

Federal Compliance Audit

Town of Farmington, Maine

December 31, 2013



*Proven Expertise and Integrity*



TOWN OF FARMINGTON, MAINE

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DECEMBER 31, 2013

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## INDEPENDENT AUDITORS' REPORT

Board of Selectmen  
Town of Farmington  
Farmington, 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 Farmington, Maine as of and for the year ended December 31, 2013, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting 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 assessing the accounting principles used and significant

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estimates made by management, as well as evaluating the overall financial statement presentation. 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 Farmington, Maine as of December 31, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity 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 on pages 4 through 10 and budgetary comparison information on page 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the 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 Town of Farmington, Maine's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the basic financial statements

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2014 on our consideration of Town of Farmington Maine internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Farmington Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
May 1, 2014



**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2013**

**(UNAUDITED)**

The following management's discussion and analysis of Town of Farmington, Maine's financial performance provides an overview of the Town's financial activities for the year ended December 31, 2013. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

The Town of Farmington'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 Farmington are:

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

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Farmington, 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 Farmington can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental 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 Farmington presents two 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 fund is the general fund. All other funds are 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 Farmington maintains one proprietary fund, the sewer fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

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

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

### **Required Supplementary Information**

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

### **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 net position for governmental funds is \$8,748,997 compared to \$8,589,188 in the prior year, an increase of \$159,809. For the business-type activities total net position are \$5,611,995 as compared to \$5,316,235 in the prior year, an increase of \$295,760.

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 – is \$2,724,512 at the end of this year for governmental activities and \$2,903,044 for the business-type activities.

**Table 1**  
**Town of Farmington, Maine**  
**Net Position**  
**December 31,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Assets:</b>				
Current and Other Assets	\$ 4,791,075	\$ 4,709,818	\$ 2,943,666	\$ 2,487,610
Capital Assets	5,515,943	5,568,175	3,402,362	3,595,584
Total Assets	<u>10,307,018</u>	<u>10,277,993</u>	<u>6,346,028</u>	<u>6,083,194</u>
<b>Liabilities:</b>				
Current Liabilities	455,960	529,282	35,767	33,138
Long-term Debt Outstanding	<u>1,016,584</u>	<u>1,157,673</u>	<u>698,266</u>	<u>733,821</u>
Total Liabilities	<u>1,472,544</u>	<u>1,686,955</u>	<u>734,033</u>	<u>766,959</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid Taxes	1,573	1,850	-	-
Deferred Revenue	<u>83,904</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>85,477</u>	<u>1,850</u>	<u>-</u>	<u>-</u>
<b>Net Position:</b>				
Invested in Capital Assets, Net of Related Debt	4,522,493	4,433,575	2,708,951	2,882,572
Restricted: Special Revenues	644,660	678,458	-	-
Permanent funds	857,332	791,718	-	-
Unrestricted	<u>2,724,512</u>	<u>2,685,437</u>	<u>2,903,044</u>	<u>2,433,663</u>
Total Net Position	<u>\$ 8,748,997</u>	<u>\$ 8,589,188</u>	<u>\$ 5,611,995</u>	<u>\$ 5,316,235</u>

**Table 2**  
**Town of Farmington, Maine**  
**Change in Net Position**  
**For the Years Ended December 31,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ -	\$ -	\$ 995,439	\$ 1,136,754
Capital grants and contributions	-	-	177,560	107,846
<i>General Revenues:</i>				
Taxes	8,094,061	7,570,720	-	-
Grants and contributions not restricted to specific programs	1,598,332	1,322,208	-	-
Miscellaneous	319,340	395,112	534	6,481
<b>Total Revenues</b>	<b>10,011,733</b>	<b>9,288,040</b>	<b>1,173,533</b>	<b>1,251,081</b>
<b>Expenses</b>				
General government	843,202	842,939	-	-
Public safety	1,904,080	2,161,934	-	-
Health and welfare	23,002	26,732	-	-
Recreation and culture	353,885	330,129	-	-
Education	3,774,886	3,560,450	-	-
Public works	1,348,198	1,413,309	-	-
County tax	467,089	464,777	-	-
Unclassified	956,704	609,055	877,773	1,147,807
Community services	159,659	154,363	-	-
Capital outlay	-	202,081	-	-
Interest on long-term debt	21,219	18,511	-	-
<b>Total Expenses</b>	<b>9,851,924</b>	<b>9,784,280</b>	<b>877,773</b>	<b>1,147,807</b>
<b>Change in Net Position</b>	<b>159,809</b>	<b>(496,240)</b>	<b>295,760</b>	<b>103,274</b>
<b>Net Position - January 1</b>	<b>8,589,188</b>	<b>9,085,428</b>	<b>5,316,235</b>	<b>5,212,961</b>
<b>Net Position - December 31</b>	<b><u>\$ 8,748,997</u></b>	<b><u>\$ 8,589,188</u></b>	<b><u>\$ 5,611,995</u></b>	<b><u>\$ 5,316,235</u></b>

### Revenues and Expenses

Revenues for the Town's governmental activities increased by 7.80%, while total expenses increased by 0.69%. The Town's revenues increased primarily due to rising tax revenues and grants and contributions not restricted to specific programs, partially offset by a decline in miscellaneous revenues. Expense increases were incurred across most categories, partially offset with decreases in public safety, health and welfare, public works and capital outlay.

For the proprietary funds, all revenues categories decreased, partially offset by an increase in capital grants and contributions. The overall decrease in expenses for the proprietary fund was \$270,034.

### 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 Farmington, Maine**  
**Fund Balances - Governmental Funds**  
**December 31,**

	2013	2012
Major Funds:		
General fund:		
Nonspendable	\$ 9,325	\$ 5,870
Unassigned	1,810,458	1,757,033
Total General Fund	\$ 1,819,783	\$ 1,762,903
Nonmajor Funds:		
Special revenue funds:		
Restricted	\$ 644,660	\$ 678,458
Assigned	347,604	395,761
Unassigned	(5,086)	(2,499)
Permanent funds:		
Restricted	857,332	791,718
Total Nonmajor Funds	\$ 1,844,510	\$ 1,863,438

The general fund total fund balance increased by \$56,880 from the prior year. The nonmajor funds decreased by \$18,928.

### Budgetary Highlights

There were no significant differences between the original and final budget for the general fund.

The general fund actual revenues were under budget by \$108,965. This was a result of most revenues being receipted under budget.

The general fund actual expenditures were under budget by \$180,845. All expenditure categories were under budget.

## Capital Asset and Debt Administration

### Capital Assets

As of December 31, 2013 the net book value of capital assets recorded by the Town decreased by \$245,454. This was a result of current year depreciation expense of \$613,597 less capital additions of \$368,143.

**Table 4**  
**Town of Farmington**  
**Capital Assets (Net of Depreciation)**  
**For the Year Ended December 31,**

	<u>2013</u>	<u>2012</u>
Land and improvements	\$ 720,513	\$ 724,381
Buildings and improvements	707,233	765,713
Machinery and equipment	749,730	764,588
Vehicles	1,582,306	1,684,314
Art works & historical treasures	15,000	15,000
Infrastructure	<u>5,143,523</u>	<u>5,209,763</u>
Total	<u>\$ 8,918,305</u>	<u>\$ 9,163,759</u>

### Debt

At December 31, 2013, the Town as a whole had \$1,686,861 in bonds outstanding versus \$1,847,612 last year. Other obligations include accrued vacation and sick time. Refer to Note 5 of Notes to Financial Statements for more detailed information.

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

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately two months, while also maintaining reserve accounts for future capital and program needs.

### Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director at 153 Farmington Falls Road, Farmington, Maine 04938.

## TOWN OF FARMINGTON, MAINE

STATEMENT OF NET POSITION  
DECEMBER 31, 2013

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,106,232	\$ -	\$ 5,106,232
Investments	842,028	387,193	1,229,221
Accounts receivable (net of allowance for doubtful accounts):			
Taxes	680,910	-	680,910
Liens	249,997	-	249,997
Notes	171,278	-	171,278
Other	14,304	273,474	287,778
Prepaid expenses	6,994	-	6,994
Tax acquired property	2,331	-	2,331
Internal balances	(2,282,999)	2,282,999	-
Total current assets	<u>4,791,075</u>	<u>2,943,666</u>	<u>7,734,741</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	651,000	37,500	688,500
Depreciable assets, net of accumulated depreciation	4,864,943	3,364,862	8,229,805
Total noncurrent assets	<u>5,515,943</u>	<u>3,402,362</u>	<u>8,918,305</u>
<b>TOTAL ASSETS</b>	<u>\$ 10,307,018</u>	<u>\$ 6,346,028</u>	<u>\$ 16,653,046</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 99,545	\$ 8,743	\$ 108,288
Payroll related liabilities	98,874	-	98,874
Accrued expenses	105,627	6,774	112,401
Due to other governments	10,764	-	10,764
Current portion of long-term obligations	141,150	20,250	161,400
Total current liabilities	<u>455,960</u>	<u>35,767</u>	<u>491,727</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	852,300	673,161	1,525,461
Accrued compensated absences	164,284	25,105	189,389
Total noncurrent liabilities	<u>1,016,584</u>	<u>698,266</u>	<u>1,714,850</u>
<b>TOTAL LIABILITIES</b>	<u>1,472,544</u>	<u>734,033</u>	<u>2,206,577</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	1,573	-	1,573
Deferred revenue	83,904	-	83,904
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>85,477</u>	<u>-</u>	<u>85,477</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	4,522,493	2,708,951	7,231,444
Restricted: Special revenues	644,660	-	644,660
Permanent funds	857,332	-	857,332
Unrestricted	2,724,512	2,903,044	5,627,556
<b>TOTAL NET POSITION</b>	<u>8,748,997</u>	<u>5,611,995</u>	<u>14,360,992</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 10,307,018</u>	<u>\$ 6,346,028</u>	<u>\$ 16,653,046</u>

