

Audited Financial Statements and
Other Financial Information

Town of Farmington, Maine

December 31, 2010



Proven Expertise and Integrity

TOWN OF FARMINGTON, MAINE

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DECEMBER 31, 2010

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INDEPENDENT AUDITORS' REPORT

February 23, 2011

Board of Selectmen
Town of Farmington
Farmington, Maine

We have audited the accompanying financial statements of the governmental activities, the 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, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining information of the Town of Farmington, Maine as of December 31, 2010, 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.

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In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2011 on our consideration of the Town of Farmington, Maine's 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* and should be considered in assessing the results of our audit.

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

 RHP Smith & Company
Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010**

(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 fiscal year ended December 31, 2010. 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 Assets – this statement presents *all* of the government's assets and liabilities with the difference being reported as net assets.

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

Both of the above mentioned financial statements have separate columns for the two different types of town activities. The types of activities presented for the Town of 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 schedule of Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund.

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net assets, and changes in net assets of the Town's governmental activities. The Town's total net assets for governmental funds are \$8,947,185 compared to \$8,555,653 in the prior year. For the business-type activities total net assets are \$4,661,839 as compared to \$3,833,342 in the prior year.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – is \$2,134,568 at the end of this year for governmental activities and \$2,429,210 for the business-type activities.

Table 1
Town of Farmington, Maine
Net Assets
December 31,

	Governmental Activities		Business-Type Activities	
	2010	2009	2010	2009
Assets:				
Current and other assets	\$ 5,888,774	\$ 5,344,030	\$ 2,493,893	\$ 2,435,750
Capital Assets	5,875,999	6,014,052	3,979,652	3,497,322
Total Assets	\$ 11,764,773	\$ 11,358,082	\$ 6,473,545	\$ 5,933,072
Liabilities:				
Current Liabilities	\$ 1,945,669	\$ 1,827,132	\$ 534,139	\$ 543,566
Long-term Debt Outstanding	871,919	975,297	1,277,567	1,556,264
Total Liabilities	\$ 2,817,588	\$ 2,802,429	\$ 1,811,706	\$ 2,099,830
Net Assets:				
Invested in Capital Assets, Net of related Debt	\$ 5,059,099	\$ 5,106,002	\$ 2,232,629	\$ 1,497,770
Restricted Net Assets:				
Special Revenues	1,000,003	947,245	-	-
Permanent funds	752,696	721,304	-	-
Other Net Assets	2,135,387	1,781,102	2,429,210	2,335,472
Total Net Assets	\$ 8,947,185	\$ 8,555,653	\$ 4,661,839	\$ 3,833,242

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues				
Taxes:				
Property	\$ 6,397,561	\$ 6,113,629	\$ -	\$ -
Excise	772,470	789,526	-	-
Intergovernmental	886,263	938,800	144,076	246,463
Charge for services	-	155,874	1,146,913	1,057,382
Miscellaneous	632,722	904,192	612,425	78,541
Total Revenues	<u>8,689,016</u>	<u>8,902,021</u>	<u>1,903,414</u>	<u>1,382,386</u>
Expenses				
Current:				
General government	549,515	777,533	-	-
Public safety	1,687,238	1,689,233	-	-
Health and welfare	18,532	26,858	-	-
Recreation and culture	327,088	306,157	-	-
Education	3,374,905	3,436,872	-	-
Public works	1,324,880	1,103,959	-	-
County tax	445,972	436,896	-	-
TIF	-	11,531	-	-
Unclassified	384,015	418,429	1,074,817	1,082,587
Community Services	145,388	142,399	-	-
Debt service				
Interest	39,951	43,310	-	-
Total Expenses	<u>8,297,484</u>	<u>8,393,177</u>	<u>1,074,817</u>	<u>1,082,587</u>
Change in Net Assets	391,532	508,844	828,597	299,799
Net Assets - January 1 - Restated	<u>8,555,653</u>	<u>8,046,809</u>	<u>3,833,242</u>	<u>3,533,443</u>
Net Assets - December 31	<u>\$ 8,947,185</u>	<u>\$ 8,555,653</u>	<u>\$ 4,661,839</u>	<u>\$ 3,833,242</u>

Revenues and Expenses

Revenues for the Town's governmental activities decreased by \$213,005, while total expenses decreased by \$95,693. Most of the Town's expenses were consistent with the previous year with minor increases or decreases.

Charges for services and miscellaneous were the largest revenue decreases.

For the proprietary funds, the miscellaneous revenues had the largest increase. The expenses for the proprietary fund decreased by \$7,770.

