,965	93,728
Net Position - July 1	<u>8,365,146</u>	<u>8,008,531</u>	<u>1,524,137</u>	<u>1,445,224</u>
Net Position - June 30	<u>\$ 8,773,174</u>	<u>\$ 8,365,146</u>	<u>\$ 1,684,638</u>	<u>\$ 1,524,137</u>

Financial Analysis of the Town's Fund Statements

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

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

	2014	2013
Major Funds:		
General Fund:		
Nonspendable	\$ 316	\$ 316
Committed	250,000	250,000
Assigned	-	14,989
Unassigned	1,698,402	1,269,943
Community Enhancement Fund:		
Restricted	252,856	252,856
Bio Tech Building:		
Restricted	1,172,717	1,785,517
Total Major Funds	\$ 3,374,291	\$ 3,573,621
Nonmajor Funds:		
Special revenue funds:		
Restricted	\$ 27,627	\$ 1,849
Assigned	4,344	5,799
Unassigned	(4,547)	(1,548)
Capital project funds:		
Restricted	62,896	161,859
Committed	853,803	771,925
Assigned	67,562	65,124
Unassigned	(39,405)	-
Permanent funds:		
Nonspendable	168,757	260,603
Restricted	1,294,773	1,179,550
Total Nonmajor Funds	\$ 2,435,810	\$ 2,445,161

The general fund total fund balance increased by \$413,470 over the prior fiscal year. The Community Enhancement Fund had no change, the Bio-Tech Building decreased by \$612,800. The non-major fund balances decreased by \$9,351 from the prior fiscal year.

Budgetary Highlights

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

The general fund actual revenues were over budget by \$287,174. Most revenues were received in excess of budgeted amounts.

The general fund actual expenditures were under budget by \$276,296. All expenditures categories were under budget with the exception of solid waste/recycling.

Capital Asset and Long-Term Debt Administration

Capital Assets

As of June 30, 2014, the net book value of capital assets recorded by the Town increased by \$29,826 from the prior year. Asset additions of \$356,794 less depreciation expense of \$326,968 resulted in the increase. Refer to Note 5 of Notes to Financial Statements for more detailed information.

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

	<u>2014</u>	<u>2013</u>
Land and improvements	\$ 751,656	\$ 594,156
Construction in progress	382,798	288,361
Buildings and improvements	1,132,761	1,185,134
Machinery and equipment	232,549	310,899
Vehicles	725,912	671,008
Infrastructure	<u>3,813,387</u>	<u>3,959,679</u>
Total	<u>\$ 7,039,063</u>	<u>\$ 7,009,237</u>

Debt

At June 30, 2014, the Town had \$3,022,930 in bonds and notes outstanding versus \$3,845,944 last year. Other obligations include capital leases and accrued vacation pay and sick leave. For additional comparative information on the Town's outstanding debt, refer to Note 6 of Notes to Financial Statements.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

Currently, the Town's unassigned fund balance is currently at a level sufficient to sustain government operations for a period of approximately two months, which is the Town's targeted amount for unassigned fund balance. The Town has been working to build this balance to a sufficient level. As evidence of this, the Town's unassigned fund balance has increased to \$1,698,402 for the year ended June 30, 2014, from \$1,269,943 for the same period in 2013. The Town does maintain significant reserves for future capital and other program needs.

Contacting the Town's Financial Management

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

STATEMENT A

TOWN OF FAIRFIELD, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-type Activities	Total Government
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,063,386	\$ -	\$ 1,063,386
Investments	3,629,534	-	3,629,534
Accounts receivable (net of allowance for uncollectibles):			
Taxes	342,709	-	342,709
Liens	128,457	-	128,457
Other	180,108	178,271	358,379
Note receivable	1,175,614	-	1,175,614
Inventory	316	-	316
Internal balances	(335,228)	335,228	-
Total current assets	<u>6,184,896</u>	<u>513,499</u>	<u>6,698,395</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	751,656	382,798	1,134,454
Depreciable assets, net of accumulated depreciation	<u>3,044,175</u>	<u>2,860,434</u>	<u>5,904,609</u>
Total noncurrent assets	<u>3,795,831</u>	<u>3,243,232</u>	<u>7,039,063</u>
Total assets	<u>\$ 9,980,727</u>	<u>\$ 3,756,731</u>	<u>\$ 13,737,458</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 61,590	\$ -	\$ 61,590
Due to other governments	2,939	-	2,939
Current portion of long-term obligations	62,427	167,130	229,557
Total current liabilities	<u>126,956</u>	<u>167,130</u>	<u>294,086</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	854,304	1,904,963	2,759,267
Notes payable	38,884	-	38,884
Capital leases payable	13,717	-	13,717
Accrued compensated absences	159,168	-	159,168
Total noncurrent liabilities	<u>1,066,073</u>	<u>1,904,963</u>	<u>2,971,036</u>
Total liabilities	<u>1,193,029</u>	<u>2,072,093</u>	<u>3,265,122</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	14,524	-	14,524
Total deferred inflows of resources	<u>14,524</u>	<u>-</u>	<u>14,524</u>
NET POSITION			
Net investment in capital assets	2,826,499	1,171,139	3,997,638
Nonspendable-principal	168,757	-	168,757
Restricted	2,810,869	-	2,810,869
Unrestricted	<u>2,967,049</u>	<u>513,499</u>	<u>3,480,548</u>
Total net position	<u>8,773,174</u>	<u>1,684,638</u>	<u>10,457,812</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 9,980,727</u>	<u>\$ 3,756,731</u>	<u>\$ 13,737,458</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, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business - type Activities	Totals
Governmental activities:							
General government	\$ 738,275	\$ 74,537	\$ -	\$ -	\$ (663,738)	\$ -	\$ (663,738)
Public safety	1,799,278	6,254	-	-	(1,793,024)	-	(1,793,024)
Public works	1,154,703	17,808	-	-	(1,136,895)	-	(1,136,895)
Solid waste/recycling	554,592	328,502	-	-	(226,090)	-	(226,090)
Parks and recreation	29,344	13,325	-	-	(16,019)	-	(16,019)
Health and welfare	164,211	-	4,132	-	(160,079)	-	(160,079)
Library	167,444	2,955	-	-	(164,489)	-	(164,489)
Education	3,803,703	-	-	-	(3,803,703)	-	(3,803,703)
County tax	840,193	-	-	-	(840,193)	-	(840,193)
Overlay	21,904	-	-	-	(21,904)	-	(21,904)
Unclassified	719,131	-	-	-	(719,131)	-	(719,131)
Capital outlay	1,906	-	-	-	(1,906)	-	(1,906)
Interest on long-term debt	157,901	-	-	-	(157,901)	-	(157,901)
Total governmental activities	<u>10,152,585</u>	<u>443,381</u>	<u>4,132</u>	<u>-</u>	<u>(9,705,072)</u>	<u>-</u>	<u>(9,705,072)</u>
Business-type activities:							
Sewer fund	<u>444,466</u>	<u>388,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,776)</u>	<u>(55,776)</u>
Total business-type activities	<u>444,466</u>	<u>388,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,776)</u>	<u>(55,776)</u>
Total primary government	<u>\$ 10,597,051</u>	<u>\$ 832,071</u>	<u>\$ 4,132</u>	<u>\$ -</u>	<u>(9,705,072)</u>	<u>(55,776)</u>	<u>(9,760,848)</u>

STATEMENT B (CONTINUED)
TOWN OF FAIRFIELD, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities	Business-type Activities	Totals
Changes in net position:			
Net (expense) revenue	(9,705,072)	(55,776)	(9,760,848)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	7,351,524	-	7,351,524
Excise taxes	999,991	-	999,991
Grants and contributions			
not restricted to specific programs	1,257,438	-	1,257,438
Investment income	139,667	-	139,667
Reimbursements	117,480	-	117,480
Other revenue	347,965	115,312	463,277
Transfers	(100,965)	100,965	-
Total general revenues and transfers	10,113,100	216,277	10,329,377
Change in net position	408,028	160,501	568,529
NET POSITION - JULY 1, RESTATED	8,365,146	1,524,137	9,889,283
NET POSITION - JUNE 30	\$ 8,773,174	\$ 1,684,638	\$ 10,457,812