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



## STATEMENT B

## TOWN OF FARMINGTON, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue & Changes in Net Position		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 843,202	\$ -	\$ -	\$ -	\$ (843,202)	\$ -	\$ (843,202)
Public safety	1,904,080	-	-	-	(1,904,080)	-	(1,904,080)
Health and welfare	23,002	-	-	-	(23,002)	-	(23,002)
Recreation and culture	353,885	-	-	-	(353,885)	-	(353,885)
Education	3,774,886	-	-	-	(3,774,886)	-	(3,774,886)
Public works	1,348,198	-	-	-	(1,348,198)	-	(1,348,198)
County tax	467,089	-	-	-	(467,089)	-	(467,089)
Community services	159,659	-	-	-	(159,659)	-	(159,659)
Unclassified	956,704	-	-	-	(956,704)	-	(956,704)
Interest on long-term debt	21,219	-	-	-	(21,219)	-	(21,219)
Total governmental activities	9,851,924	-	-	-	(9,851,924)	-	(9,851,924)
<b>Business-type activities:</b>							
Sewer department	877,773	995,439	-	177,560	-	295,226	295,226
Total business-type activities	877,773	995,439	-	177,560	-	295,226	295,226
Total government	\$ 10,729,697	\$ 995,439	\$ -	\$ 177,560	(9,851,924)	295,226	(9,556,698)

STATEMENT B (CONTINUED)  
TOWN OF FARMINGTON, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Governmental Activities	Business-Type Activities	Totals
Changes in net position:			
Net (expense) revenue	(9,851,924)	295,226	(9,556,698)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	7,275,981	-	7,275,981
Excise taxes	818,080	-	818,080
Intergovernmental	1,598,332	-	1,598,332
Miscellaneous	319,340	534	319,874
Total general revenues	10,011,733	534	10,012,267
Change in net position	159,809	295,760	455,569
NET POSITION - JANUARY 1	8,589,188	5,316,235	13,905,423
NET POSITION - DECEMBER 31	\$ 8,748,997	\$ 5,611,995	\$ 14,360,992

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

## STATEMENT C

## TOWN OF FARMINGTON, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2013

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,905,512	\$ 200,720	\$ 5,106,232
Investments	-	842,028	842,028
Accounts receivable (net of allowance for uncollectibles):			
Taxes	680,910	-	680,910
Liens	249,997	-	249,997
Notes	-	171,278	171,278
Other	14,304	-	14,304
Prepaid expenses	6,994	-	6,994
Tax acquired property	2,331	-	2,331
Due from other funds	47,574	678,058	725,632
<b>TOTAL ASSETS</b>	<b>\$ 5,907,622</b>	<b>\$ 1,892,084</b>	<b>\$ 7,799,706</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 99,545	\$ -	\$ 99,545
Payroll related payables	98,874	-	98,874
Accrued expenses	105,627	-	105,627
Due to other governments	10,764	-	10,764
Due to other funds	2,961,057	47,574	3,008,631
<b>TOTAL LIABILITIES</b>	<b>3,275,867</b>	<b>47,574</b>	<b>3,323,441</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	1,573	-	1,573
Deferred revenue	83,904	-	83,904
Deferred tax revenues	726,495	-	726,495
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>811,972</b>	<b>-</b>	<b>811,972</b>
<b>FUND BALANCES</b>			
Nonspendable	9,325	-	9,325
Restricted	-	1,501,992	1,501,992
Committed	-	-	-
Assigned	-	347,604	347,604
Unassigned	1,810,458	(5,086)	1,805,372
<b>TOTAL FUND BALANCES</b>	<b>1,819,783</b>	<b>1,844,510</b>	<b>3,664,293</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 5,907,622</b>	<b>\$ 1,892,084</b>	<b>\$ 7,799,706</b>

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

## TOWN OF FARMINGTON, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2013

	Total Governmental Funds
Total Fund Balances	\$ 3,664,293
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	5,515,943
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	726,495
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	(993,450)
Accrued compensated absences	(164,284)
Net position of governmental activities	\$ 8,748,997

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

## TOWN OF FARMINGTON, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES – GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	General Fund	Nonmajor Funds	Totals Governmental Funds
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 7,242,981	\$ -	\$ 7,242,981
Excise taxes	818,080	-	818,080
Intergovernmental	881,740	716,592	1,598,332
Miscellaneous revenues	150,208	169,132	319,340
<b>TOTAL REVENUES</b>	<b>9,093,009</b>	<b>885,724</b>	<b>9,978,733</b>
<b>EXPENDITURES</b>			
Current:			
General government	802,731	-	802,731
Public safety	1,775,652	-	1,775,652
Health and welfare	23,002	-	23,002
Recreation and culture	344,580	-	344,580
Education	3,774,886	-	3,774,886
Public works	1,332,819	-	1,332,819
County tax	467,089	-	467,089
Community services	159,659	-	159,659
Unclassified	85,536	871,168	956,704
Debt service:			
Principal	141,150	-	141,150
Interest	21,219	-	21,219
Capital outlay	-	141,290	141,290
<b>TOTAL EXPENDITURES</b>	<b>8,928,323</b>	<b>1,012,458</b>	<b>9,940,781</b>
<b>EXCESS REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	<b>164,686</b>	<b>(126,734)</b>	<b>37,952</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	17,490	125,296	142,786
Operating transfers (out)	(125,296)	(17,490)	(142,786)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(107,806)</b>	<b>107,806</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>56,880</b>	<b>(18,928)</b>	<b>37,952</b>
<b>FUND BALANCES - JANUARY 1</b>	<b>1,762,903</b>	<b>1,863,438</b>	<b>3,626,341</b>
<b>FUND BALANCES - DECEMBER 31</b>	<b>\$ 1,819,783</b>	<b>\$ 1,844,510</b>	<b>\$ 3,664,293</b>

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

## TOWN OF FARMINGTON, 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 DECEMBER 31, 2013

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 37,952</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	301,703
Depreciation expense	<u>(353,935)</u>
	<u>(52,232)</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>33,000</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>(61)</u>
Repayment of long-term debt principal as an expenditure in governmental funds, reduces long-term liabilities in the Statement of Net Position	<u>141,150</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 159,809</u></u>

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

## TOWN OF FARMINGTON, MAINE

BALANCE SHEET – PROPRIETARY FUNDS  
DECEMBER 31, 2013

	<u>Enterprise Fund</u> <u>Sewer</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ -
Investments	387,193
Accounts receivable (net of allowance for uncollectibles)	273,474
Due from other funds	<u>2,282,999</u>
Total current assets	<u>2,943,666</u>
Noncurrent assets:	
Land and buildings	9,711,099
Vehicles and equipment	1,803,356
Plant/Infrastructure	7,740,846
Less: accumulated depreciation	<u>(15,852,939)</u>
Total noncurrent assets	<u>3,402,362</u>
<b>TOTAL ASSETS</b>	<u>\$ 6,346,028</u>
<b>LIABILITIES AND NET POSITION</b>	
Current liabilities:	
Accrued payroll	\$ 8,743
Accrued interest	6,774
Current portion of long-term debt	<u>20,250</u>
Total current liabilities	<u>35,767</u>
Noncurrent liabilities:	
Bonds payable	673,161
Accrued compensated absences	<u>25,105</u>
Total noncurrent liabilities	<u>698,266</u>
<b>TOTAL LIABILITIES</b>	<u>734,033</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	2,708,951
Unrestricted	<u>2,903,044</u>
<b>TOTAL NET POSITION</b>	<u>5,611,995</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 6,346,028</u>

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

## TOWN OF FARMINGTON, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Enterprise Fund</u> <u>Sewer</u>
OPERATING REVENUES	
Charges for services	\$ 991,595
Other	3,844
TOTAL OPERATING REVENUES	<u>995,439</u>
OPERATING EXPENSES	
Payroll and taxes	290,231
Treatment plant	103,389
Professional services	106,666
Depreciation	259,662
Other	94,254
TOTAL OPERATING EXPENSES	<u>854,202</u>
OPERATING INCOME (LOSS)	<u>141,237</u>
NON-OPERATING INCOME (EXPENSE)	
Capital grants	177,560
Interest income	534
Interest (expense)	<u>(23,571)</u>
TOTAL NON-OPERATING INCOME (EXPENSE)	<u>154,523</u>
CHANGE IN NET POSITION	295,760
NET POSITION - JANUARY 1	<u>5,316,235</u>
NET POSITION - DECEMBER 31	<u>\$ 5,611,995</u>