Financial Analysis of the Town's Fund Statements

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

Table 3
Town of Farmington, Maine
Fund Balances - Governmental Funds
December 31,

	2010	2009
Major Funds:		
General fund		
Unreserved		
Designated	\$ -	\$ -
Undesignated	1,595,061	1,253,823
Total general fund	1,595,061	1,253,823
Nonmajor Funds:		
Special revenue funds		
Designated	\$ 1,000,003	\$ 947,245
Undesignated	-	(819)
Permanent funds	752,696	721,304
Total Nonmajor Funds	\$ 1,752,699	\$ 1,667,730

The general fund total fund balance increased by \$341,238 over the prior fiscal year. The nonmajor funds increased by \$84,969.

Budgetary Highlights

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

The general fund actual revenues exceeded budget by \$54,400. This was a result of intergovernmental revenues and miscellaneous being collected in excess of the budget.

The general fund actual expenditures were under the budget by \$286,838. All expenditures were under budget with the exception of health and welfare.

Capital Asset and Debt Administration

Capital Assets

As of December 31, 2010 the gross book value of capital assets recorded by the Town increased by \$344,277. Most of the increase was in the sewer fund for infrastructure.

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

	<u>2010</u>	<u>2009</u>
Land and improvements	\$ 733,386	\$ 739,124
Buildings and improvements	1,103,651	1,402,519
Machinery and equipment	1,016,795	1,066,105
Vehicles	1,772,989	1,906,672
Construction in Progress	15,988	15,988
Art works & Historical Treasures	15,000	15,000
Infrastructure	<u>5,197,842</u>	<u>4,365,966</u>
Total	<u>\$ 9,855,651</u>	<u>\$ 9,511,374</u>

Debt

At December 31, 2010, the Town as a whole had \$2,563,923 in bonds outstanding versus \$2,907,602 last year, a decrease of \$343,679, as shown in Note 5 of the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient undesignated 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 Financial Director at 153 Farmington Falls Road, Farmington, Maine 04938.

STATEMENT A

TOWN OF FARMINGTON, MAINE

STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 4,029,045	\$ 483,228	\$ 4,512,273
Investments	713,949	-	713,949
Accounts receivable (net of allowance for doubtful accounts):			
Taxes	634,938	-	634,938
Liens	231,090	-	231,090
Notes	220,365	-	220,365
Other	15,320	416,130	431,450
Prepaid expenses	41,736	-	41,736
Tax acquired property	2,331	-	2,331
Due from other funds	-	1,594,535	1,594,535
Total current assets	5,888,774	2,493,893	8,382,667
Noncurrent assets:			
Capital assets:			
Land, infrastructure, and other assets not being depreciated	651,000	53,488	704,488
Buildings and vehicles net of accumulated depreciation	5,224,999	3,926,164	9,151,163
Total noncurrent assets	5,875,999	3,979,652	9,855,651
TOTAL ASSETS	\$ 11,764,773	\$ 6,473,545	\$ 18,238,318
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 153,800	\$ 6,566	\$ 160,366
Payroll related liabilities	17,119	-	17,119
Accrued expenses	73,190	20,949	94,139
Prepaid taxes	325	-	325
Due to other governments	15,550	-	15,550
Due to other funds	1,594,535	-	1,594,535
Current portion of long-term obligations	91,150	506,624	597,774
Total current liabilities	1,945,669	534,139	2,479,808
Noncurrent liabilities			
Noncurrent portion of long-term obligations:			
Bonds payable	725,750	1,240,399	1,966,149
Accrued compensated absences	146,169	37,168	183,337
Total noncurrent liabilities	871,919	1,277,567	2,149,486
TOTAL LIABILITIES	2,817,588	1,811,706	4,629,294
NET ASSETS			
Invested in capital assets, net of related debt	5,059,099	2,232,629	7,291,728
Restricted: Special revenues	1,000,003	-	1,000,003
Permanent funds	752,696	-	752,696
Unrestricted	2,135,387	2,429,210	4,564,597
TOTAL NET ASSETS	8,947,185	4,661,839	13,609,024
TOTAL LIABILITIES AND NET ASSETS	\$ 11,764,773	\$ 6,473,545	\$ 18,238,318

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, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Current:							
General government	\$ 549,515	\$ -	\$ -	\$ -	\$ (549,515)	\$ -	\$ (549,515)
Public safety	1,687,238	-	-	-	(1,687,238)	-	(1,687,238)
Health and welfare	18,532	-	-	-	(18,532)	-	(18,532)
Recreation and culture	327,088	-	-	-	(327,088)	-	(327,088)
Education	3,374,905	-	-	-	(3,374,905)	-	(3,374,905)
Public works	1,324,880	-	178,272	-	(1,146,608)	-	(1,146,608)
County tax	445,972	-	-	-	(445,972)	-	(445,972)
Community services	145,388	-	-	-	(145,388)	-	(145,388)
Unclassified	384,015	-	-	-	(384,015)	-	(384,015)
Interest on long-term debt	39,951	-	-	-	(39,951)	-	(39,951)
Total governmental activities	8,297,484	-	178,272	-	(8,119,212)	-	(8,119,212)
Business-type activities:							
Sewer department	1,074,817	1,750,037	144,076	-	-	819,296	819,296
Total business-type activities	1,074,817	1,750,037	144,076	-	-	819,296	819,296
Total government	9,372,301	1,750,037	322,348	-	(8,119,212)	819,296	(7,299,916)