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

TOWN OF FAIRFIELD, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Community Enhancement Fund	Bio Tech Building	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 980,921	\$ -	\$ -	\$ 82,465	\$ 1,063,386
Investments	2,099,791	-	-	1,529,743	3,629,534
Accounts receivable (net of allowance for uncollectibles):					
Taxes	342,709	-	-	-	342,709
Liens	128,457	-	-	-	128,457
Other	113,996	66,112	-	-	180,108
Note receivable	-	-	1,175,614	-	1,175,614
Inventory	316	-	-	-	316
Due from other funds	195,527	186,744	-	1,016,232	1,398,503
TOTAL ASSETS	\$ 3,861,717	\$ 252,856	\$ 1,175,614	\$ 2,628,440	\$ 7,918,627
LIABILITIES					
Accounts payable	\$ 61,590	\$ -	\$ -	\$ -	\$ 61,590
Due to other governments	2,939	-	-	-	2,939
Due to other funds	1,538,204	-	2,897	192,630	1,733,731
TOTAL LIABILITIES	1,602,733	-	2,897	192,630	1,798,260
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	14,524	-	-	-	14,524
Deferred revenue	295,742	-	-	-	295,742
TOTAL DEFERRED INFLOWS OF RESOURCES	310,266	-	-	-	310,266
FUND BALANCES					
Nonspendable	316	-	-	168,757	169,073
Restricted	-	252,856	1,172,717	1,385,296	2,810,869
Committed	250,000	-	-	853,803	1,103,803
Assigned	-	-	-	71,906	71,906
Unassigned	1,698,402	-	-	(43,952)	1,654,450
TOTAL FUND BALANCES	1,948,718	252,856	1,172,717	2,435,810	5,810,101
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,861,717	\$ 252,856	\$ 1,175,614	\$ 2,628,440	\$ 7,918,627

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

TOWN OF FAIRFIELD, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 5,810,101
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	3,795,831
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	295,742
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	(895,000)
Notes payable	(55,837)
Capital leases payable	(18,495)
Accrued compensated absences	<u>(159,168)</u>
Net position of governmental activities	<u><u>\$ 8,773,174</u></u>

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

TOWN OF FAIRFIELD, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Community Enhancement Fund	Bio Tech Building	Other Governmental Funds	Totals Governmental Funds
REVENUES					
Taxes	\$ 7,437,913	\$ -	\$ -	\$ -	\$ 7,437,913
Excise taxes	999,991	-	-	-	999,991
Intergovernmental revenue	1,013,739	-	-	247,831	1,261,570
Charges for services	443,381	-	-	-	443,381
Investment income, net of unrealized gains/(losses)	52,677	-	36,457	50,533	139,667
Reimbursements	117,480	-	-	-	117,480
Other revenue	308,352	-	-	39,613	347,965
Total revenues	10,373,533	-	36,457	337,977	10,747,967
EXPENDITURES					
Current:					
General government	749,681	-	-	-	749,681
Public safety	1,727,820	-	-	-	1,727,820
Public works	1,001,466	-	-	-	1,001,466
Solid waste/recycling	554,592	-	-	-	554,592
Parks and recreation	29,344	-	-	-	29,344
Health and welfare	164,211	-	-	-	164,211
Library	167,444	-	-	-	167,444
Education	3,803,703	-	-	-	3,803,703
County tax	840,193	-	-	-	840,193
Overlay	21,904	-	-	-	21,904
Unclassified	220,084	-	14,350	480,043	714,477
Debt Service:					
Principal	118,684	-	1,435,000	-	1,553,684
Interest	157,901	-	-	-	157,901
Capital outlay	-	-	-	264,263	264,263
Total expenditures	9,557,027	-	1,449,350	744,306	11,750,683
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	816,506	-	(1,412,893)	(406,329)	(1,002,716)
OTHER FINANCING SOURCES (USES)					
Debt proceeds	-	-	895,000	-	895,000
Operating transfers in	187,287	-	-	489,358	676,645
Operating transfers (out)	(590,323)	-	(94,907)	(92,380)	(777,610)
TOTAL OTHER FINANCING SOURCES (USES)	(403,036)	-	800,093	396,978	794,035
NET CHANGE IN FUND BALANCES	413,470	-	(612,800)	(9,351)	(208,681)
FUND BALANCES - JULY 1	1,535,248	252,856	1,785,517	2,445,161	6,018,782
FUND BALANCES - JUNE 30	\$ 1,948,718	\$ 252,856	\$ 1,172,717	\$ 2,435,810	\$ 5,810,101

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, 2014

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (208,681)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset purchases capitalized	262,357
Capital asset disposals	-
Depreciation expense	<u>(259,108)</u>
	<u>3,249</u>
Proceeds from debt are not recognized as income on governmental activities but are shown as a balance sheet item	<u>(895,000)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>1,558,274</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>(86,389)</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>36,575</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 408,028</u></u>

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

TOWN OF FAIRFIELD, MAINE

BALANCE SHEET - PROPRIETARY FUNDS
JUNE 30, 2014

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ -
Accounts receivable (net of allowance for uncollectibles)	178,271
Due from other funds	<u>335,228</u>
Total current assets	<u>513,499</u>
Non-current assets:	
Construction in progress	382,798
Infrastructure	<u>3,361,640</u>
Total capital assets	3,744,438
Less: accumulated depreciation	<u>(501,206)</u>
Total non-current assets	<u>3,243,232</u>
 Total assets	 <u>\$ 3,756,731</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ -
Current portion of long-term debt	167,130
Total current liabilities	<u>167,130</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	<u>1,904,963</u>
Total noncurrent liabilities	<u>1,904,963</u>
 Total liabilities	 <u>2,072,093</u>
NET POSITION	
Net investment in capital assets	1,171,139
Restricted	-
Unrestricted	<u>513,499</u>
Total net position	<u>1,684,638</u>
 Total liabilities and net position	 <u>\$ 3,756,731</u>

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

TOWN OF FAIRFIELD, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Enterprise Fund</u>
	<u>Sewer</u>
	<u>Fund</u>
OPERATING REVENUES	
Charges for services	\$ 388,690
Other income	115,312
TOTAL OPERATING REVENUES	<u>504,002</u>
OPERATING EXPENSES	
Administration	73,766
Kennebec Sanitary Treatment District expense	224,682
Maintenance	11,037
Equipment	4,484
Supplies	6,551
Utilities	1,202
Depreciation	67,860
Other operating expenses	17,353
TOTAL OPERATING EXPENSES	<u>406,935</u>
OPERATING INCOME (LOSS)	<u>97,067</u>
OTHER FINANCING SOURCES (USES)	
Operating transfers in	100,965
Interest expense	(37,531)
TOTAL OTHER FINANCING SOURCES (USES)	<u>63,434</u>
CHANGE IN NET POSITION	160,501
NET POSITION - JULY 1	<u>1,524,137</u>
NET POSITION - JUNE 30	<u><u>\$ 1,684,638</u></u>

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

TOWN OF FAIRFIELD, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Enterprise Fund</u> <u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 383,820
Internal activity - receipts (payments) from (to) other funds	35,276
Other receipts	115,312
Payments to suppliers	(265,309)
Payments to employees	(73,766)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>195,333</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	<u>100,965</u>
CASH FLOWS FORM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of capital assets	(94,437)
Principal paid on capital debt	(164,330)
Interest paid on capital debt	(37,531)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(296,298)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - JULY 1	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 97,067
Depreciation	67,860
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(4,870)
(Increase) decrease in due from other funds	35,276
	<u><u>\$ 195,333</u></u>

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

TOWN OF FAIRFIELD, MAINE

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2014

	Private - Purpose Trusts
ASSETS	
Cash and cash equivalents	\$ 571,798
Investments, at fair value:	849,798
Total assets	\$ 1,421,596
LIABILITIES	
Accounts payable	\$ -
Deposits held for others	-
Total current liabilities	\$ -
NET POSITION	
Restricted- Held in trust for special purposes	\$ 1,421,596

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

TOWN OF FAIRFIELD, MAINE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Private - Purpose Trusts</u>
ADDITIONS	
Contributions	\$ 94,198
Net increase (decrease) in the fair value of investments	131,408
Other	3,188
Total additions	<u>228,794</u>
DEDUCTIONS	
Distributions	-
Other expenses	100
Total deductions	<u>100</u>
CHANGE IN NET POSITION	228,694
NET POSITION - JULY 1	<u>1,192,902</u>
NET POSITION - JUNE 30	<u><u>\$ 1,421,596</u></u>

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

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

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

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

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

The following fund types are used by the Town:

1. Governmental Funds:

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

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.
- d. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds

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

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net 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 position and changes in net position and is reported using accounting principles similar to proprietary funds.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (private-purpose trusts). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The Town has no component units that are fiduciary in nature.