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



## TOWN OF FARMINGTON, MAINE

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Enterprise Fund</u>
	<u>Sewer</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 1,090,994
Internal activity - receipts (payments) from/to other funds	(556,551)
Payments to employees	(290,231)
Payments to suppliers	(317,634)
Net cash provided (used) by operating activities	<u>(73,422)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	534
Invested cash	4,940
Net cash provided (used) by investing activities	<u>5,474</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Interest payments on bond payable	(23,571)
Capital asset purchases	(66,440)
Capital grant	177,560
Principal payments on bond payable	(19,601)
Net cash provided (used) by capital and related financing activities	<u>67,948</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-
<b>CASH AND CASH EQUIVALENTS - JANUARY 1</b>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS - DECEMBER 31</b>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ 141,237
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	259,662
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	34,666
(Increase) decrease in special assessments	60,889
(Decrease) increase in accrued payroll	1,329
(Decrease) increase in accrued interest	651
(Decrease) increase in accrued compensated absences	(15,305)
(Increase) decrease in due from other funds	(556,551)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (73,422)</u>

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Reporting Entity***

The Town of Farmington was incorporated under the laws of the State of Maine. The Town operates under the Board of Selectmen-Manager form of government and provides the following services: general government, public safety, health and welfare, recreation and culture, education, public works 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 funds are categorized as a business-type activity. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is 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 and business-type activities (general government, public safety, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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. Both fiduciary funds and component units that are fiduciary in nature have been excluded from these 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.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- c. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds

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

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

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

**Basis of Accounting**

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

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of Farmington'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 basic financial statements:

1. Late in the prior year, the Town prepared a budget for the year beginning January 1. The operating budget included proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town of Farmington was then called for the purpose of adopting the proposed budget after public notice of the meeting had been given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. No supplemental budgetary appropriations were necessary during the year.
5. The Town does not adopt a budget for special revenues.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 purposes of the statement of cash flows, 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, and credit unions.
- Repurchase agreements
- Money market mutual funds

It is the policy of the Town of Farmington, Maine to invest public funds in a manner that will provide preservation of capital and safety of principal, seek to maximize the return on the portfolio, but avoid assuming unreasonable investment risk, while conforming to all state and local statutes governing the investment of public funds.

**Inventories**

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

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Interfund Receivables and Payables**

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

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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 both Governmental and Proprietary Funds.

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts is estimated to be \$ 0 as of December 31, 2013.

**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
Infrastructure	38 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Long-term Obligations**

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

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

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

**Compensated Absences**

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of December 31, 2013, the Town's liability for compensated absences is \$189,389.

**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.



TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Fund Balances**

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

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

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

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

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

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.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 net position of each fund shall be zero or greater.

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

The Town's property tax for the current year was levied on September 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 November 1, 2013. Interest on unpaid taxes commenced on November 5, 2013, 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 \$39,866 for the year ended December 31, 2013.

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).

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

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

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Encumbrance Accounting**

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

**Use of Estimates**

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

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town'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 December 31, 2013, the Town's deposits amounting to \$5,106,232 were comprised of bank deposits and cash equivalents of \$4,905,372. Of these bank deposits and cash equivalents, \$4,905,372 was fully covered by federal depository insurance, with an irrevocable stand by letter of credit, or by the Securities Investor Protection Corporation (SIPC) or fully insured and consequently was not exposed to custodial credit risk.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 4,881,757
Cash equivalents	<u>23,615</u>
	<u>\$ 4,905,372</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. Currently, the Town does not have a policy for custodial credit risk for investments. The Town's investment in mutual funds and equity securities, for \$613,742, is not exposed to custodial credit risk because those securities are registered in the Town's name and are covered by the Securities Investor Protection Corporation (SIPC) or fully insured and consequently is not exposed to custodial credit risk. The remaining investment in certificates of deposit of \$615,479 were covered by an irrevocable letter of credit and therefore not exposed to custodial credit risk.

At December 31, 2013, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>&lt; 1 Year</u>	<u>1 - 5 Years</u>
Certificates of Deposit	\$ 615,479	\$ -	\$ 615,479	\$ -
Equities	159,706	159,706	-	-
Mutual funds	454,036	454,036	-	-
	<u>\$ 1,229,221</u>	<u>\$ 613,742</u>	<u>\$ 615,479</u>	<u>\$ -</u>

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. The Town does not have an investment policy on credit risk.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in capital assets at December 31, 2013:

	Balance, 1/1/13	Additions	Disposals	Balance, 12/31/13
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 636,000	\$ -	\$ -	\$ 636,000
Art works & historical treasures	15,000	-	-	15,000
	<u>651,000</u>	<u>-</u>	<u>-</u>	<u>651,000</u>
Depreciated assets:				
Buildings & improvements	3,040,394	-	-	3,040,394
Land improvements	204,398	-	-	204,398
Machinery & equipment	1,475,222	11,251	-	1,486,473
Vehicles	3,774,583	83,844	-	3,858,427
Infrastructure	9,339,961	206,608	-	9,546,569
	<u>17,834,558</u>	<u>301,703</u>	<u>-</u>	<u>18,136,261</u>
Less: accumulated depreciation				
Buildings & improvements	(2,293,120)	(57,510)	-	(2,350,630)
Land improvements	(153,517)	(3,868)	-	(157,385)
Machinery & equipment	(1,137,383)	(49,536)	-	(1,186,919)
Vehicles	(2,118,240)	(177,486)	-	(2,295,726)
Infrastructure	(7,215,123)	(65,535)	-	(7,280,658)
Total accumulated depreciation	<u>(12,917,383)</u>	<u>(353,935)</u>	<u>-</u>	<u>(13,271,318)</u>
Net depreciated assets	<u>4,917,175</u>	<u>(52,232)</u>	<u>-</u>	<u>4,864,943</u>
Net capital assets	<u>\$ 5,568,175</u>	<u>\$ (52,232)</u>	<u>\$ -</u>	<u>\$ 5,515,943</u>

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 3 - CAPITAL ASSETS (CONTINUED)

	Balance, 1/1/13	Additions	Disposals	Balance, 12/31/13
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 37,500	\$ -	\$ -	\$ 37,500
	<u>37,500</u>	<u>-</u>	<u>-</u>	<u>37,500</u>
Depreciated assets:				
Buildings & improvements	9,673,599	-	-	9,673,599
Machinery & equipment	1,654,348	66,440	-	1,720,788
Vehicles	82,568	-	-	82,568
Infrastructure	7,740,846	-	-	7,740,846
	<u>19,151,361</u>	<u>66,440</u>	<u>-</u>	<u>19,217,801</u>
Less: accumulated depreciation				
Buildings & improvements	(9,655,160)	(970)	-	(9,656,130)
Machinery & equipment	(1,227,599)	(43,013)	-	(1,270,612)
Vehicles	(54,597)	(8,366)	-	(62,963)
Infrastructure	(4,655,921)	(207,313)	-	(4,863,234)
Total accumulated depreciation	<u>(15,593,277)</u>	<u>(259,662)</u>	<u>-</u>	<u>(15,852,939)</u>
Total capital assets, net	<u>3,558,084</u>	<u>(193,222)</u>	<u>-</u>	<u>3,364,862</u>
Net capital assets	<u>\$ 3,595,584</u>	<u>\$ (193,222)</u>	<u>\$ -</u>	<u>\$ 3,402,362</u>
<u>Current year depreciation</u>				
General Government				\$ 40,410
Highway				175,792
Parks & Recreation				9,305
Public Safety				128,428
Sewer				259,662
Total depreciation expense				<u>\$ 613,597</u>

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2013 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
General fund	\$ 47,574	\$ 2,961,057
Special revenue fund	674,442	35,647
Permanent fund	3,616	11,927
Enterprise fund	2,282,999	-
	\$ 3,008,631	\$ 3,008,631

NOTE 5 – LONG-TERM DEBT

The following is a summary of changes in General Long-Term Debt for the year ended December 31, 2013:

Governmental Activities:

	Balance, 1/1/13	Additions	Deletions	Balance, 12/31/13	Current Year Portion
Bonds payable	\$ 1,134,600	\$ -	\$ (141,150)	\$ 993,450	\$ 141,150
Accrued compensated absences	164,223	61	-	164,284	-
Totals	\$ 1,298,823	\$ 61	\$ (141,150)	\$ 1,157,734	\$ 141,150

Business-Type Activities:

	Balance, 1/1/13	Additions	Deletions	Balance, 12/31/13	Current Year Portion
Bonds payable	\$ 713,012	\$ -	\$ (19,601)	\$ 693,411	\$ 20,250
Accrued compensated absences	40,410	-	(15,305)	25,105	-
Totals	\$ 753,422	\$ -	\$ (34,906)	\$ 718,516	\$ 20,250

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 5 – LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds payable:

	Governmental Activities	Business-Type Activities
General Obligation Bond of 2002, Interest rates 4.25% - 5.00%, annual principal payments of \$45,000, plus interest, Maturity in 2022.	\$ 405,000	\$ -
Fire Truck Bond of 2006, Interest rates 2.00%-5.35%, annual principal payments of \$46,150 plus interest, maturity in 2016.	138,450	-
General Obligation Bond of 2012, Interest rates 0.860%-2.680%, annual principal payments of \$50,000 plus interest, maturity in 2022.	450,000	-
General Obligation Bond of 2005, Interest rate 4.125%, annual payments of principal and interest of \$13,038, maturity in 2034.	-	178,252
General Obligation Bond of 2006, Interest rate of 4.25%, annual payments of principal and interest of \$12,371, maturity in 2035.	-	174,554
General Obligation Bond of 2009, Interest rate of 4.25%, annual payments of principal and interest of \$12,371, maturity in 2035.	-	129,054
General Obligation Bond of 2010, Interest rate of 2.250%, annual payments of principal and interest of \$6,201, maturity in 2039.	-	121,018
General Obligation Bond of 2010, Interest rate of 2.250%, annual payments of principal and interest of \$4,639, maturity in 2039.	-	90,533
<b>Total Long-Term Debt</b>	<b>\$ 993,450</b>	<b>\$ 693,411</b>



TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 5 – LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bond principal and interest requirements for the following years ending December 31:

Governmental Activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2014	\$ 141,150	\$ 24,895	\$ 166,045
2015	141,150	17,001	158,151
2016	141,150	8,188	149,338
2017	95,000	6,555	101,555
2018	95,000	7,730	102,730
2019-2023	<u>380,000</u>	<u>12,210</u>	<u>392,210</u>
	<u>\$ 993,450</u>	<u>\$ 76,579</u>	<u>\$ 1,070,029</u>

Business-Type Activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2014	\$ 20,250	\$ 19,273	\$ 39,523
2015	20,921	18,777	39,698
2016	21,617	18,261	39,878
2017	22,339	17,726	40,065
2018	23,084	17,168	40,252
2019-2023	127,587	76,064	203,651
2024-2028	150,721	59,022	209,743
2029-2033	178,384	37,545	215,929
2034-2038	118,046	16,166	134,212
2039-2043	<u>10,462</u>	<u>-</u>	<u>10,462</u>
	<u>\$ 693,411</u>	<u>\$ 280,002</u>	<u>\$ 973,413</u>

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 6 – NONSPENDABLE FUND BALANCES

At December 31, 2013, the Town had the following nonspendable fund balances:

General fund:	
Prepaid expenses	\$ 6,994
Tax acquired property	<u>2,331</u>
	<u>\$ 9,325</u>

NOTE 7 – RESTRICTED FUND BALANCES

At December 31, 2013, the Town had the following restricted fund balances:

Nonmajor special revenue funds (See Schedule D)	\$ 644,660
Nonmajor permanent funds (See Schedule F)	<u>857,332</u>
	<u>\$ 1,501,992</u>

NOTE 8 – ASSIGNED FUND BALANCES

At December 31, 2013, the Town had the following assigned fund balances:

Nonmajor special revenue funds (See Schedule D)	<u>\$ 347,604</u>
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NOTE 9 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. Specific insurance related to these categories includes general, law enforcement and public officials liability coverage, employment practices, and automobile insurance. The Town is liable for deductibles ranging up to \$50,000 for settlements exceeding the limits of coverage, which range from \$1,500 to \$28,427,705.

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 December 31, 2013. 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.

TOWN OF FARMINGTON, MAINE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 10 – DEFINED BENEFITS PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

A. Plan Description

Town employees contribute to the Participating Local Towns (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 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 department employees are part of the PLD's special plan "1C" and are required to contribute 6.5% 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 a blended rate of 11.2% of special plan "1C" members' covered payroll and 4.9% of the plan "AC" members' covered payroll annually to the system along with a predetermined initial unpooled 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.

As of December 31, 2013, the Town had no unfunded actuarial accrued liability.

The Town's contributions to the plan including employee contributions for 2013, 2012, and 2011 were \$148,710, \$127,446, and \$105,159 respectively.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 11 – DEFERRED COMPENSATION PENSION PLAN

INTERNATIONAL CITY MANAGERS ASSOCIATION RETIREMENT CORPORATION

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits the employee to defer a portion of salary until future years. There is no employer match by the Town. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

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.

NOTE 12 – EXPENDITURES OVER APPROPRIATIONS

The Town had no overspent appropriations as of December 31, 2013.

NOTE 13 – OVERLAPPING DEBT

The Town is responsible for its proportionate share of County debt and debt associated with its participating School District. As of December 31, 2013, the Town’s share was as follows:

	Outstanding Debt	Town’s Percentage	Total Share
County of Franklin	\$ -	0.00%	\$ -
MSAD #9	4,575,528	39.35%	1,800,470
			<u>\$ 1,800,470</u>

NOTE 14 – TAX INCREMENT FINANCING/DEVELOPMENT DISTRICTS

On July 14, 1998, the Town of Farmington was given approval for the creation of the Franklin Printing Tax Increment Financing/Development District encompassing a suitable land area for development in the Farmington area. As an integral part of the Town’s community development effort, the Development District was intended to create a climate supportive of business expansion and job creation while enhancing

TOWN OF FARMINGTON, MAINE  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2013

NOTE 14 – TAX INCREMENT FINANCING/DEVELOPMENT DISTRICTS  
 (CONTINUED)

development potential in the designated area. The expenditures from this development project will be recouped in future years via an incremental tax levied upon the District's captured assessed value over a fifteen year period. Development of the District was completed during 1998.

NOTE 15 – DEFICIT FUND BALANCES

At December 31, 2013, the following funds had a deficit fund balance:

Public safety bond	\$	4,718
Small community grant		368
		368
	\$	5,086

NOTE 16 - CONTINGENCIES

With regard to litigation, the Town is currently involved in a wrongful termination complaint and a wrongful death claim. Both claims have been reported to the Town's insurance carrier. In the opinion of Legal Counsel for the Town, the likely outcomes on both claims are unknown at this time. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

With regard to 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 – LETTER OF CREDIT

At December 31, 2013, the Town had an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits held at TD, Bank, N.A. This letter of credit, which expires at the close of business on January 22, 2014, authorizes one draw only up to the amount of \$2,500,000. There were no draws for the year ended December 31, 2013.

### 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 FARMINGTON, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, January 1	\$ 1,762,903	\$ 1,762,903	\$ 1,762,903	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	7,275,973	7,275,973	7,242,981	(32,992)
Excise taxes	775,284	775,284	818,080	42,796
Intergovernmental	893,663	893,663	881,740	(11,923)
Miscellaneous revenues	274,544	274,544	150,208	(124,336)
Transfers from other funds	-	-	17,490	17,490
Amounts Available for Appropriation	<u>10,982,367</u>	<u>10,982,367</u>	<u>10,873,402</u>	<u>(108,965)</u>
Charges to Appropriations (Outflows):				
General government	859,076	856,876	802,731	54,145
Public safety	1,873,919	1,837,946	1,775,652	62,294
Health and welfare	25,000	25,000	23,002	1,998
Recreation and culture	354,026	350,597	344,580	6,017
Education	3,774,886	3,774,886	3,774,886	-
Public works	1,397,079	1,349,128	1,332,819	16,309
County tax	470,448	470,448	467,089	3,359
Community services	160,112	160,112	159,659	453
Unclassified	104,866	119,866	85,536	34,330
Debt service:				
Principal	141,150	141,150	141,150	-
Interest	21,303	21,303	21,219	84
Transfers to other funds	37,599	127,152	125,296	1,856
Total Charges to Appropriations	<u>9,219,464</u>	<u>9,234,464</u>	<u>9,053,619</u>	<u>180,845</u>
Budgetary Fund Balance, December 31	<u>\$ 1,762,903</u>	<u>\$ 1,747,903</u>	<u>\$ 1,819,783</u>	<u>\$ 71,880</u>
Utilization of unassigned fund balance	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 15,000</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 Revenues
- Combining Schedule of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Special Revenues
- Combining Balance Sheet – Nonmajor Capital Projects Funds
- Combining Schedule of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds
- Combining Balance Sheet – Nonmajor Permanent Funds
- Combining Schedule of Revenue, 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



SCHEDULE A

TOWN OF FARMINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
<b>General government:</b>					
Administration	\$ 239,131	- \$	239,131	\$ 233,816	\$ 5,315
Assessor	129,808	-	129,808	109,170	20,638
Clerk Treasurer	243,491	(1,400)	242,091	227,563	14,528
Municipal building	85,475	-	85,475	76,700	8,775
CEO	154,371	-	154,371	152,056	2,315
Committees	6,800	(800)	6,000	3,426	2,574
	859,076	(2,200)	856,876	802,731	54,145
<b>Public safety:</b>					
Police department	1,174,128	(14,000)	1,160,128	1,121,226	38,902
Fire department	317,342	(21,973)	295,369	271,145	24,224
Hydrants	256,415	-	256,415	256,147	268
Street lights	72,000	-	72,000	71,817	183
Traffic lights	5,000	-	5,000	6,283	(1,283)
Ambulance	49,034	-	49,034	49,034	-
	1,873,919	(35,973)	1,837,946	1,775,652	62,294
<b>Health and welfare:</b>					
General assistance	25,000	-	25,000	23,002	1,998
	25,000	-	25,000	23,002	1,998
<b>Recreation and culture:</b>					
Parks and recreation	165,065	(3,179)	161,886	161,300	586
Community center	110,632	(250)	110,382	105,776	4,606
Cemeteries	78,329	-	78,329	77,504	825
	354,026	(3,429)	350,597	344,580	6,017