STATEMENT B (CONTINUED)
TOWN OF FARMINGTON, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Changes in net assets:			
Net (expense) revenue	<u>(8,119,212)</u>	<u>819,296</u>	<u>(7,299,916)</u>
General revenue:			
Taxes			
Property taxes, levied for general purposes	6,397,561	-	6,397,561
Excise taxes, levied for general purposes	772,470	-	772,470
Intergovernmental	707,991	-	707,991
Miscellaneous	<u>632,722</u>	<u>9,301</u>	<u>642,023</u>
Total general revenue and transfers	<u>8,510,744</u>	<u>9,301</u>	<u>8,520,045</u>
Change in net assets	391,532	828,597	1,220,129
NET ASSETS - JANUARY 1, 2010	<u>8,555,653</u>	<u>3,833,242</u>	<u>12,388,895</u>
NET ASSETS - DECEMBER 31, 2010	<u>\$ 8,947,185</u>	<u>\$ 4,661,839</u>	<u>\$ 13,609,024</u>

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

STATEMENT C

TOWN OF FARMINGTON, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash	\$ 3,646,578	\$ 382,467	\$ 4,029,045
Investments	-	713,949	713,949
Receivables (net of allowance for uncollectibles)			
Taxes	634,938	-	634,938
Liens	231,090	-	231,090
Notes	-	220,365	220,365
Other	15,320	-	15,320
Prepaid expenses	41,736	-	41,736
Tax acquired property	2,331	-	2,331
Due from other funds	14,287	450,205	464,492
TOTAL ASSETS	\$ 4,586,280	\$ 1,766,986	\$ 6,353,266
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$ 153,800	\$ -	\$ 153,800
Payroll related payables	17,119	-	17,119
Accrued expenses	73,190	-	73,190
Prepaid taxes	325	-	325
Due to other governments	15,550	-	15,550
Due to other funds	2,044,740	14,287	2,059,027
Deferred revenues	686,495	-	686,495
TOTAL LIABILITIES	2,991,219	14,287	3,005,506
Fund Equity			
Reserved reported in:			
Special revenue funds	-	1,000,003	1,000,003
Permanent funds	-	752,696	752,696
Unreserved, reported in:			
Special revenue funds	-	-	-
General fund			
Designated	-	-	-
Undesignated	1,595,061	-	1,595,061
TOTAL FUND EQUITY	1,595,061	1,752,699	3,347,760
TOTAL LIABILITIES AND FUND EQUITY	\$ 4,586,280	\$ 1,766,986	\$ 6,353,266

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

TOWN OF FARMINGTON, MAINE

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Total Governmental Funds
Total Fund Equity	\$ 3,347,760
Amounts reported for governmental activities in the statement are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	5,875,999
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	686,495
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	(816,900)
Accrued Compensated Absences	(146,169)
Net assets of governmental activities	\$ 8,947,185

TOWN OF FARMINGTON, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	Nonmajor Funds	Totals Governmental Funds
REVENUES			
Property taxes	\$ 6,397,561	\$ -	\$ 6,397,561
Excise taxes	772,470	-	772,470
Intergovernmental	886,263	-	886,263
Miscellaneous revenues	263,874	368,848	632,722
TOTAL REVENUES	<u>8,320,168</u>	<u>368,848</u>	<u>8,689,016</u>
EXPENDITURES			
Current:			
General government	752,971	-	752,971
Public safety	1,545,683	-	1,545,683
Health and welfare	18,532	-	18,532
Recreation and culture	314,239	-	314,239
Education	3,374,905	-	3,374,905
Public works	1,152,170	-	1,152,170
County tax	445,972	-	445,972
Community services	145,388	-	145,388
Unclassified	62,568	320,278	382,846
Debt service:			
Principal	90,152	-	90,152
Interest	39,951	-	39,951
TOTAL EXPENDITURES	<u>7,942,531</u>	<u>320,278</u>	<u>8,262,809</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>377,637</u>	<u>48,570</u>	<u>426,207</u>
OTHER FINANCING SOURCES			
Transfers in	-	36,399	36,399
Transfers (out)	(36,399)	-	(36,399)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(36,399)</u>	<u>36,399</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	341,238	84,969	426,207
FUND BALANCES - JANUARY 1	<u>1,253,823</u>	<u>1,667,730</u>	<u>2,921,553</u>
FUND BALANCES - DECEMBER 31	<u>\$ 1,595,061</u>	<u>\$ 1,752,699</u>	<u>\$ 3,347,760</u>