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. For statement of cash flows purposes, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

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

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost. Under the consumption method, the costs of inventory items are recognized as expenditures when used. In the general fund, inventory consists of K-1 fuel. Inventories of supplies in the sewer fund are considered to be expenditures at the time of purchase and are not included in the sewer fund balance sheet.

TOWN OF FAIRFIELD, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions Between Funds

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

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts, as reported in the Community Enhancement Fund, is estimated to be \$76,679 as of June 30, 2014.

Capital Assets

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

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

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

Estimated useful lives are as follows:

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

Long-term Obligations

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 accrued 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.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net position 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 position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Compensated Absences

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation but not sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2014, the Town's liability for compensated absences is \$159,168.

Fund Balance

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied July 9, 2013 on the assessed value listed as of April 1, 2013, for all real and personal property located in the Town. Taxes were due on August 16, 2013, November 8, 2013, February 7, 2014 and May 9, 2014. Interest on unpaid taxes commenced on August 17, 2013, November 9, 2013, February 8, 2014 and May 10, 2014 at 7% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$135,253 for the year ended June 30, 2014.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Program Revenues

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

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.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2014, the Town's deposits amounting to \$1,635,184 were comprised of bank deposits of \$1,778,379. Of these bank deposits, \$291,389 was fully covered by federal depository insurance and consequently was not exposed to custodial credit risk. Of the remaining bank deposits of \$1,486,990, \$500,000 were covered by the Securities Investor Protection Corporation (SIPC) and \$71,886 were covered by a third party deposit pledge and \$915,104 were uncollateralized and uninsured.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 363,275
Cash equivalents	<u>1,415,104</u>
	<u><u>\$ 1,778,379</u></u>

Investments:

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

TOWN OF FAIRFIELD, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2014, the Town had the following investments and maturities:

Investment Type	Fair Value	Not Applicable	Less than 1 Year	1 - 5 Years
Certificates of deposit	\$ 3,173,442	\$ -	\$ 878,233	\$ 2,295,209
U. S. treasury notes	111,830	-	-	111,830
Mutual funds - equity	344,262	344,262	-	-
ICMA accounts	849,798	849,798	-	-
	<u>\$ 4,479,332</u>	<u>\$ 1,194,060</u>	<u>\$ 878,233</u>	<u>\$ 2,407,039</u>

In accordance with its investment policy, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. As such, the Town's investments of \$3,173,442 were fully covered by federal depository insurance and consequently were not exposed to custodial credit risk. Of the remaining investments of \$456,092, \$250,000 were covered by the Securities Investor Protection Corporation (SIPC) and \$206,092 were uncollateralized and uninsured.

At June 30, 2014, the Town's fiduciary fund investment portfolio (ICMA accounts) is comprised of a mix of equity mutual funds and bond mutual funds, totaling \$849,798. \$250,000 were covered by the Securities Investor Protection Corporation (SIPC) and \$599,798 were uncollateralized and uninsured and therefore exposed to custodial credit risk.

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

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2014 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General Fund	\$ 195,527	\$ 1,538,204
Community Enhancement	186,744	-
Bio Tech Building	-	2,897
Nonmajor special revenue funds	31,971	4,547
Nonmajor capital project funds	984,261	39,405
Nonmajor permanent funds	-	148,678
Enterprise fund - Sewer	335,228	-
	<u>\$ 1,733,731</u>	<u>\$ 1,733,731</u>

NOTE 4 – NOTES / LOANS RECEIVABLE

The Town has determined that the allowance for doubtful accounts on its community enhancement loans to be \$76,679 for the fiscal year 2014. The loans have been carried at face value without including past-due interest. The Town is actively pursuing collection of any old accounts. Any future adjustments to the allowance for doubtful accounts are not known at this time.

On May 20, 2010, the Town accepted a twenty-year promissory note from the Maine Community College System as balance due on the sale of the Town's biotechnology center for \$1,400,000. Interest on any unpaid principal balance is charged at the rate of 3.00% per annum. The following is a summary of changes in the note receivable for the year ended June 30, 2014:

	<u>Balance, 7/1/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, 6/30/14</u>
Note receivable	\$ 1,232,588	\$ -	\$ (56,974)	\$ 1,175,614
Totals	<u>\$ 1,232,588</u>	<u>\$ -</u>	<u>\$ (56,974)</u>	<u>\$ 1,175,614</u>

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2014:

	Balance, 7/1/13	Additions	Disposals	Balance, 6/30/14
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 594,156	\$ 157,500	\$ -	\$ 751,656
	<u>594,156</u>	<u>157,500</u>	<u>-</u>	<u>751,656</u>
Depreciated assets:				
Buildings	1,955,559	-	-	1,955,559
Building improvements	239,108	-	-	239,108
Machinery & Equipment	809,194	38,646	-	847,840
Vehicles	1,923,140	66,211	(113,650)	1,875,701
Infrastructure	1,410,205	-	-	1,410,205
	<u>6,337,206</u>	<u>104,857</u>	<u>(113,650)</u>	<u>6,328,413</u>
Less: accumulated depreciation	<u>(3,138,780)</u>	<u>(259,108)</u>	<u>113,650</u>	<u>(3,284,238)</u>
	<u>3,198,426</u>	<u>(154,251)</u>	<u>-</u>	<u>3,044,175</u>
Net capital assets	<u>\$ 3,792,582</u>	<u>\$ 3,249</u>	<u>\$ -</u>	<u>\$ 3,795,831</u>

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/13	Additions	Disposals	Balance, 6/30/14
<u>Business-type activities:</u>				
Non-depreciated assets:				
Construction in progress	\$ 288,361	\$ 94,437	\$ -	\$ 382,798
	<u>288,361</u>	<u>94,437</u>	<u>-</u>	<u>382,798</u>
Depreciated assets:				
Infrastructure	\$ 3,361,640	\$ -		\$ 3,361,640
	<u>3,361,640</u>	<u>-</u>	<u>-</u>	<u>3,361,640</u>
Less: accumulated depreciation	(433,346)	(67,860)	-	(501,206)
	<u>2,928,294</u>	<u>(67,860)</u>	<u>-</u>	<u>2,860,434</u>
Net capital assets	<u>\$ 3,216,655</u>	<u>\$ 26,577</u>	<u>\$ -</u>	<u>\$ 3,243,232</u>
<u>Current year depreciation:</u>				
Administration				\$ 29,759
Police				38,884
Fire				32,574
Highway department				153,237
Town-wide				4,654
Total governmental activities depreciation				<u>259,108</u>
Sewer department				67,860
Total depreciation expense				<u>\$ 326,968</u>

NOTE 6 – LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2014:

	Balance, 7/1/13 (Restated)	Additions	Deletions	Balance, 6/30/14	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 1,536,800	\$ 895,000	\$ (1,536,800)	\$ 895,000	\$ 40,696
Notes payable	72,721	-	(16,884)	55,837	16,953
Capital leases	23,085	-	(4,590)	18,495	4,778
Accrued compensated absences	195,743	-	(36,575)	159,168	-
	<u>\$ 1,805,264</u>	<u>\$ 895,000</u>	<u>\$ (1,594,849)</u>	<u>\$ 1,128,500</u>	<u>\$ 62,427</u>

TOWN OF FAIRFIELD, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – LONG-TERM DEBT (CONTINUED)

	Balance, 7/1/13	Additions	Deletions	Balance, 6/30/14	Current Portion
<u>Business-type activities:</u>					
Bonds payable	\$ 2,236,423	\$ -	\$ (164,330)	\$ 2,072,093	\$ 167,130

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

Governmental activities:

\$80,000 2009 Note payable to the Fairfield Historical Society for the purchase of land due in annual principal installments through 2017. No interest is charged on the note.	\$ 30,000
\$35,000 2012 Note payable to Efficiency Maine for energy conservation improvements due in annual monthly installments of \$598 through February of 2018. Interest is charged at a rate of 1.0% per annum.	25,837
\$895,000 1995 General obligation refunding bond due in semi-annual principal and interest payments of \$46,586 through November of 2026. Interest is charged at a rate of 3.90% per annum	895,000
Total governmental activities bonds and notes payable	<u>950,837</u>

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Business-type activities:

\$520,000 2004 CWSRF bond due in annual principal payments of \$22,158 to \$30,239 plus interest, through April of 2024. Interest is charged at a rate of 1.65% per annum.	281,228
\$480,000 2003 CWSRF bond due in annual principal payments of \$21,164 to \$27,655 plus interest, through October of 2022. Interest is charged at a rate of 1.94% per annum.	232,946
\$1,500,000 2004 CWSRF bond due in annual principal payments of \$58,132 to \$94,670 plus interest, through April of 2024. Interest is charged at a rate of 2.05% per annum.	845,730
\$753,413 2009 CWSRF bond with \$177,805 principal forgiven, due in annual principal payments of \$14,390 and semi annual fee payments through April of 2030. No interest is charged on the bond.	460,488
\$373,800 2012 CWSRF bond with \$96,814 principal forgiven due in annual principal payments of \$12,579 to \$15,197 through July of 2032. Interest is charged semi-annually at a rate of 1.0% per annum.	251,701
Total business-type bonds and notes payable	<u>2,072,093</u>
Total bonds and notes payable	<u><u>\$ 3,022,930</u></u>

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Debt Service</u>
	<u>General Obligation</u>		<u>Sewer</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2015	\$ 57,649	\$ 52,703	\$ 167,130	\$ 35,138	\$ 312,620
2016	77,461	32,890	170,005	32,683	313,039
2017	79,911	30,440	172,956	30,164	313,471
2018	70,060	27,898	175,982	27,579	301,519
2019	67,863	25,309	179,087	24,926	297,185
2020-2024	381,571	84,291	916,800	85,166	1,467,828
2025-2029	216,322	12,667	216,209	15,473	460,671
2030-2034	-	-	73,924	4,648	78,572
	<u>\$ 950,837</u>	<u>\$ 266,198</u>	<u>\$ 2,072,093</u>	<u>\$ 255,777</u>	<u>\$ 3,544,905</u>

TOWN OF FAIRFIELD, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding capital leases payable:

The Town leases a copier under a non-cancelable lease agreement. The term of the lease is for a five year period expiring in February of 2018. Monthly payments are \$453.

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

2015	\$	5,432
2016		5,432
2017		5,432
2018		3,623
Total minimum lease payments		\$ 19,919
Less: Amount representing interest		(1,424)
Present value of future minimum lease payments		\$ 18,495

NOTE 7 – OPERATING LEASES

The Town of Fairfield leases a facility at 4 Industrial Street to the Bio Renewable Fuels, the lessee, for its brown grease to HBF organic fuels operations in Fairfield, Maine. This is an annual lease with unlimited annual renewal provisions. Rental income of \$14,767 was received in fiscal year 2014.

Operating leases do not give rise to property rights and therefore the results of the lease agreements are not reflected in the Town’s capital assets. The lessees are responsible for paying all executory costs such as maintenance and insurance. There were no contingent rental payments received in fiscal year 2014.

NOTE 8 – NONSPENDABLE FUND BALANCES

At June 30, 2014, the Town had the following nonspendable fund balances:

General fund:	
Inventory	\$ 316
Nonmajor permanent funds (Schedule H)	168,757
	\$ 169,073

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 – RESTRICTED FUND BALANCES

At June 30, 2014, the Town had the following restricted fund balances:

Community Enhancement Fund	\$ 252,856
Bio-Tech Building	1,172,717
Nonmajor special revenue funds (Schedule D)	27,627
Nonmajor capital project funds (Schedule F)	62,896
Nonmajor permanent funds (Schedule H)	1,294,773
	<u>\$ 2,810,869</u>

NOTE 10 – COMMITTED FUND BALANCES

At June 30, 2014, the Town had the following committed fund balances:

General fund:	
Reserved for FY 15 tax reductions	\$ 250,000
Nonmajor capital project funds (Schedule F)	853,803
	<u>\$ 1,103,803</u>

NOTE 11 – ASSIGNED FUND BALANCES

At June 30, 2014, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 4,344
Nonmajor capital project funds (Schedule F)	67,562
	<u>\$ 71,906</u>

NOTE 12 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

A. Plan Description

Town employees contribute to the Participating Local Districts (PLDs) Consolidated Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Maine Public Employees Retirement System. The PLDs Consolidated Plan provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the PLD's Consolidated Plan Board of Trustees. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PLDs Consolidated

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333 or by calling (800) 451-9800.

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the PLD's Consolidated Board of Trustees. The Town's police and fire department employees are part of the PLD's special plan "3C" and are required to contribute 8.0% of their annual salary, while all other employees are part of the PLD's plan "AC" and are required to contribute 6.5% of their annual salary. The Town is required to contribute 10.0% of special plan "3C" members' covered payroll and 5.3% of the plan "AC" members' covered payroll annually to the system along with a predetermined initial unpoolled unfunded actuarial liability (IUUAL) rate set by the system. The IUUAL can either be a monthly payment or credit, which is added to or subtracted from the employer's percentage of employees' covered payroll to determine the employers actual cost. The Town's contributions for both plans, including employee contributions for the years ended June 30, 2014, 2013 and 2012 were: \$121,729, \$80,715, and \$69,602, respectively.

Initial Unpoolled Unfunded Actuarial Liability

The Town had no initial unpoolled unfunded actuarial liability.

NOTE 13 – DEFINED CONTRIBUTION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION –
RETIREMENT CORPORATION

A. Plan Description

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

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 13 – DEFINED CONTRIBUTION PLAN (CONTINUED)

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

B. Funding Policy

Under the defined contribution plan, employees may elect to participate. Participating members are required to contribute up to 10.0% of their annual covered salary and the Town is required to match 100% of the employee's contribution. The employee's contribution is tax deferred for federal and state taxes until the withdrawal date. The employee's contribution vests 100% with the employee when contributed. The Town's matching contribution vests 100% with the employee at the end of three years of service. The Town's contributions for the plan, including employee contributions for the years ended June 30, 2014, 2013 and 2012 were: \$71,473, \$65,996, and \$59,161, respectively.

NOTE 14 – DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION –
RETIREMENT CORPORATION

A. Plan Description

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

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

B. Funding Policy

Under the deferred compensation plan, employees may elect to participate. Participating members are required to contribute between 6.5 % and 7.00% of their

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 14 – DEFERRED COMPENSATION PLAN (CONTINUED)

annual covered salary and the Town is required to match 100% of the employee's contribution. The employee's contribution is tax deferred for federal and state taxes until the withdrawal date. The employee's contribution vests 100% with the employee when contributed. The Town's matching contribution vests 100% with the employee at the end of three years of service. The Town's contributions for the plan, including employee contributions for the years ended June 30, 2014, 2012 and 2011 were: \$21,413, \$31,849, and \$33,161, respectively.

NOTE 15 – RISK MANAGEMENT – PARTICIPATION IN A PUBLIC ENTITY RISK POOL

The Town has its liability insurance through the Maine Municipal Association. The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the policy, coverage is provided after a \$1,000 per occurrence deductible is met; the current total property value is \$9,003,028. Under the general liability portion of the policy, the limit is \$400,000 per occurrence for causes of action pursuant to the Maine Tort Claims Act. Coverage is limited to those areas for which governmental immunity has been expressly waived and \$2,000,000 per occurrence for causes of action pursuant to federal law or state law for which immunity is not proved by the Maine Tort Claims Act. The same limit applies for Law Enforcement after a \$1,000 per occurrence deductible is met. For public official liability and employment practices liability, the coverage is \$2,000,000 per occurrence and \$4,000,000 aggregate with a \$5,000 deductible.

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

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

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 15 – RISK MANAGEMENT – PARTICIPATION IN A PUBLIC ENTITY RISK POOL (CONTINUED)

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2014. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 16 – CONTINGENCIES

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

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

NOTE 17 – DEFICIT FUND BALANCES

The following funds have deficit fund balances at June 30, 2014:

Byrne - Jag Indirect	\$	59
Underage Drinking Task Force		608
Speed Enforcement		1,157
DOJ Vest Grant		390
OUI Grant		499
Forestry Grant		1,834
Concerts in the Park		1,000
TIF Sewer Line Rte 201		23,853
Natural Gas TIF		14,552
	\$	<u>43,952</u>

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 18 – EXPENDITURES OVER APPROPRIATIONS

The following appropriations were overspent as of June 30, 2014:

Solid waste/recycling	<u>\$ 27,692</u>
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NOTE 19 - JOINT VENTURES

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

FirstPark

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

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

The Authority derives the bulk of its revenue from the participants, but also receives some grant revenues from the State of Maine and tenant's rental income. In fiscal year 2014, the Town of Fairfield contributed \$35,460. Complete financial statements may be obtained from Kennebec Regional Development Authority/First Park at P.O. Box 246, Oakland, Maine 04963.

Municipal Review Committee, Inc.