SCHEDULE A (CONTINUED)

TOWN OF FARMINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Education	3,774,886	-	3,774,886	3,774,886	-
Public works:					
Highway department	1,005,066	(18,000)	987,066	983,794	3,272
Recycling department	86,013	(4,000)	82,013	68,976	13,037
Sandy river recycling	-	-	-	-	-
Local roads	306,000	(25,951)	280,049	280,049	-
	1,397,079	(47,951)	1,349,128	1,332,819	16,309
County tax	470,448	-	470,448	467,089	3,359
Debt service:					
Principal	141,150	-	141,150	141,150	-
Interest	21,303	-	21,303	21,219	84
	162,453	-	162,453	162,369	84
Community services:					
Animal shelter	13,774	-	13,774	13,324	450
Public library	135,938	-	135,938	135,935	3
Safe voices	5,000	-	5,000	5,000	-
Red cross	2,000	-	2,000	2,000	-
Snow clubs	1,000	-	1,000	1,000	-
Shiretown	1,500	-	1,500	1,500	-
Gay cemetery	900	-	900	900	-
	160,112	-	160,112	159,659	453

SCHEDULE A (CONTINUED)

TOWN OF FARMINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Unclassified:					
Insurances	65,000	-	65,000	73,728	(8,728)
Sewer line repair	-	15,000	15,000	11,808	3,192
Overlay	39,866	-	39,866	-	39,866
	<u>104,866</u>	<u>15,000</u>	<u>119,866</u>	<u>85,536</u>	<u>34,330</u>
Transfers to other funds:					
Reserve funds	11,799	89,553	101,352	102,796	(1,444)
TIF	3,300	-	3,300	-	3,300
Legal reserve	15,000	-	15,000	15,000	-
ADA	2,500	-	2,500	2,500	-
Public works	5,000	-	5,000	5,000	-
	<u>37,599</u>	<u>89,553</u>	<u>127,152</u>	<u>125,296</u>	<u>1,856</u>
Total Expenditures	\$ 9,219,464	\$ 15,000	\$ 9,234,464	\$ 9,053,619	\$ 180,845

## TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2013

	Special Revenues	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 177,105	\$ 23,615	\$ 200,720
Investments	-	842,028	842,028
Notes receivable	171,278	-	171,278
Due from other funds	674,442	3,616	678,058
<b>TOTAL ASSETS</b>	<b>\$ 1,022,825</b>	<b>\$ 869,259</b>	<b>\$ 1,892,084</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	35,647	11,927	47,574
<b>TOTAL LIABILITIES</b>	<b>35,647</b>	<b>11,927</b>	<b>47,574</b>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	644,660	857,332	1,501,992
Committed	-	-	-
Assigned	347,604	-	347,604
Unassigned	(5,086)	-	(5,086)
<b>TOTAL FUND BALANCES</b>	<b>987,178</b>	<b>857,332</b>	<b>1,844,510</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,022,825</b>	<b>\$ 869,259</b>	<b>\$ 1,892,084</b>

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

## TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Special Revenues	Permanent Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Investment income, net of unrealized gains/ (losses)	\$ 6,448	\$ 80,728	\$ 87,176
Interest income	-	12,649	12,649
Intergovernmental	716,592	-	716,592
Other income	66,707	2,600	69,307
<b>TOTAL REVENUES</b>	<u>789,747</u>	<u>95,977</u>	<u>885,724</u>
<b>EXPENDITURES</b>			
Capital outlay	141,290	-	141,290
Other	855,805	15,363	871,168
<b>TOTAL EXPENDITURES</b>	<u>997,095</u>	<u>15,363</u>	<u>1,012,458</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(207,348)</u>	<u>80,614</u>	<u>(126,734)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	125,296	-	125,296
Operating transfers (out)	(2,490)	(15,000)	(17,490)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>122,806</u>	<u>(15,000)</u>	<u>107,806</u>
<b>NET CHANGE IN FUND BALANCES</b>	(84,542)	65,614	(18,928)
<b>FUND BALANCES, JANUARY 1</b>	<u>1,071,720</u>	<u>791,718</u>	<u>1,863,438</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 987,178</u>	<u>\$ 857,332</u>	<u>\$ 1,844,510</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 FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2013

	Revolving Loan Fund	TIF Reserve	Cable Franchise	Revaluation	Local Road Assistance
<b>ASSETS</b>					
Cash and cash equivalents	\$ 177,105	\$ -	\$ -	\$ -	\$ -
Notes receivable	171,278	-	-	-	-
Due from other funds	-	164,207	8,937	54,117	92,131
<b>TOTAL ASSETS</b>	<b>\$ 348,383</b>	<b>\$ 164,207</b>	<b>\$ 8,937</b>	<b>\$ 54,117</b>	<b>\$ 92,131</b>
<b>LIABILITIES</b>					
Due to other funds	\$ 30,561	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>30,561</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	317,822	164,207	-	54,117	92,131
Committed	-	-	-	-	-
Assigned	-	-	8,937	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>317,822</b>	<b>164,207</b>	<b>8,937</b>	<b>54,117</b>	<b>92,131</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 348,383</b>	<b>\$ 164,207</b>	<b>\$ 8,937</b>	<b>\$ 54,117</b>	<b>\$ 92,131</b>

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2013

	Highway Equipment	Public Works	Computer Treasurer	Police Education	Drug Education	Fire Equipment
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	-	-	-	-	-	-
Due from other funds	16,831	45,161	4,291	32,749		27,608
<b>TOTAL ASSETS</b>	<b>\$ 16,831</b>	<b>\$ 45,161</b>	<b>\$ 4,291</b>	<b>\$ 32,749</b>	<b>\$ 32,749</b>	<b>\$ 27,608</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	16,831	45,161	4,291	32,749		27,608
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>16,831</b>	<b>45,161</b>	<b>4,291</b>	<b>32,749</b>	<b>32,749</b>	<b>27,608</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 16,831</b>	<b>\$ 45,161</b>	<b>\$ 4,291</b>	<b>\$ 32,749</b>	<b>\$ 32,749</b>	<b>\$ 27,608</b>



SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2013

	Hippach Field Projects	Sidewalk	Legal Reserve	Cops Grant	FAME Loan
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	-	-	-	-	-
Due from other funds	2,571	43,915	2,080	12,166	260
<b>TOTAL ASSETS</b>	<b>\$ 2,571</b>	<b>\$ 43,915</b>	<b>\$ 2,080</b>	<b>\$ 12,166</b>	<b>\$ 260</b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	12,166	260
Committed	-	-	-	-	-
Assigned	2,571	43,915	2,080	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>2,571</b>	<b>43,915</b>	<b>2,080</b>	<b>12,166</b>	<b>260</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,571</b>	<b>\$ 43,915</b>	<b>\$ 2,080</b>	<b>\$ 12,166</b>	<b>\$ 260</b>

TOWN OF FARMINGTON, MAINE

SCHEDULE D (CONTINUED)

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2013

	Police		Cable		Regional		Municipal		Walton
	Equipment	Equipment	Equipment	Assessment	Radio	Assessment	Building	Building	Mill Pond
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	-	-	-	-	-	-	-	-	-
Due from other funds	18,848	18,696	4,632				2,363		2,609
<b>TOTAL ASSETS</b>	<u>\$ 18,848</u>	<u>\$ 18,696</u>	<u>\$ 4,632</u>	<u>\$ 2,363</u>	<u>\$ 2,363</u>	<u>\$ 2,609</u>			
<b>LIABILITIES</b>									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCES</b>									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-
Assigned	18,848	18,696	4,632				2,363		2,609
Unassigned	-	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>18,848</u>	<u>18,696</u>	<u>4,632</u>	<u>2,363</u>	<u>2,363</u>	<u>2,609</u>			
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 18,848</u>	<u>\$ 18,696</u>	<u>\$ 4,632</u>	<u>\$ 2,363</u>	<u>\$ 2,363</u>	<u>\$ 2,609</u>			

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2013

	Landfill	Rail Trail Bridge	Hippach Field Light	Tree	Conservation Commission
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	-	-	-	-	-
Due from other funds	17,927	5,013	890	1,871	5,618
<b>TOTAL ASSETS</b>	<b>\$ 17,927</b>	<b>\$ 5,013</b>	<b>\$ 890</b>	<b>\$ 1,871</b>	<b>\$ 5,618</b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	17,927	5,013	890	1,871	5,618
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>17,927</b>	<b>5,013</b>	<b>890</b>	<b>1,871</b>	<b>5,618</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 17,927</b>	<b>\$ 5,013</b>	<b>\$ 890</b>	<b>\$ 1,871</b>	<b>\$ 5,618</b>