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, 2010

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 426,207</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocated those expenditures over the life of the assets:	
Capital asset purchases capitalized	231,481
Capital asset disposed	(41,799)
Depreciation expense	<u>(327,735)</u>
	<u>(138,053)</u>
Revenues in the Statement of Activities that do not provide current financial resources as revenues in the funds:	
Taxes and liens receivable	<u>-</u>
Debt proceeds provide current financial resources to governmental funds, but issuing long-term liabilities in the Statement of Net Assets.	
	<u>-</u>
Repayment of long-term debt principal as an expenditure in governmental funds, reduces long-term liabilities in the Statement of Net Assets	
	<u>103,378</u>
Change in net assets of governmental activities (Statement B)	<u>\$ 391,532</u>

TOWN OF FARMINGTON, MAINE

BALANCE SHEET – PROPRIETARY FUNDS
DECEMBER 31, 2010

	<u>Enterprise Fund</u> <u>Sewer</u>
ASSETS	
Current assets:	
Cash / cash equivalents	\$ 483,228
Due from other governments	-
Accounts receivable	346,798
Special assessment	69,332
Due from other funds	1,594,535
Total current assets	<u>2,493,893</u>
Noncurrent assets:	
Land and buildings	9,707,678
Vehicles and equipment	1,689,105
Plant / infrastructure	7,361,193
Total capital assets	<u>18,757,976</u>
Less: accumulated depreciation	<u>(14,778,324)</u>
Net capital assets	<u>3,979,652</u>
TOTAL ASSETS	<u>\$ 6,473,545</u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	\$ 6,566
Accrued expense	384
Accrued interest	20,565
Current portion of long-term debt	506,624
Total current liabilities	<u>534,139</u>
Noncurrent liabilities	
Bonds payable	1,240,399
Accrued compensated absences	37,168
Total noncurrent liabilities	<u>1,277,567</u>
TOTAL LIABILITIES	<u>1,811,706</u>
NET ASSETS	
Invested in capital assets, net of related debt	2,232,629
Unrestricted	2,429,210
TOTAL NET ASSETS	<u>4,661,839</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,473,545</u>

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

TOWN OF FARMINGTON, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Enterprise Fund</u> <u>Sewer</u>
OPERATING REVENUES	
Intergovernmental revenue	\$ 144,076
Charges for services	1,146,913
Other	603,124
TOTAL OPERATING REVENUES	<u>1,894,113</u>
OPERATING EXPENSES	
Payroll and taxes	256,412
Treatment plant	130,790
Professional services	118,634
Depreciation	478,481
Other	1,894
TOTAL OPERATING EXPENSES	<u>986,211</u>
OPERATING INCOME (LOSS)	<u>907,902</u>
NON-OPERATING INCOME (EXPENSE)	
Interest income	9,301
Interest (expense)	(88,606)
TOTAL NON-OPERATING INCOME (EXPENSE)	<u>(79,305)</u>
EXCESS OF OPERATING INCOME (LOSS) OVER (UNDER) NON- OPERATING INCOME (EXPENSE)	828,597
NET ASSETS - JANUARY 1	<u>3,833,242</u>
NET ASSETS - DECEMBER 31	<u><u>\$ 4,661,839</u></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, 2010

	<u>Enterprise Fund</u> <u>Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,853,849
Internal activity - receipts (payments) from/to other funds	(118,419)
Payments to employees and suppliers	(543,325)
Net cash provide by operating activities	<u>1,192,105</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	9,301
(Payments) / sale of investments	-
Payments for purchases of fixed assets	(960,811)
Net cash used by financing activities	<u>(951,510)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Interest payments on bond payable	(88,606)
Proceeds from debt	229,000
Principal payments on bond payable	(481,529)
Net cash used by financing activities	<u>(341,135)</u>
NET INCREASE (DECREASE) IN CASH	<u>(100,540)</u>
CASH - JANUARY 1	<u>583,768</u>
CASH - DECEMBER 31	<u><u>\$ 483,228</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss) and other financing	\$ 907,902
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	478,481
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	17,783
(Increase) decrease in special assessments	(58,047)
(Decrease) increase in accounts payable	3
(Decrease) increase in accrued expenses	(34,525)
(Decrease) increase in accrued interest	-
(Decrease) increase in accrued compensated absences	(1,073)
(Increase) decrease in due from other funds	(118,419)
NET CASH PROVIDED (USED) BY ACTIVITIES	<u><u>\$ 1,192,105</u></u>

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

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so.

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

Government –Wide and Fund Financial Statements

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

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

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

The following fund types are used by the Town:

1. Governmental Funds:

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

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

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Permanent Funds are used to account for assets held by the Town in trust for specific purposes.

2. Proprietary Funds

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

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

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, 2010

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' 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 fiscal year the Town prepared a budget for the fiscal 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 fiscal year.

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

The Town of Farmington has an investment policy.

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.

Interfund Receivables and Payables

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

Transactions Between Funds

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

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$ 0 as of December 31, 2010.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Long-term Obligations

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

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

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

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2010 the Town's liability for compensated absences is \$183,337.