The Town of Fairfield is a member of the Joint Venture of the Equity Charter Municipalities of Municipal Review Committee, Inc. (Joint Venture). The Joint Venture is an organization that resulted from a contractual arrangement between certain member municipalities, Penobscot Energy Recovery Company (PERC) and Bangor Hydro Electric Company. It was formed to pool resources of the Equity Charter Municipalities

TOWN OF FAIRFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 19 - JOINT VENTURES (CONTINUED)

for the long-term goal of handling the disposal of their present and projected volumes of non-hazardous municipal solid waste. As of December 31, 2013 (most recent data available), the Town of Fairfield's share of the Joint Venture's net position was \$599,333. Complete financial statements may be obtained from the Municipal Review Committee, 40 Harlow Street, Bangor, Maine 04401.

NOTE 20 – OVERLAPPING DEBT

The Town's proportionate share of debt of the County of Somerset and RSU No. 49 has not been recorded in the financial statement of the Town of Fairfield. It is not required to be recorded in order for the financial statements to conform to generally accepted accounting principles. The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. As of June 30, 2014, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
RSU No. 49	\$ 1,758,381	43.88%	\$ 771,578
Somerset County	21,175,000	7.16%	1,516,130
			<u>\$ 2,287,708</u>

NOTE 21 - COLLATERALIZATION

At June 30, 2014, the Town has third party deposit pledge and agency agreement issued by the Federal Home Loan Bank of Boston serving as collateral for its deposits held at Skowhegan Savings Bank. This pledge, which expires at the close of business on September 30, 2016, authorizes securities to be held up to the amount of \$1,000,000. There were no draws for the year ended June 30, 2014.

NOTE 22 – RESTATEMENT

The beginning net position for the governmental activities has been restated as of July 1, 2013. This balance was restated to correct the capital leases payable balance. The governmental activities were restated by \$23,085.

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, 2014

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,535,248	\$ 1,535,248	\$ 1,535,248	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	7,346,036	7,346,036	7,437,913	91,877
Excise taxes	890,500	890,500	999,991	109,491
Intergovernmental revenues	967,570	982,559	1,013,739	31,180
Charges for services	399,875	399,875	443,381	43,506
Investment income	35,000	35,000	52,677	17,677
Reimbursements	136,000	136,000	117,480	(18,520)
Other revenues	296,389	296,389	308,352	11,963
Transfers from other funds	187,287	187,287	187,287	-
Amounts Available for Appropriation	<u>11,793,905</u>	<u>11,808,894</u>	<u>12,096,068</u>	<u>287,174</u>
Charges to Appropriations (Outflows):				
General government	765,422	765,422	749,681	15,741
Public safety	1,882,453	1,820,195	1,727,820	92,375
Public works	1,007,572	1,004,268	1,001,466	2,802
Solid waste/recycling	526,900	526,900	554,592	(27,692)
Parks and recreation	31,625	31,625	29,344	2,281
Health and welfare	200,954	200,954	164,211	36,743
Library	179,638	167,444	167,444	-
TIF	179,953	-	-	-
Education	3,803,703	3,803,703	3,803,703	-
County tax	848,135	848,135	840,193	7,942
Overlay	135,253	135,253	21,904	113,349
Unclassified	284,139	222,479	220,084	2,395
Debt Service:				
Principal	283,014	118,684	118,684	-
Interest	99,896	163,261	157,901	5,360
Transfers to other funds	180,000	615,323	590,323	25,000
Total Charges to Appropriations	<u>10,408,657</u>	<u>10,423,646</u>	<u>10,147,350</u>	<u>276,296</u>
Budgetary Fund Balance, June 30	<u>\$ 1,385,248</u>	<u>\$ 1,385,248</u>	<u>\$ 1,948,718</u>	<u>\$ 563,470</u>
Utilization of unassigned fund balance	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ (150,000)</u>

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

Other Supplementary Information

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

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

TOWN OF FAIRFIELD, MAINE

SCHEDULE OF DEPARTMENT OF OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
GENERAL GOVERNMENT					
Administration	\$ 596,124	\$ -	\$ 596,124	\$ 581,378	\$ 14,746
Insurance	148,198	-	148,198	151,287	(3,089)
Legal services	15,000	-	15,000	11,216	3,784
Elections	6,100	-	6,100	5,800	300
	<u>765,422</u>	<u>-</u>	<u>765,422</u>	<u>749,681</u>	<u>15,741</u>
PUBLIC SAFETY					
Police department	920,621	(9,458)	911,163	827,601	83,562
Fire department	727,332	(52,800)	674,532	666,424	8,108
Hydrant rental	127,500	-	127,500	125,291	2,209
Street lights	65,000	-	65,000	66,927	(1,927)
Health/plumbing/CEO	42,000	-	42,000	41,577	423
	<u>1,882,453</u>	<u>(62,258)</u>	<u>1,820,195</u>	<u>1,727,820</u>	<u>92,375</u>
PUBLIC WORKS					
Public works	<u>1,007,572</u>	<u>(3,304)</u>	<u>1,004,268</u>	<u>1,001,466</u>	<u>2,802</u>
	<u>1,007,572</u>	<u>(3,304)</u>	<u>1,004,268</u>	<u>1,001,466</u>	<u>2,802</u>
SOLID WASTE/RECYCLING					
Solid waste disposal	<u>526,900</u>	<u>-</u>	<u>526,900</u>	<u>554,592</u>	<u>(27,692)</u>
	<u>526,900</u>	<u>-</u>	<u>526,900</u>	<u>554,592</u>	<u>(27,692)</u>

TOWN OF FAIRFIELD, MAINE

SCHEDULE OF DEPARTMENT OF OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Original Appropriations	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
PARKS AND RECREATION					
Fairfield Community Center	31,625	-	31,625	29,344	2,281
	<u>31,625</u>	<u>-</u>	<u>31,625</u>	<u>29,344</u>	<u>2,281</u>
HEALTH AND WELFARE					
Social/community agencies	83,832	-	83,832	78,332	5,500
General assistance	25,000	-	25,000	8,015	16,985
Cemeteries/parks	92,122	-	92,122	77,864	14,258
	<u>200,954</u>	<u>-</u>	<u>200,954</u>	<u>164,211</u>	<u>36,743</u>
LIBRARY	<u>179,638</u>	<u>(12,194)</u>	<u>167,444</u>	<u>167,444</u>	<u>-</u>
TIF	<u>179,953</u>	<u>(179,953)</u>	<u>-</u>	<u>-</u>	<u>-</u>
EDUCATION	<u>3,803,703</u>	<u>-</u>	<u>3,803,703</u>	<u>3,803,703</u>	<u>-</u>
COUNTY TAX	<u>848,135</u>	<u>-</u>	<u>848,135</u>	<u>840,193</u>	<u>7,942</u>
DEBT SERVICE					
Principal	283,014	(164,330)	118,684	118,684	-
Interest	99,896	63,365	163,261	157,901	5,360
	<u>382,910</u>	<u>(100,965)</u>	<u>281,945</u>	<u>276,585</u>	<u>5,360</u>

TOWN OF FAIRFIELD, MAINE

SCHEDULE OF DEPARTMENT OF OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Original Appropriations	Budget Adjustments	Final Budget	Expenditures	Variance Positive (Negative)
TRANSFERS					
Sewer funds	-	100,965	100,965	100,965	-
Capital projects funds	180,000	334,358	514,358	489,358	25,000
	<u>180,000</u>	<u>435,323</u>	<u>615,323</u>	<u>590,323</u>	<u>25,000</u>
OVERLAY	<u>135,253</u>	<u>-</u>	<u>135,253</u>	<u>21,904</u>	<u>113,349</u>
UNCLASSIFIED					
Community events	7,000	-	7,000	5,167	1,833
Paving	220,000	(76,649)	143,351	143,351	-
State revenue sharing	-	14,989	14,989	14,989	-
First Park	36,022	-	36,022	35,460	562
KVCOG	8,463	-	8,463	8,463	-
Regional Growth Council	12,654	-	12,654	12,654	-
	<u>284,139</u>	<u>(61,660)</u>	<u>222,479</u>	<u>220,084</u>	<u>2,395</u>
TOTAL EXPENDITURES	<u>\$ 10,408,657</u>	<u>\$ 14,989</u>	<u>\$ 10,423,646</u>	<u>\$ 10,147,350</u>	<u>\$ 276,296</u>