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2013

	EPA Grant	Computer	FFSWD		Community Resolution	Police Building Reserve		A.D.A.
			River Crossing			Building Reserve		
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	-	-	-	-	-	-	-	-
Due from other funds	-	4,443	906	977	4,000	6,350		
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 4,443</b>	<b>\$ 906</b>	<b>\$ 977</b>	<b>\$ 4,000</b>	<b>\$ 6,350</b>		
<b>LIABILITIES</b>								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	4,443	906	977	4,000	6,350		
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 4,443</b>	<b>\$ 906</b>	<b>\$ 977</b>	<b>\$ 4,000</b>	<b>\$ 6,350</b>		
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 4,443</b>	<b>\$ 906</b>	<b>\$ 977</b>	<b>\$ 4,000</b>	<b>\$ 6,350</b>		

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2013

	Walton Dam Project	Transportation Advisory	Community Center	Bowen Ice Skate Propane	CDBG Grant Brookside	Ice Skating
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	-	-	-	-	-	-
Due from other funds	5,189	288	6,954	139	-	129
<b>TOTAL ASSETS</b>	<b>\$ 5,189</b>	<b>\$ 288</b>	<b>\$ 6,954</b>	<b>\$ 139</b>	<b>\$ -</b>	<b>\$ 129</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	5,189	288	6,954	139	-	129
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>5,189</b>	<b>288</b>	<b>6,954</b>	<b>139</b>	<b>-</b>	<b>129</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,189</b>	<b>\$ 288</b>	<b>\$ 6,954</b>	<b>\$ 139</b>	<b>\$ -</b>	<b>\$ 129</b>

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2013

	Other Donations	Wellness Works Grant	Small Community Grant	CEO Equipment	FEMA	Voting Machine
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	-	-	-	-	-	-
Due from other funds	129	-	-	891	-	12,434
<b>TOTAL ASSETS</b>	<b>\$ 129</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 891</b>	<b>\$ -</b>	<b>\$ 12,434</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ 368	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>368</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	129	-	-	891	-	12,434
Unassigned	-	-	(368)	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>129</b>	<b>-</b>	<b>(368)</b>	<b>891</b>	<b>-</b>	<b>12,434</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 129</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 891</b>	<b>\$ -</b>	<b>\$ 12,434</b>

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2013

	MDEA	CDBG	Firefighters Grant	Meeting House Park	Snowmobile Grant	North Church
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	-	-	-	-	-	-
Due from other funds	-	6	1,458	-	-	2
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 6</b>	<b>\$ 1,458</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	6	1,458	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	2
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>6</b>	<b>1,458</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 6</b>	<b>\$ 1,458</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2</b>

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2013

	Church Street	Animal Control	Downtown Project	Playground	Heating Oil Fund	Police Training
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	-	-	-	-	-	-
Due from other funds	182	2,392	-	3,425	135	23,992
<b>TOTAL ASSETS</b>	<b>\$ 182</b>	<b>\$ 2,392</b>	<b>\$ -</b>	<b>\$ 3,425</b>	<b>\$ 135</b>	<b>\$ 23,992</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	182	2,392	-	3,425	135	23,992
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>182</b>	<b>2,392</b>	<b>-</b>	<b>3,425</b>	<b>135</b>	<b>23,992</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 182</b>	<b>\$ 2,392</b>	<b>\$ -</b>	<b>\$ 3,425</b>	<b>\$ 135</b>	<b>\$ 23,992</b>



SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2013

	Byrne Grant	Byrne Grant II	Police Vehicle	AVCOG	Public Safety Bond	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177,105
Notes receivable	-	-	-	-	-	171,278
Due from other funds	1,525	968	12,037	-	-	674,442
<b>TOTAL ASSETS</b>	<b>\$ 1,525</b>	<b>\$ 968</b>	<b>\$ 12,037</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,022,825</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 4,718	\$ 35,647
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,718</b>	<b>35,647</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	1,525	968	-	-	-	644,660
Committed	-	-	-	-	-	-
Assigned	-	-	12,037	-	-	347,604
Unassigned	-	-	-	-	(4,718)	(5,086)
<b>TOTAL FUND BALANCES</b>	<b>1,525</b>	<b>-</b>	<b>12,037</b>	<b>-</b>	<b>(4,718)</b>	<b>987,178</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,525</b>	<b>\$ -</b>	<b>\$ 12,037</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,022,825</b>

SCHEDULE E

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Revolving Loan Fund	TIF Reserve	Cable Franchise	Revaluation	Local Road Assistance
<b>REVENUES</b>					
Investment income, net of unrealized gains/(losses)	\$ 6,448	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Other income	-	-	52,121	-	-
<b>TOTAL REVENUES</b>	<u>6,448</u>	<u>-</u>	<u>52,121</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>					
Capital outlay	-	-	-	-	-
Other	-	29,421	52,901	24,500	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>29,421</u>	<u>52,901</u>	<u>24,500</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>6,448</u>	<u>(29,421)</u>	<u>(780)</u>	<u>(24,500)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	13,243	-	-	25,951
Operating transfers (out)	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>13,243</u>	<u>-</u>	<u>-</u>	<u>25,951</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>6,448</u>	<u>(16,178)</u>	<u>(780)</u>	<u>(24,500)</u>	<u>25,951</u>
<b>FUND BALANCES, JANUARY 1</b>	<u>311,374</u>	<u>180,385</u>	<u>9,717</u>	<u>78,617</u>	<u>66,180</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 317,822</u>	<u>\$ 164,207</u>	<u>\$ 8,937</u>	<u>\$ 54,117</u>	<u>\$ 92,131</u>

SCHEDULE E (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Highway Equipment	Public Works	Computer Treasurer	Police Education	Drug Education	Fire Equipment
<b>REVENUES</b>						
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Other income	-	-	-	1,500	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>						
Capital outlay	60,761	-	-	-	-	51,164
Other	-	-	938	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>60,761</b>	<b>-</b>	<b>938</b>	<b>-</b>	<b>-</b>	<b>51,164</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(60,761)</b>	<b>-</b>	<b>(938)</b>	<b>1,500</b>	<b>-</b>	<b>(51,164)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	-	5,000	-	-	-	21,973
Operating transfers (out)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,973</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(60,761)</b>	<b>5,000</b>	<b>(938)</b>	<b>1,500</b>	<b>-</b>	<b>(29,191)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>77,592</b>	<b>40,161</b>	<b>5,229</b>	<b>31,249</b>	<b>-</b>	<b>56,799</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 16,831</b>	<b>\$ 45,161</b>	<b>\$ 4,291</b>	<b>\$ 32,749</b>	<b>\$ -</b>	<b>\$ 27,608</b>

TOWN OF FARMINGTON, MAINE

SCHEDULE E (CONTINUED)

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Hippach Field Projects	Sidewalk	Legal Reserve	Cops Grant	FAME Loan
<b>REVENUES</b>					
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Other income	-	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	-	-	-
<b>EXPENDITURES</b>					
Capital outlay	-	-	-	-	-
Other	3,179	2,385	21,321	-	-
<b>TOTAL EXPENDITURES</b>	3,179	2,385	21,321	-	-
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(3,179)	(2,385)	(21,321)	-	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	3,179	18,000	15,000	-	-
Operating transfers (out)	(650)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	2,529	18,000	15,000	-	-
<b>NET CHANGE IN FUND BALANCES</b>	(650)	15,615	(6,321)	-	-
<b>FUND BALANCES, JANUARY 1</b>	3,221	28,300	8,401	12,166	260
<b>FUND BALANCES, DECEMBER 31</b>	\$ 2,571	\$ 43,915	\$ 2,080	\$ 12,166	\$ 260

SCHEDULE E (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Police Equipment	Cable Equipment	Regional Radio Assessment	Municipal Building	Walton Mill Pond
<b>REVENUES</b>					
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Other income	-	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	-	-	-
<b>EXPENDITURES</b>					
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	-	-	-	-	-
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	6,000	-	-	-	-
Operating transfers (out)	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	6,000	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	6,000	-	-	-	-
<b>FUND BALANCES, JANUARY 1</b>	12,848	18,696	4,632	2,363	2,609
<b>FUND BALANCES, DECEMBER 31</b>	\$ 18,848	\$ 18,696	\$ 4,632	\$ 2,363	\$ 2,609

SCHEDULE E (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Landfill	Rail Trail Bridge	Hippach Field Light	Tree	Conservation Commission
<b>REVENUES</b>					
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Other income	-	-	-	-	675
<b>TOTAL REVENUES</b>	-	-	-	-	675
<b>EXPENDITURES</b>					
Capital outlay	-	-	-	-	-
Other	-	-	300	-	278
<b>TOTAL EXPENDITURES</b>	-	-	300	-	278
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(300)	-	397
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	4,000	-	-	-	800
Operating transfers (out)	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	4,000	-	-	-	800
<b>NET CHANGE IN FUND BALANCES</b>	4,000	-	(300)	-	1,197
<b>FUND BALANCES, JANUARY 1</b>	13,927	5,013	1,190	1,871	4,421
<b>FUND BALANCES, DECEMBER 31</b>	\$ 17,927	\$ 5,013	\$ 890	\$ 1,871	\$ 5,618