Reserves

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

Net Assets

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

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied on the assessed value listed as of April 1, 2010, for all real and personal property located in the Town. Taxes were due on November 4, 2010. Interest on unpaid taxes commenced on November 5, 2010, 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.

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$15,929 for the year ended December 31, 2010.

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.

Encumbrance Accounting

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

Use of Estimates

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2 - CASH AND INVESTMENTS

The Town's investment policies, which follow state statutes, authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all Town funds.

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

At December 31, 2010, the Town's cash balance of \$4,512,173 was comprised of deposits amounting to \$4,733,721. This amount was comprised of \$500,000 which was insured by federal depository insurance and consequently was not exposed to custodial credit risk, and \$4,233,721 that was in excess of federal depository insurance, but collateralized with securities held by the financial institutions in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 569,298
Cash management	3,775,675
Certificates of deposit	388,748
	<u>\$ 4,733,721</u>

At December 31, 2010, the Town's investments were comprised of certificates of deposit and equities. The certificate accounts amounting to \$187,609 were collateralized with securities held by the financial institutions in the Town's name and are therefore not susceptible to custodial credit risk. The securities amounting to \$526,340 were uninsured and uncollateralized.

<u>Investment Type</u>	<u>Fair Value</u>
CD	\$ 187,609
Equities	526,340
	<u>\$ 713,949</u>

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in capital assets at December 31, 2010:

	Balance, 1/1/10	Additions	Disposals	Balance, 12/31/10
<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	1,443,101	32,121	-	1,475,222
Vehicles	3,525,151	47,760	(41,799)	3,531,112
Infrastructure	9,028,787	151,600	-	9,180,387
	<u>17,241,831</u>	<u>231,481</u>	<u>(41,799)</u>	<u>17,431,513</u>
Less: accumulated depreciation				
Buildings & improvements	(2,120,584)	(57,513)	-	(2,178,097)
Land improvements	(138,774)	(5,738)	-	(144,512)
Machinery & equipment	(963,619)	(61,223)	-	(1,024,842)
Vehicles	(1,637,615)	(166,365)	32,168	(1,771,812)
Infrastructure	(7,018,187)	(69,064)	-	(7,087,251)
Total Accumulated Deprc.	<u>(11,878,779)</u>	<u>(359,903)</u>	<u>32,168</u>	<u>(12,206,514)</u>
Total Capital Assets, net	<u>5,363,052</u>	<u>(128,422)</u>	<u>(9,631)</u>	<u>5,224,999</u>
 Net capital assets	 <u>\$ 6,014,052</u>	 <u>\$ (128,422)</u>	 <u>\$ (9,631)</u>	 <u>\$ 5,875,999</u>

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Business-type activities

Non-depreciated assets:

Land	\$ 37,500	\$ -	\$ -	\$ 37,500
Construction in progress	15,988	-	-	15,988
	<u>53,488</u>	<u>-</u>	<u>-</u>	<u>53,488</u>

Depreciated assets:

Buildings & improvements	9,654,190	-	-	9,654,190
Machinery & equipment	1,560,039	54,593	-	1,614,632
Vehicles	74,473	-	-	74,473
Infrastructure	6,454,975	906,218	-	7,361,193
	<u>17,743,677</u>	<u>960,811</u>	<u>-</u>	<u>18,704,488</u>

Less: accumulated depreciation

Buildings & improvements	(9,171,481)	(241,355)	-	(9,412,836)
Machinery & equipment	(973,416)	(74,801)	-	(1,048,217)
Vehicles	(55,337)	(5,447)	-	(60,784)
Infrastructure	(4,099,609)	(156,878)	-	(4,256,487)
	<u>(14,299,843)</u>	<u>(478,481)</u>	<u>-</u>	<u>(14,778,324)</u>

Total Accumulated Deprc.

	<u>3,443,834</u>	<u>482,330</u>	<u>-</u>	<u>3,926,164</u>
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Net capital assets

	<u>\$ 3,497,322</u>	<u>\$ 482,330</u>	<u>\$ -</u>	<u>\$ 3,979,652</u>
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Current year depreciation

General Government	\$ 31,620
Highway	172,710
Parks & Recreation	12,849
Public Safety	141,555
Town-wide	1,169
Sewer	478,481
Total depreciation expense	<u>\$ 838,384</u>

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2010 consisted of the following individual fund receivables and payables.