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

TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 82,465	\$ 82,465
Investments	-	-	1,529,743	1,529,743
Due from other funds	31,971	984,261	-	1,016,232
TOTAL ASSETS	<u>\$ 31,971</u>	<u>\$ 984,261</u>	<u>\$ 1,612,208</u>	<u>\$ 2,628,440</u>
LIABILITIES				
Due to other funds	\$ 4,547	\$ 39,405	\$ 148,678	\$ 192,630
TOTAL LIABILITIES	<u>4,547</u>	<u>39,405</u>	<u>148,678</u>	<u>192,630</u>
FUND BALANCES				
Nonspendable-principal	-	-	168,757	168,757
Restricted	27,627	62,896	1,294,773	1,385,296
Committed	-	853,803	-	853,803
Assigned	4,344	67,562	-	71,906
Unassigned	(4,547)	(39,405)	-	(43,952)
TOTAL FUND BALANCES	<u>27,424</u>	<u>944,856</u>	<u>1,463,530</u>	<u>2,435,810</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 31,971</u>	<u>\$ 984,261</u>	<u>\$ 1,612,208</u>	<u>\$ 2,628,440</u>

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

TOWN OF FAIRFIELD, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ 50,533	\$ 50,533
Interest income	-	-	-	-
Intergovernmental	247,831	-	-	247,831
Other income	-	39,613	-	39,613
TOTAL REVENUES	<u>247,831</u>	<u>39,613</u>	<u>50,533</u>	<u>337,977</u>
EXPENDITURES				
Capital outlay	-	264,263	-	264,263
Other expenses	226,507	226,380	27,156	480,043
TOTAL EXPENDITURES	<u>226,507</u>	<u>490,643</u>	<u>27,156</u>	<u>744,306</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>21,324</u>	<u>(451,030)</u>	<u>23,377</u>	<u>(406,329)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	489,358	-	489,358
Operating transfers (out)	-	(92,380)	-	(92,380)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>396,978</u>	<u>-</u>	<u>396,978</u>
NET CHANGE IN FUND BALANCES	21,324	(54,052)	23,377	(9,351)
FUND BALANCES - JULY 1	<u>6,100</u>	<u>998,908</u>	<u>1,440,153</u>	<u>2,445,161</u>
FUND BALANCES - JUNE 30	<u>\$ 27,424</u>	<u>\$ 944,856</u>	<u>\$ 1,463,530</u>	<u>\$ 2,435,810</u>

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

Special Revenue Funds

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

TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET- NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Small Cities	Byrne-Jag Indirect	Underage Drinking Task Force	Seatbelt Enforcement	High Visibility	Speed Enforcement	DOJ Vest Grant
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	4,161	-	-	337	1,512	-	-
TOTAL ASSETS	\$ 4,161	\$ -	\$ -	\$ 337	\$ 1,512	\$ -	\$ -
LIABILITIES							
Due to other funds	\$ -	\$ 59	\$ 608	\$ -	\$ -	\$ 1,157	\$ 390
TOTAL LIABILITIES	-	59	608	-	-	1,157	390
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	337	1,512	-	-
Committed	-	-	-	-	-	-	-
Assigned	4,161	-	-	-	-	-	-
Unassigned	-	(59)	(608)	-	-	(1,157)	(390)
TOTAL FUND BALANCES	4,161	(59)	(608)	337	1,512	(1,157)	(390)
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,161	\$ -	\$ -	\$ 337	\$ 1,512	\$ -	\$ -

TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET- NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2014

	OUI Grant	Facades Grant	MEMA Grant	Forestry Grant	Housing Assistance Program	King Foundation	Totals
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	5,112	-	-	20,666	183	31,971
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 5,112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,666</u>	<u>\$ 183</u>	<u>\$ 31,971</u>
LIABILITIES							
Due to other funds	\$ 499	\$ -	\$ -	\$ 1,834	\$ -	\$ -	\$ 4,547
TOTAL LIABILITIES	<u>499</u>	<u>-</u>	<u>-</u>	<u>1,834</u>	<u>-</u>	<u>-</u>	<u>4,547</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	5,112	-	-	20,666	-	27,627
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	183	4,344
Unassigned	(499)	-	-	(1,834)	-	-	(4,547)
TOTAL FUND BALANCES	<u>(499)</u>	<u>5,112</u>	<u>-</u>	<u>(1,834)</u>	<u>20,666</u>	<u>183</u>	<u>27,424</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 5,112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,666</u>	<u>\$ 183</u>	<u>\$ 31,971</u>

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

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Small Cities	Byrne-Jag Indirect	Underage Drinking Task Force	Seatbelt Enforcement	High Visibility	Speed Enforcement	DOJ Vest Grant
REVENUES							
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	1,715	135	-	-	1,680	-
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	-	1,715	135	-	-	1,680	-
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	-
Other expenses	-	1,715	-	-	-	2,837	390
TOTAL EXPENDITURES	-	1,715	-	-	-	2,837	390
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	135	-	-	(1,157)	(390)
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	135	-	-	(1,157)	(390)
FUND BALANCES - JULY 1	4,161	(59)	(743)	337	1,512	-	-
FUND BALANCES - JUNE 30	\$ 4,161	\$ (59)	\$ (608)	\$ 337	\$ 1,512	\$ (1,157)	\$ (390)

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	OUI Grant	Facades Grant	MEMA Grant	Forestry Grant	Housing Assistance Program	King Foundation	Totals
REVENUES							
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,680	73,161	2,000	-	167,460	-	247,831
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	1,680	73,161	2,000	-	167,460	-	247,831
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	-
Other expenses	2,179	67,303	2,000	1,834	146,794	1,455	226,507
TOTAL EXPENDITURES	2,179	67,303	2,000	1,834	146,794	1,455	226,507
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(499)	5,858	-	(1,834)	20,666	(1,455)	21,324
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(499)	5,858	-	(1,834)	20,666	(1,455)	21,324
FUND BALANCES - JULY 1	-	(746)	-	-	-	1,638	6,100
FUND BALANCES - JUNE 30	\$ (499)	\$ 5,112	\$ -	\$ (1,834)	\$ 20,666	\$ 183	\$ 27,424

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

Capital Projects Funds

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

TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET- NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2014

	TIF Economic Development	Capital Improvement	Equipment Reserve	Public Works Building	PWD Paving Account	Revaluation Reserve
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	25,248	46,570	321,754	6,545	76,649	70,715
TOTAL ASSETS	<u>\$ 25,248</u>	<u>\$ 46,570</u>	<u>\$ 321,754</u>	<u>\$ 6,545</u>	<u>\$ 76,649</u>	<u>\$ 70,715</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	25,248	-	-	-	-	-
Committed	-	46,570	321,754	6,545	76,649	70,715
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>25,248</u>	<u>46,570</u>	<u>321,754</u>	<u>6,545</u>	<u>76,649</u>	<u>70,715</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 25,248</u>	<u>\$ 46,570</u>	<u>\$ 321,754</u>	<u>\$ 6,545</u>	<u>\$ 76,649</u>	<u>\$ 70,715</u>

TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET- NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2014

	<u>Contingency</u>	<u>225th Anniversary</u>	<u>Drug Interdiction</u>	<u>Concerts in the Park</u>	<u>Public Works Equipment</u>	<u>G/A Donations</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	60,921	3,800	9,924	-	50,000	18,018
TOTAL ASSETS	<u>\$ 60,921</u>	<u>\$ 3,800</u>	<u>\$ 9,924</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 18,018</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	18,018
Committed	60,921	3,800	9,924	-	50,000	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	(1,000)	-	-
TOTAL FUND BALANCES	<u>60,921</u>	<u>3,800</u>	<u>9,924</u>	<u>(1,000)</u>	<u>50,000</u>	<u>18,018</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 60,921</u>	<u>\$ 3,800</u>	<u>\$ 9,924</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 18,018</u>

TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET- NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2014

	Fire Prevention	Fire Dept Reserve	Police Dept Reserve	Computer Reserve	Library Reserve	Senior Appreciation
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	2,415	50,000	50,000	17,609	16,620	2,405
TOTAL ASSETS	<u>\$ 2,415</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 17,609</u>	<u>\$ 16,620</u>	<u>\$ 2,405</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	2,415	50,000	50,000	17,609	16,620	2,405
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,415</u>	<u>50,000</u>	<u>50,000</u>	<u>17,609</u>	<u>16,620</u>	<u>2,405</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,415</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 17,609</u>	<u>\$ 16,620</u>	<u>\$ 2,405</u>

TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET- NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2014