SCHEDULE E (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	EPA Grant	Computer	FFSWD River Crossing	Community Resolution	Police Building Reserve	A.D.A.
<b>REVENUES</b>						
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Other income	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	-	-	-	-
<b>EXPENDITURES</b>						
Capital outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	-	-	-	-	-	-
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	-	1,400	-	-	4,000	2,500
Operating transfers (out)	(1,840)	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(1,840)	1,400	-	-	4,000	2,500
<b>NET CHANGE IN FUND BALANCES</b>	(1,840)	1,400	-	-	4,000	2,500
<b>FUND BALANCES, JANUARY 1</b>	1,840	3,043	906	977	-	3,850
<b>FUND BALANCES, DECEMBER 31</b>	\$ -	\$ 4,443	\$ 906	\$ 977	\$ 4,000	\$ 6,350

TOWN OF FARMINGTON, MAINE

SCHEDULE E (CONTINUED)

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Walton Dam Project	Transportation Advisory	Community Center	Bowen Ice Skate Propane	CDBG Grant Brookside	Ice Skating
<b>REVENUES</b>						
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	334,526	-
Other income	500	-	10,000	-	-	-
<b>TOTAL REVENUES</b>	<b>500</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>334,526</b>	<b>-</b>
<b>EXPENDITURES</b>						
Capital outlay	-	-	-	-	-	-
Other	-	-	7,089	-	334,526	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>7,089</b>	<b>-</b>	<b>334,526</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>500</b>	<b>-</b>	<b>2,911</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	-	-	250	-	-	-
Operating transfers (out)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>500</b>	<b>-</b>	<b>3,161</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>4,689</b>	<b>288</b>	<b>3,793</b>	<b>139</b>	<b>-</b>	<b>129</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 5,189</b>	<b>\$ 288</b>	<b>\$ 6,954</b>	<b>\$ 139</b>	<b>\$ -</b>	<b>\$ 129</b>



SCHEDULE E (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Small				FEMA	Voting Machine
	Other Donations	Wellness Works Grant	Community Grant	CEO Equipment		
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	923	6,235	-	297,416	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	923	6,235	-	297,416	-
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	-	845	6,175	-	297,416	-
TOTAL EXPENDITURES	-	845	6,175	-	297,416	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	78	60	-	-	-
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	78	60	-	-	-
FUND BALANCES, JANUARY 1	129	(78)	(428)	891	-	12,434
FUND BALANCES, DECEMBER 31	\$ 129	\$ -	\$ (368)	\$ 891	\$ -	\$ 12,434

SCHEDULE E (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	MDEA	CDBG	Firefighters Grant	Meeting House Park	Snowmobile Grant	North Church
<b>REVENUES</b>						
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	35,166	-	-	479	11,000	-
Other income	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>35,166</b>	<b>-</b>	<b>-</b>	<b>479</b>	<b>11,000</b>	<b>-</b>
<b>EXPENDITURES</b>						
Capital outlay	-	-	-	-	-	-
Other	35,166	-	-	-	11,000	-
<b>TOTAL EXPENDITURES</b>	<b>35,166</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,000</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>479</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>479</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>-</b>	<b>6</b>	<b>1,458</b>	<b>(479)</b>	<b>-</b>	<b>2</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ -</b>	<b>\$ 6</b>	<b>\$ 1,458</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2</b>

SCHEDULE E (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Church Street	Animal Control	Downtown Project	Playground	Heating Oil Fund	Police Training
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	1,504	-	-	-
Other income	-	1,911	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>1,911</b>	<b>1,504</b>	<b>-</b>	<b>-</b>	<b>-</b>
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	1,911	1,504	-	-	-
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
NET CHANGE IN FUND BALANCES	-	1,911	1,504	-	-	-
FUND BALANCES, JANUARY 1	182	481	(1,504)	3,425	135	23,992
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 182</b>	<b>\$ 2,392</b>	<b>\$ -</b>	<b>\$ 3,425</b>	<b>\$ 135</b>	<b>\$ 23,992</b>

SCHEDULE E (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR YEAR ENDED DECEMBER 31, 2013

	Byrne Grant	Byrne Grant II	Police Vehicle	AVCOG	Public Safety Bond	Totals
<b>REVENUES</b>						
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,448
Intergovernmental	-	12,864	-	16,479	-	716,592
Other income	-	-	-	-	-	66,707
<b>TOTAL REVENUES</b>	<b>-</b>	<b>12,864</b>	<b>-</b>	<b>16,479</b>	<b>-</b>	<b>789,747</b>
<b>EXPENDITURES</b>						
Capital outlay	-	-	-	-	29,365	141,290
Other	-	11,886	-	16,479	-	855,805
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>11,886</b>	<b>-</b>	<b>16,479</b>	<b>29,365</b>	<b>997,095</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>978</b>	<b>-</b>	<b>-</b>	<b>(29,365)</b>	<b>(207,348)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	-	-	4,000	-	-	125,296
Operating transfers (out)	-	-	-	-	-	(2,490)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>4,000</b>	<b>-</b>	<b>-</b>	<b>122,806</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>978</b>	<b>4,000</b>	<b>-</b>	<b>(29,365)</b>	<b>(84,542)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>1,525</b>	<b>(10)</b>	<b>8,037</b>	<b>-</b>	<b>24,647</b>	<b>1,071,720</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 1,525</b>	<b>\$ 968</b>	<b>\$ 12,037</b>	<b>\$ -</b>	<b>\$ (4,718)</b>	<b>\$ 987,178</b>

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 Farmington, 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 Unit or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of cemeteries and scholarships.

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
DECEMBER 31, 2013

	Hippach				
	Field	LA Smith	Cemetery	Weymouth	Webster
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,471	\$ -	\$ -	\$ -	\$ -
Investments	159,706	16,984	13,066	9,209	1,508
Due from other funds	3,540	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 169,717</b>	<b>\$ 16,984</b>	<b>\$ 13,066</b>	<b>\$ 9,209</b>	<b>\$ 1,508</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	66	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>66</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	169,717	16,984	13,000	9,209	1,508
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>169,717</b>	<b>16,984</b>	<b>13,000</b>	<b>9,209</b>	<b>1,508</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 169,717</b>	<b>\$ 16,984</b>	<b>\$ 13,066</b>	<b>\$ 9,209</b>	<b>\$ 1,508</b>

SCHEDULE F (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
DECEMBER 31, 2013

	Smith					Ctr. Mtg
	Cemetery	Riverside	Butterfield	Blake	House	
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	2,825	12,696	1,694	12,897	10,165	
Due from other funds	-	-	76	-	-	
<b>TOTAL ASSETS</b>	<b>\$ 2,825</b>	<b>\$ 12,696</b>	<b>\$ 1,770</b>	<b>\$ 12,897</b>	<b>\$ 10,165</b>	
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	139	-	-	76	-	
<b>TOTAL LIABILITIES</b>	<b>139</b>	<b>-</b>	<b>-</b>	<b>76</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	2,686	12,696	1,770	12,821	10,165	
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>2,686</b>	<b>12,696</b>	<b>1,770</b>	<b>12,821</b>	<b>10,165</b>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,825</b>	<b>\$ 12,696</b>	<b>\$ 1,770</b>	<b>\$ 12,897</b>	<b>\$ 10,165</b>	

SCHEDULE F (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
DECEMBER 31, 2013

	Ministerial	Alice Knowlton	Perkins	Albert Knowles	Nadine DeWolfe	Farmington Cemetery
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,144
Investments	11,984	21,030	1,126	2,856	48,553	476,652
Due from other funds	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 11,984</b>	<b>\$ 21,030</b>	<b>\$ 1,126</b>	<b>\$ 2,856</b>	<b>\$ 48,553</b>	<b>\$ 493,796</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	4,440
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,440</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	11,984	21,030	1,126	2,856	48,553	489,356
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>11,984</b>	<b>21,030</b>	<b>1,126</b>	<b>2,856</b>	<b>48,553</b>	<b>489,356</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 11,984</b>	<b>\$ 21,030</b>	<b>\$ 1,126</b>	<b>\$ 2,856</b>	<b>\$ 48,553</b>	<b>\$ 493,796</b>



SCHEDULE F (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
DECEMBER 31, 2013

	Sumner P. Mills	Hippach Field	Howard	Other	Perpetual Flowers	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,615
Investments	30,583	4,118	2,964	208	1,204	842,028
Due from other funds	-	-	-	-	-	3,616
<b>TOTAL ASSETS</b>	<b>\$ 30,583</b>	<b>\$ 4,118</b>	<b>\$ 2,964</b>	<b>\$ 208</b>	<b>\$ 1,204</b>	<b>\$ 869,259</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	6,939	-	-	-	267	11,927
<b>TOTAL LIABILITIES</b>	<b>6,939</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>267</b>	<b>11,927</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	23,644	4,118	2,964	208	937	857,332
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>23,644</b>	<b>4,118</b>	<b>2,964</b>	<b>208</b>	<b>937</b>	<b>857,332</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 30,583</b>	<b>\$ 4,118</b>	<b>\$ 2,964</b>	<b>\$ 208</b>	<b>\$ 1,204</b>	<b>\$ 869,259</b>