	Receivables (Due from)	Payables (Due to)
General fund	\$ 14,287	\$ 2,044,740
Special revenue fund	447,755	4,721
Capital projects	-	-
Permanent fund	2,450	9,566
Enterprise fund	1,594,535	-
	<u>\$ 2,059,027</u>	<u>\$ 2,059,027</u>

NOTE 5 – LONG TERM DEBT

The following is a summary of changes in General Long-Term Debt for the year ended December 31, 2010:

Governmental Funds

	Balance, 1/1/10	Additions	Deletions	Balance, 12/31/10	Current Year Portion
Bonds payable	\$ 908,050	\$ -	\$ (91,150)	\$ 816,900	\$ 91,150
Compensated Absences	158,397	-	(12,228)	146,169	-
Totals	<u>\$ 1,066,447</u>	<u>\$ -</u>	<u>\$ (103,378)</u>	<u>\$ 963,069</u>	<u>\$ 91,150</u>

Business-type activity

	Balance, 1/1/10	Additions	Deletions	Balance, 12/31/10	Current Year Portion
Bonds payable	\$ 1,999,552	\$ 229,000	\$ (481,529)	\$ 1,747,023	\$ 506,624
Compensated Absences	38,241	-	(1,073)	37,168	-
Totals	<u>\$ 2,037,793</u>	<u>\$ 229,000</u>	<u>\$ (482,602)</u>	<u>\$ 1,784,191</u>	<u>\$ 506,624</u>

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 5 – LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds payable:

	<u>Governmental</u>	<u>Business-Type</u>
General Obligation Bond of 2002, Interest rates 4.25% - 5.00%, annual principal payments of \$45,000, plus interest, Maturity in 2022.	\$ 540,000	\$ -
Fire Truck Bond of 2006, Interest rates 2.00%-5.35%, annual principal payments of \$46,150 plus interest, Maturity in 2016	276,900	-
Sewer Conservation Bond of 1992, Interest rate 6.393%, annual principal payments of \$103,356 - \$335,492, plus interest, Maturity in 2012	-	996,667
General Obligation Bond of 2005, Interest rate 4.125%, annual payments of principal and interest of \$13,038, Maturity in 2034	-	193,479
General Obligation bond of 2006, Interest rate of 4.25%, annual payments of principal and interest of \$12,371, maturity in 2035.	-	188,229
General Obligation bond of 2009, Interest rate of 4.25%, annual payments of principal and interest of \$12,371, maturity in 2035.	-	139,648
General Obligation bond of 2010, Interest rate of 2.250%, annual payments of principal and interest of \$6,201, maturity in 2039.	-	131,000
General Obligation bond of 2010, Interest rate of 2.250%, annual payments of principal and interest of \$4,639, maturity in 2039.	-	98,000
Total Long-Term Debt	<u>\$ 816,900</u>	<u>\$ 1,747,023</u>

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 5 – LONG TERM DEBT (CONTINUED)

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

Governmental Funds:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2011	\$ 91,150	\$ 35,354	\$ 126,504
2012	91,150	31,134	122,284
2013	91,150	20,835	111,985
2014	91,150	16,500	107,650
2015	91,150	9,121	100,271
2016-2020	271,150	91,771	362,921
2021-2025	90,000	5,200	95,200
	<u>\$ 816,900</u>	<u>\$ 209,915</u>	<u>\$ 1,026,815</u>

Business-Type Activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2011	\$ 506,624	\$ 70,205	\$ 576,829
2012	527,388	119,715	647,103
2013	19,601	19,750	39,351
2014	20,249	19,273	39,522
2015	20,921	18,776	39,697
2016-2020	115,554	85,731	201,285
2021-2025	136,350	69,412	205,762
2026-2030	161,194	50,933	212,127
2031-2035	178,030	27,614	205,644
2036-2040	61,112	8,260	69,372
	<u>\$ 1,747,023</u>	<u>\$ 489,669</u>	<u>\$ 2,236,692</u>

TOWN OF FARMINGTON, MAINE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 6 – RESTRICTED NET ASSETS

The following net assets have been reserved at December 31, 2010 for the following purposes:

Reserved for permanent funds	\$ 752,696
Reserved for special revenue funds	<u>1,000,003</u>
	<u>\$ 1,752,699</u>

NOTE 7 – 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.

There have been no significant reductions in insurance coverage during the fiscal year and no significant settlements that exceeded insurance coverage.

NOTE 8 – DEFINED BENEFITS PENSION PLAN

MAINE STATE RETIREMENT SYSTEM

A. Plan Description

Town employees contribute to the Participating Local Districts (PLDs) Consolidated Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Maine State 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 State 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 State Retirement System, #46 State House Station, Augusta, Maine 04333.

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 8 – DEFINED BENEFITS PENSION PLAN (CONTINUED)

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the PLDs Consolidated Board of Trustees. The Town's police department employees are part of the PLDs special plan #2 and are required to contribute 6.5% of their annual salary, while all other employees are part of the regular plan and are also required to contribute 6.5% of their annual salary. The Town is required to contribute 6.5% of the special plan #1 C members' covered payroll and 2.8% of the regular plan 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.