	Friends of the Library	Playground	Animal Control	Housing	Heating Donations	Chocolate Fest
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	6,611	1,615	2,319	30,198	21,929	3,518
TOTAL ASSETS	<u>\$ 6,611</u>	<u>\$ 1,615</u>	<u>\$ 2,319</u>	<u>\$ 30,198</u>	<u>\$ 21,929</u>	<u>\$ 3,518</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	2,319	-	-	-
Committed	-	-	-	-	-	-
Assigned	6,611	1,615	-	30,198	21,929	3,518
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>6,611</u>	<u>1,615</u>	<u>2,319</u>	<u>30,198</u>	<u>21,929</u>	<u>3,518</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,611</u>	<u>\$ 1,615</u>	<u>\$ 2,319</u>	<u>\$ 30,198</u>	<u>\$ 21,929</u>	<u>\$ 3,518</u>

TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET- NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2014

	Infrastructure Account	TIF Sewer Line Rte. 201	Computer Software	Childrens Program Library	Community Events
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	67,288	-	1,979	101	150
TOTAL ASSETS	<u>\$ 67,288</u>	<u>\$ -</u>	<u>\$ 1,979</u>	<u>\$ 101</u>	<u>\$ 150</u>
LIABILITIES					
Due to other funds	\$ -	\$ 23,853	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>23,853</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	67,288	-	-	-	-
Assigned	-	-	1,979	101	150
Unassigned	-	(23,853)	-	-	-
TOTAL FUND BALANCES	<u>67,288</u>	<u>(23,853)</u>	<u>1,979</u>	<u>101</u>	<u>150</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 67,288</u>	<u>\$ -</u>	<u>\$ 1,979</u>	<u>\$ 101</u>	<u>\$ 150</u>

TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET- NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2014

	Chinet TIF	Donations Account	Fairfield Festival	Natural Gas TIF	Totals
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	17,311	1,461	588	-	984,261
TOTAL ASSETS	\$ 17,311	\$ 1,461	\$ 588	\$ -	\$ 984,261
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 14,552	\$ 39,405
TOTAL LIABILITIES	-	-	-	14,552	39,405
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	17,311	-	-	-	62,896
Committed	-	-	588	-	853,803
Assigned	-	1,461	-	-	67,562
Unassigned	-	-	-	(14,552)	(39,405)
TOTAL FUND BALANCES	17,311	1,461	588	(14,552)	944,856
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,311	\$ 1,461	\$ 588	\$ -	\$ 984,261

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

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	TIF Economic Development	Capital Improvement	Equipment Reserve	Public Works Building	PWD Paving Account	Revaluation Reserve
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
Capital outlay	-	-	98,283	-	-	-
Other expenses	10,856	-	8,859	-	64,902	-
TOTAL EXPENDITURES	10,856	-	107,142	-	64,902	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,856)	-	(107,142)	-	(64,902)	-
OTHER FINANCING SOURCES (USES)						
Operating transfers in	10,000	25,000	150,000	-	76,649	20,000
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	10,000	25,000	150,000	-	76,649	20,000
NET CHANGE IN FUND BALANCES	(856)	25,000	42,858	-	11,747	20,000
FUND BALANCES - JULY 1	26,104	21,570	278,896	6,545	64,902	50,715
FUND BALANCES - JUNE 30	\$ 25,248	\$ 46,570	\$ 321,754	\$ 6,545	\$ 76,649	\$ 70,715

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Contingency	225th Anniversary	Drug Interdiction	Concerts in the Park	Public Works Equipment	G/A Donations
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Other income	-	-	2,273	375	-	2,113
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>2,273</u>	<u>375</u>	<u>-</u>	<u>2,113</u>
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other expenses	9,620	-	1,238	1,600	3,304	2,065
TOTAL EXPENDITURES	<u>9,620</u>	<u>-</u>	<u>1,238</u>	<u>1,600</u>	<u>3,304</u>	<u>2,065</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,620)</u>	<u>-</u>	<u>1,035</u>	<u>(1,225)</u>	<u>(3,304)</u>	<u>48</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	3,304	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,304</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(9,620)	-	1,035	(1,225)	-	48
FUND BALANCES - JULY 1	<u>70,541</u>	<u>3,800</u>	<u>8,889</u>	<u>225</u>	<u>50,000</u>	<u>17,970</u>
FUND BALANCES - JUNE 30	<u>\$ 60,921</u>	<u>\$ 3,800</u>	<u>\$ 9,924</u>	<u>\$ (1,000)</u>	<u>\$ 50,000</u>	<u>\$ 18,018</u>

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Fire Prevention	Fire Dept Reserve	Police Dept Reserve	Computer Reserve	Library Reserve	Senior Appreciation
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Other income	3,117	-	-	-	-	300
TOTAL REVENUES	<u>3,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300</u>
EXPENDITURES						
Capital outlay	-	-	7,300	-	-	-
Other expenses	1,801	2,800	2,158	-	-	30
TOTAL EXPENDITURES	<u>1,801</u>	<u>2,800</u>	<u>9,458</u>	<u>-</u>	<u>-</u>	<u>30</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,316</u>	<u>(2,800)</u>	<u>(9,458)</u>	<u>-</u>	<u>-</u>	<u>270</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	2,800	9,458	-	12,194	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>2,800</u>	<u>9,458</u>	<u>-</u>	<u>12,194</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,316	-	-	-	12,194	270
FUND BALANCES - JULY 1	<u>1,099</u>	<u>50,000</u>	<u>50,000</u>	<u>17,609</u>	<u>4,426</u>	<u>2,135</u>
FUND BALANCES - JUNE 30	<u>\$ 2,415</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 17,609</u>	<u>\$ 16,620</u>	<u>\$ 2,405</u>

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Friends of the Library	Playground	Animal Control	Housing	Heating Donations	Chocolate Fest
REVENUES						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Other income	629	-	857	15,529	6,905	250
TOTAL REVENUES	<u>629</u>	<u>-</u>	<u>857</u>	<u>15,529</u>	<u>6,905</u>	<u>250</u>
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other expenses	3,451	-	4,598	12,631	5,016	250
TOTAL EXPENDITURES	<u>3,451</u>	<u>-</u>	<u>4,598</u>	<u>12,631</u>	<u>5,016</u>	<u>250</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,822)</u>	<u>-</u>	<u>(3,741)</u>	<u>2,898</u>	<u>1,889</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(2,822)	-	(3,741)	2,898	1,889	-
FUND BALANCES - JULY 1	<u>9,433</u>	<u>1,615</u>	<u>6,060</u>	<u>27,300</u>	<u>20,040</u>	<u>3,518</u>
FUND BALANCES - JUNE 30	<u>\$ 6,611</u>	<u>\$ 1,615</u>	<u>\$ 2,319</u>	<u>\$ 30,198</u>	<u>\$ 21,929</u>	<u>\$ 3,518</u>

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Infrastructure Account	TIF Sewer Line Rte. 201	Computer Software	Childrens Program Library	Community Events
REVENUES					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Other income	-	729	-	-	-
TOTAL REVENUES	<u>-</u>	<u>729</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Capital outlay	-	158,680	-	-	-
Other expenses	5,000	40,424	-	104	-
TOTAL EXPENDITURES	<u>5,000</u>	<u>199,104</u>	<u>-</u>	<u>104</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,000)</u>	<u>(198,375)</u>	<u>-</u>	<u>(104)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	19,182	115,209	-	-	-
Operating transfers (out)	(37,440)	(17,500)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(18,258)</u>	<u>97,709</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(23,258)	(100,666)	-	(104)	-
FUND BALANCES - JULY 1	<u>90,546</u>	<u>76,813</u>	<u>1,979</u>	<u>205</u>	<u>150</u>
FUND BALANCES - JUNE 30	<u>\$ 67,288</u>	<u>\$ (23,853)</u>	<u>\$ 1,979</u>	<u>\$ 101</u>	<u>\$ 150</u>

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Chinet TIF	Donations Account	Fairfield Festival	Natural Gas TIF	Totals
REVENUES					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Other income	-	1,927	4,609	-	39,613
TOTAL REVENUES	<u>-</u>	<u>1,927</u>	<u>4,609</u>	<u>-</u>	<u>39,613</u>
EXPENDITURES					
Capital outlay	-	-	-	-	264,263
Other expenses	25,723	1,125	4,273	14,552	226,380
TOTAL EXPENDITURES	<u>25,723</u>	<u>1,125</u>	<u>4,273</u>	<u>14,552</u>	<u>490,643</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(25,723)</u>	<u>802</u>	<u>336</u>	<u>(14,552)</u>	<u>(451,030)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	45,562	-	-	-	489,358
Operating transfers (out)	(37,440)	-	-	-	(92,380)
TOTAL OTHER FINANCING SOURCES (USES)	<u>8,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>396,978</u>
NET CHANGE IN FUND BALANCES	(17,601)	802	336	(14,552)	(54,052)
FUND BALANCES - JULY 1	<u>34,912</u>	<u>659</u>	<u>252</u>	<u>-</u>	<u>998,908</u>
FUND BALANCES - JUNE 30	<u>\$ 17,311</u>	<u>\$ 1,461</u>	<u>\$ 588</u>	<u>\$ (14,552)</u>	<u>\$ 944,856</u>