SCHEDULE G

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Hippach					
	Field	LA Smith	Cemetery	Weymouth	Webster	
REVENUES						
Interest income	\$ 5,147	\$ 21	\$ 16	\$ 10	\$ 2	
Investment income, net of unrealized gains/(losses)	28,620	-	-	-	-	
Other income	-	-	-	-	-	
<b>TOTAL REVENUES</b>	<b>33,767</b>	<b>21</b>	<b>16</b>	<b>10</b>	<b>2</b>	
EXPENDITURES						
	-	-	977	-	-	
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>33,767</b>	<b>21</b>	<b>(961)</b>	<b>10</b>	<b>2</b>	
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	
Operating transfers (out)	-	-	-	-	-	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>NET CHANGE IN FUND BALANCES</b>	<b>33,767</b>	<b>21</b>	<b>(961)</b>	<b>10</b>	<b>2</b>	
<b>FUND BALANCES, JANUARY 1</b>	<b>135,950</b>	<b>16,963</b>	<b>13,961</b>	<b>9,199</b>	<b>1,506</b>	
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 169,717</b>	<b>\$ 16,984</b>	<b>\$ 13,000</b>	<b>\$ 9,209</b>	<b>\$ 1,508</b>	

SCHEDULE G (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES – NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Smith					Ctr. Mtg House
	Cemetery	Riverside	Butterfield	Blake		
REVENUES						
Interest income	\$ 3	\$ 15	\$ 1	\$ 15	\$ 12	
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	
Other income	-	-	-	-	-	
<b>TOTAL REVENUES</b>	<b>3</b>	<b>15</b>	<b>1</b>	<b>15</b>	<b>12</b>	
EXPENDITURES						
	140	-	-	-	-	
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(137)</b>	<b>15</b>	<b>1</b>	<b>15</b>	<b>12</b>	
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	
Operating transfers (out)	-	-	-	-	-	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>NET CHANGE IN FUND BALANCES</b>	<b>(137)</b>	<b>15</b>	<b>1</b>	<b>15</b>	<b>12</b>	
<b>FUND BALANCES, JANUARY 1</b>	<b>2,823</b>	<b>12,681</b>	<b>1,769</b>	<b>12,806</b>	<b>10,153</b>	
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 2,686</b>	<b>\$ 12,696</b>	<b>\$ 1,770</b>	<b>\$ 12,821</b>	<b>\$ 10,165</b>	

SCHEDULE G (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Ministerial	Alice Knowlton	Perkins	Albert Knowles	Nadine DeWolfe	Farmington Cemetery
REVENUES						
Interest income	\$ 14	\$ 25	1	\$ 3	\$ 57	\$ 7,260
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	52,108
Other income	-	-	-	-	-	2,600
<b>TOTAL REVENUES</b>	<b>14</b>	<b>25</b>	<b>1</b>	<b>3</b>	<b>57</b>	<b>61,968</b>
EXPENDITURES						
	-	-	-	-	-	7,040
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>14</b>	<b>25</b>	<b>1</b>	<b>3</b>	<b>57</b>	<b>54,928</b>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	(15,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>14</b>	<b>25</b>	<b>1</b>	<b>3</b>	<b>57</b>	<b>39,928</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>11,970</b>	<b>21,005</b>	<b>1,125</b>	<b>2,853</b>	<b>48,496</b>	<b>449,428</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 11,984</b>	<b>\$ 21,030</b>	<b>\$ 1,126</b>	<b>\$ 2,856</b>	<b>\$ 48,553</b>	<b>\$ 489,356</b>

SCHEDULE G (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Summer P. Mills	Hippach Field	Howard	Other	Perpetual Flowers	Totals
REVENUES						
Interest income	\$ 36	\$ 5	\$ 4	\$ -	\$ 2	\$ 12,649
Investment income, net of unrealized gains/(losses)	-	-	-	-	-	80,728
Other income	-	-	-	-	-	2,600
<b>TOTAL REVENUES</b>	<b>36</b>	<b>5</b>	<b>4</b>	<b>-</b>	<b>2</b>	<b>95,977</b>
EXPENDITURES						
	6,939	-	-	-	267	15,363
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,903)	5	4	-	(265)	80,614
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	(15,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,000)</b>
NET CHANGE IN FUND BALANCES	(6,903)	5	4	-	(265)	65,614
FUND BALANCES, JANUARY 1	30,547	4,113	2,960	208	1,202	791,718
FUND BALANCES, DECEMBER 31	\$ 23,644	\$ 4,118	\$ 2,964	\$ 208	\$ 937	\$ 857,332

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.

SCHEDULE H

TOWN OF FARMINGTON, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
General Government	\$ 39,600	\$ 1,172,306	\$ 102,085	\$ -	\$ 1,313,991
Highway	111,700	1,024,474	2,072,546	9,546,569	12,755,289
Parks & Recreation	166,700	939,921	107,377	-	1,213,998
Public Safety	24,600	61,361	3,062,892	-	3,148,853
Sewer	37,500	9,673,599	1,803,356	7,740,846	19,255,301
Town-wide	308,400	46,730	-	-	355,130
Total General Capital Assets	688,500	12,918,391	7,148,256	17,287,415	38,042,562
Less: Accumulated Depreciation	-	(12,164,145)	(4,816,220)	(12,143,892)	(29,124,257)
Net General Capital Assets	\$ 688,500	\$ 754,246	\$ 2,332,036	\$ 5,143,523	\$ 8,918,305

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

SCHEDULE I

TOWN OF FARMINGTON, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Capital Assets 1/1/13	Additions	Deletions	Capital Assets 12/31/13
General Government	\$ 1,313,991	\$ -	-	\$ 1,313,991
Highway	12,538,681	216,608	-	12,755,289
Parks & Recreation	1,208,099	5,899	-	1,213,998
Public Safety	3,069,657	79,196	-	3,148,853
Sewer	19,188,861	66,440	-	19,255,301
Town-wide	355,130	-	-	355,130
Total General Capital Assets	37,674,419	368,143	-	38,042,562
Less: Accumulated Depreciation	(28,510,660)	(613,597)	-	(29,124,257)
Net General Capital Assets	\$ 9,163,759	\$ (245,454)	\$ -	\$ 8,918,305

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



TOWN OF FARMINGTON, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Grantor Pass Through Grantor <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Thru Grantor Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation Passed through State of Maine - Department of Public Safety, Bureau of Highway Safety 2013 Drive Sober Maine	20.600	AL13-030	\$ 8,299
Total U.S. Department of Transportation			<u>8,299</u>
U.S. Department of Housing and Urban Development Passed Through the State of Maine - Department of Economic and Community Development Community Development Block Grant - Technical Assistance Program	14.228	2012-208140000678	16,479
Community Development Block Grant - Public Infrastructure Program	14.228	2012-0923000012363	334,525
Total U.S. Department of Housing and Urban Development			<u>351,004</u>
U.S. Department of Justice Passed through State of Maine - Department of Public Safety, Maine Justice Assistance Council 2013 Byrne Grant/JAG Grant	16.738	2013-DJ-BX-0041	11,886
Total U.S. Department of Justice			<u>11,886</u>
Federal Emergency Management Agency Passed through State of Maine - Department of Defense, Veterans, and Emergency Management, Maine Emergency Management Agency - Bank Stabilization Project	97.036	FEMA-DR-4032-02-ME	297,416
Total Federal Emergency Management Agency			<u>297,416</u>
 TOTAL FEDERAL ASSISTANCE			 <u>\$ 668,605</u>

TOWN OF FARMINGTON, MAINE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of the Town of Farmington, Maine. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

2. Basis of Accounting

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

3. Major Programs - Federal

The following programs were considered major programs as defined by OMB Circular A-133 and also Type A programs as defined by Circular A-133.

<u>Program</u>	<u>CFDA #</u>
CDBG Public Infrastructure Program	14.228
FEMA Bank Stabilization Project	97.036



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

Board of Selectman  
Town of Farmington, ME  
Farmington, Maine

We have audited, in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Farmington, Maine as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town of Farmington, Maine's basic financial statements, and have issued our report thereon dated May 1, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Farmington, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Farmington, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Farmington, Maine's internal control.

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

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

#### Compliance and Other Matters

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

#### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
May 1, 2014



*Proven Expertise and Integrity*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Selectman  
Town of Farmington, ME  
Farmington, Maine

Report on Compliance for Each Major Federal Program

We have audited the Town of Farmington, Maine's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Farmington, Maine's major federal programs for the year ended December 31, 2013. The Town of Farmington, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Farmington, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Farmington, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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In our opinion, the Town of Farmington, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

#### Report on Internal Control Over Compliance

Management of the Town of Farmington, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Farmington, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the Town of Farmington, Maine's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Farmington, Maine's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
May 1, 2014

TOWN OF FARMINGTON, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SUMMARY OF AUDITORS RESULTS

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

• *Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

• *Federal Awards*

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported  
In accordance with section 510(a) of OMB Circular A-133?  yes  no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.228	CDBG Public Infrastructure Program
97.036	FEMA Bank Stabilization Project

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

Auditee qualified as low-risk auditee?  yes  no

**Section II – Financial Statement Findings**

None

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

None