NOTE 9 – EXPENDITURES OVER APPROPRIATIONS

The following appropriations were exceeded by actual expenditures:

	<u>Excess</u>
Health and welfare	\$ 3,532
Insurances	6,486
	<u>\$ 10,018</u>

NOTE 10 - CONTINGENCIES

The Town is responsible for its proportionate share of County debt and debt associated with its participating School District. As of December 31, 2010 the Town's share was as follows:

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

TOWN OF FARMINGTON, MAINE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 11 – 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 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 12 – CONTINGENT LIABILITIES

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not expected to be material.

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, 2010

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1	\$ 1,253,823	\$ 1,253,823	\$ 1,253,823	\$ -
Resources (Inflows):				
Property taxes	6,402,018	6,402,018	6,397,561	(4,457)
Excise taxes	784,500	784,500	772,470	(12,030)
Intergovernmental	863,250	863,250	886,263	23,013
Miscellaneous revenues	216,000	216,000	263,874	47,874
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>9,519,591</u>	<u>9,519,591</u>	<u>9,573,991</u>	<u>54,400</u>
Charges to Appropriation (Outflows):				
Current:				
General government	808,549	808,549	752,971	55,578
Public safety	1,674,798	1,674,798	1,545,683	129,115
Health and welfare	15,000	15,000	18,532	(3,532)
Recreation and culture	326,234	326,234	314,239	11,995
Education	3,374,905	3,374,905	3,374,905	-
Public works	1,233,200	1,233,200	1,152,170	81,030
County tax	445,972	445,972	445,972	-
Community Services	145,388	145,388	145,388	-
Unclassified	75,217	75,217	62,568	12,649
Debt service:				
Principal	90,152	90,152	90,152	-
Interest	39,951	39,951	39,951	-
Transfers to other funds	36,402	36,402	36,399	3
Total Charges to Appropriations	<u>8,265,768</u>	<u>8,265,768</u>	<u>7,978,930</u>	<u>286,838</u>
Budgetary Fund Balance, December 31	<u>\$ 1,253,823</u>	<u>\$ 1,253,823</u>	<u>\$ 1,595,061</u>	<u>\$ 341,238</u>
Utilization of designated fund balance	\$ -	\$ -	\$ -	\$ -
Utilization of undesignated fund balance	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

TOWN OF FARMINGTON, MAINE
 SCHEDULE OF DEPARTMENTAL OPERATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget	Applied Revenues	Total Available	Actual	Balance	
					Lapsed	Carried
General government:						
Administration	\$ 237,015	\$ -	\$ 237,015	\$ 217,389	\$ 19,626	\$ -
Assessor	113,946	-	113,946	115,178	(1,232)	-
Clerk Treasurer	228,069	-	228,069	215,027	13,042	-
Municipal building	81,535	-	81,535	60,385	21,150	-
CEO	141,284	-	141,284	140,798	486	-
Committees	6,700	-	6,700	4,194	2,506	-
	<u>808,549</u>	<u>-</u>	<u>808,549</u>	<u>752,971</u>	<u>55,578</u>	<u>-</u>
Public safety:						
Police department	1,017,944	-	1,017,944	902,737	115,207	-
Fire department	279,970	-	279,970	265,769	14,201	-
Hydrants	256,415	-	256,415	255,884	531	-
Street lights	68,000	-	68,000	71,500	(3,500)	-
Traffic lights	8,000	-	8,000	5,325	2,675	-
Ambulance	44,469	-	44,469	44,468	1	-
	<u>1,674,798</u>	<u>-</u>	<u>1,674,798</u>	<u>1,545,683</u>	<u>129,115</u>	<u>-</u>
Health and welfare:						
General assistance	15,000	-	15,000	18,532	(3,532)	-
	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>18,532</u>	<u>(3,532)</u>	<u>-</u>
Recreation and culture:						
Parks and recreation	157,135	-	157,135	155,933	1,202	-
Community center	107,222	-	107,222	101,827	5,395	-
Cemeteries	61,877	-	61,877	56,479	5,398	-
	<u>326,234</u>	<u>-</u>	<u>326,234</u>	<u>314,239</u>	<u>11,995</u>	<u>-</u>

TOWN OF FARMINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Appropriations	Applied Revenues	Total Available	Actual	Lapsed	Carried
Education	3,374,905	-	3,374,905	3,374,905	-	-
Public works:						
Highway department	993,419	-	993,419	913,367	80,052	-
Recycling department	70,182	-	70,182	69,205	977	-
Tipping fees	9,599	-	9,599	9,598	1	-
Local roads	160,000	-	160,000	160,000	-	-
	<u>1,233,200</u>	<u>-</u>	<u>1,233,200</u>	<u>1,152,170</u>	<u>81,030</u>	<u>-</u>
County tax	445,972	-	445,972	445,972	-	-
TIF - Transfer	15,402	-	15,402	15,402	-	-
Debt service						
Principal	90,152	-	90,152	90,152	-	-
Interest	39,951	-	39,951	39,951	-	-
	<u>130,103</u>	<u>-</u>	<u>130,103</u>	<u>130,103</u>	<u>-</u>	<u>-</u>
Community Services						
Animal shelter	11,056	-	11,056	11,056	-	-
Public library	122,132	-	122,132	122,132	-	-
Abused Women's Advocacy Project	5,000	-	5,000	5,000	-	-
Red cross	2,000	-	2,000	2,000	-	-
No Lites & New Sharon	1,000	-	1,000	1,000	-	-
Shiretown riders snowmobile	1,000	-	1,000	1,000	-	-
Gay cemetery	700	-	700	700	-	-
Chamber of Commerce	2,500	-	2,500	2,500	-	-
	<u>145,388</u>	<u>-</u>	<u>145,388</u>	<u>145,388</u>	<u>-</u>	<u>-</u>