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

Permanent Funds

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

TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS
JUNE 30, 2014

	Library	Speak Charity Fund	Keyes Educational Fund	Alton George School Fund
ASSETS				
Cash and cash equivalents	\$ 4,755	\$ 1,271	\$ 1,675	\$ 771
Investments	88,202	23,571	31,079	14,298
Due from other funds	-	-	-	-
TOTAL ASSETS	<u>\$ 92,957</u>	<u>\$ 24,842</u>	<u>\$ 32,754</u>	<u>\$ 15,069</u>
LIABILITIES				
Due to other funds	\$ -	\$ 2,768	\$ 2,589	\$ 1,679
TOTAL LIABILITIES	<u>-</u>	<u>2,768</u>	<u>2,589</u>	<u>1,679</u>
FUND BALANCES				
Nonspendable-principal	-	5,000	4,326	1,737
Restricted	92,957	17,074	25,839	11,653
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>92,957</u>	<u>22,074</u>	<u>30,165</u>	<u>13,390</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 92,957</u>	<u>\$ 24,842</u>	<u>\$ 32,754</u>	<u>\$ 15,069</u>

TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS
JUNE 30, 2014

	Friend Cemetery Fund	Cemetery Perpetual Care	Fairfield Corner Cemetery	Irvin Covell Cemetery
ASSETS				
Cash and cash equivalents	\$ 2,107	\$ 19,038	\$ 222	\$ 41
Investments	39,078	353,168	4,112	769
Due from other funds	-	-	-	-
TOTAL ASSETS	<u>\$ 41,185</u>	<u>\$ 372,206</u>	<u>\$ 4,334</u>	<u>\$ 810</u>
LIABILITIES				
Due to other funds	\$ 5,648	\$ 128,251	\$ 482	\$ 90
TOTAL LIABILITIES	<u>5,648</u>	<u>128,251</u>	<u>482</u>	<u>90</u>
FUND BALANCES				
Nonspendable-principal	18,204	122,481	509	500
Restricted	17,333	121,474	3,343	220
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>35,537</u>	<u>243,955</u>	<u>3,852</u>	<u>720</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 41,185</u>	<u>\$ 372,206</u>	<u>\$ 4,334</u>	<u>\$ 810</u>

TOWN OF FAIRFIELD, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS
 JUNE 30, 2014

	Edmon Fish Cemetery	Dunbar Charity Fund	Keyes Athletic Fund	William Crawford Fund	Totals
ASSETS					
Cash and cash equivalents	\$ 332	\$ 1,933	\$ 661	\$ 49,659	\$ 82,465
Investments	6,169	35,852	12,264	921,181	1,529,743
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 6,501</u>	<u>\$ 37,785</u>	<u>\$ 12,925</u>	<u>\$ 970,840</u>	<u>\$ 1,612,208</u>
LIABILITIES					
Due to other funds	\$ 724	\$ 4,210	\$ 2,237	\$ -	148,678
TOTAL LIABILITIES	<u>724</u>	<u>4,210</u>	<u>2,237</u>	<u>-</u>	<u>148,678</u>
FUND BALANCES					
Nonspendable-principal	1,000	5,000	10,000	-	168,757
Restricted	4,777	28,575	688	970,840	1,294,773
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>5,777</u>	<u>33,575</u>	<u>10,688</u>	<u>970,840</u>	<u>1,463,530</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,501</u>	<u>\$ 37,785</u>	<u>\$ 12,925</u>	<u>\$ 970,840</u>	<u>\$ 1,612,208</u>

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

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Library	Speak Charity Fund	Keyes Educational Fund	Alton George School Fund
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 848	\$ 875	\$ 1,196	\$ 530
Other income	-	-	-	-
TOTAL REVENUES	<u>848</u>	<u>875</u>	<u>1,196</u>	<u>530</u>
EXPENDITURES				
Program expenses	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>848</u>	<u>875</u>	<u>1,196</u>	<u>530</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	848	875	1,196	530
FUND BALANCES - JULY 1	<u>92,109</u>	<u>21,199</u>	<u>28,969</u>	<u>12,860</u>
FUND BALANCES - JUNE 30	<u><u>\$ 92,957</u></u>	<u><u>\$ 22,074</u></u>	<u><u>\$ 30,165</u></u>	<u><u>\$ 13,390</u></u>

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Friend Cemetery Fund	Cemetery Perpetual Care	Fairfield Corner Cemetery	Irvin Covell Cemetery
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 1,409	\$ 9,672	\$ 153	\$ 29
Other income	-	-	-	-
TOTAL REVENUES	<u>1,409</u>	<u>9,672</u>	<u>153</u>	<u>29</u>
EXPENDITURES				
Program expenses	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,409</u>	<u>9,672</u>	<u>153</u>	<u>29</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,409	9,672	153	29
FUND BALANCES - JULY 1	<u>34,128</u>	<u>234,283</u>	<u>3,699</u>	<u>691</u>
FUND BALANCES - JUNE 30	<u>\$ 35,537</u>	<u>\$ 243,955</u>	<u>\$ 3,852</u>	<u>\$ 720</u>

TOWN OF FAIRFIELD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Edmon Fish Cemetery	Dunbar Charity Fund	Keyes Athletic Fund	William Crawford Fund	Totals
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ 229	\$ 1,330	\$ 707	\$ 33,555	\$ 50,533
Other income	-	-	-	-	-
TOTAL REVENUES	<u>229</u>	<u>1,330</u>	<u>707</u>	<u>33,555</u>	<u>50,533</u>
EXPENDITURES					
Program expenses	-	-	7,156	20,000	27,156
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>7,156</u>	<u>20,000</u>	<u>27,156</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>229</u>	<u>1,330</u>	<u>(6,449)</u>	<u>13,555</u>	<u>23,377</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	229	1,330	(6,449)	13,555	23,377
FUND BALANCES - JULY 1	<u>5,548</u>	<u>32,245</u>	<u>17,137</u>	<u>957,285</u>	<u>1,440,153</u>
FUND BALANCES - JUNE 30	<u>\$ 5,777</u>	<u>\$ 33,575</u>	<u>\$ 10,688</u>	<u>\$ 970,840</u>	<u>\$ 1,463,530</u>

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

General Capital Assets

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

TOWN OF FAIRFIELD, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2014

	Land and Non-depreciable Assets	Buildings Buildings Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
Administration	\$ 272,300	\$ 1,102,668	\$ 59,880	\$ -	\$ 1,434,848
Police	16,000	172,500	850,493	-	1,038,993
Fire	26,100	47,200	804,554	-	877,854
Communications center	-	5,000	-	-	5,000
Highway	88,900	841,257	940,820	1,410,205	3,281,182
Library	-	17,584	-	-	17,584
Sewer enterprise	382,798	-	-	3,361,640	3,744,438
Town Wide	348,356	8,458	67,794	-	424,608
Total General Capital Assets	1,134,454	2,194,667	2,723,541	4,771,845	10,824,507
Less: Accumulated Depreciation	-	(1,061,906)	(1,765,080)	(958,458)	(3,785,444)
Net General Capital Assets	\$ 1,134,454	\$ 1,132,761	\$ 958,461	\$ 3,813,387	\$ 7,039,063

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

TOWN OF FAIRFIELD, MAINE

SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2014

	General Capital Assets 7/1/13	Additions	Deletions	General Capital Assets 6/30/14
Administration	\$ 1,277,348	\$ 157,500	\$ -	\$ 1,434,848
Police department	1,122,643	30,000	(113,650)	1,038,993
Fire department	841,643	36,211	-	877,854
Communications center	5,000	-	-	5,000
Highway department	3,242,536	38,646	-	3,281,182
Library	17,584	-	-	17,584
Sewer enterprise	3,650,001	94,437	-	3,744,438
Town-wide	424,608	-	-	424,608
Total General Capital Assets	10,581,363	356,794	(113,650)	10,824,507
Less: Accumulated Depreciation	<u>(3,572,126)</u>	<u>(326,968)</u>	<u>113,650</u>	<u>(3,785,444)</u>
Net General Capital Assets	<u>\$ 7,009,237</u>	<u>\$ 29,826</u>	<u>\$ -</u>	<u>\$ 7,039,063</u>

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