TOWN OF FARMINGTON, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Appropriations	Applied Revenues	Total Available	Actual	Balance	
					Lapsed	Carried
Unclassified						
TAN	3,288	-	3,288	82	3,206	-
Insurances	56,000	-	56,000	62,486	(6,486)	-
Overlay	15,929	-	15,929	-	15,929	-
	<u>75,217</u>	<u>-</u>	<u>75,217</u>	<u>62,568</u>	<u>12,649</u>	<u>-</u>
Transfers to other funds						
Legal reserve	16,000	-	16,000	15,997	3	-
Public works	5,000	-	5,000	5,000	-	-
	<u>21,000</u>	<u>-</u>	<u>21,000</u>	<u>20,997</u>	<u>3</u>	<u>-</u>
Total Expenditures	<u>\$ 8,265,768</u>	<u>\$ -</u>	<u>\$ 8,265,768</u>	<u>\$ 7,978,930</u>	<u>\$ 286,838</u>	<u>\$ -</u>

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Special Revenues	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash	\$ 148,995	\$ 233,472	\$ 382,467
Investments	187,609	526,340	713,949
Accounts receivable	-	-	-
Notes receivable	220,365	-	220,365
Due from other funds	447,755	2,450	450,205
Total assets	<u>\$ 1,004,724</u>	<u>\$ 762,262</u>	<u>\$ 1,766,986</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	4,721	9,566	14,287
Total liabilities	<u>4,721</u>	<u>9,566</u>	<u>14,287</u>
FUND EQUITY			
Fund balance:			
Reserved:			
Designated for subsequent years' expenditures	1,000,003	752,696	1,752,699
Unreserved:			
Undesignated	-	-	-
Total fund equity	<u>1,000,003</u>	<u>752,696</u>	<u>1,752,699</u>
Total liabilities and fund equity	<u>\$ 1,004,724</u>	<u>\$ 762,262</u>	<u>\$ 1,766,986</u>

See accompanying independent auditors' report.

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Special Revenues	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES	\$ 327,291	\$ 41,557	\$ 368,848
TOTAL EXPENDITURES	310,113	10,165	320,278
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	17,178	31,392	48,570
OTHER FINANCING SOURCES (USES)			
Transfers In	36,399	-	36,399
Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	36,399	-	36,399
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	53,577	31,392	84,969
FUND BALANCE, JANUARY 1	946,426	721,304	1,667,730
FUND BALANCE, DECEMBER 31	\$ 1,000,003	\$ 752,696	\$ 1,752,699

See accompanying independent auditors' report.

Special Revenue Funds

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

SCHEDULE D

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	Revolving Loan Fund	TIF Reserve	Cable Franchise	Revaluation	Local Road Assistance
ASSETS					
Cash	\$ 77,838	\$ -	\$ -	\$ -	\$ -
Investments	-	186,676	-	-	-
Accounts receivable	-	-	-	-	-
Notes receivable	220,365	-	-	-	-
Due from other funds	-	-	14,083	70,520	55,414
TOTAL ASSETS	\$ 298,203	\$ 186,676	\$ 14,083	\$ 70,520	\$ 55,414
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Due to other funds	\$ 4,221	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	4,221	-	-	-	-
FUND EQUITY					
Fund balance:					
Unreserved:					
Designated for subsequent years' expenditures	293,982	186,676	14,083	70,520	55,414
Undesignated	-	-	-	-	-
TOTAL FUND EQUITY	293,982	186,676	14,083	70,520	55,414
TOTAL LIABILITIES AND FUND EQUITY	\$ 298,203	\$ 186,676	\$ 14,083	\$ 70,520	\$ 55,414

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	Highway Equipment	Public Works	Computer Treasurer	Police Drug Education	Fire Equipment
ASSETS					
Cash	\$ 71,157	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Notes receivable	-	-	-	-	-
Due from other funds	4,860	38,727	16,563	27,761	56,938
TOTAL ASSETS	<u>\$ 76,017</u>	<u>\$ 38,727</u>	<u>\$ 16,563</u>	<u>\$ 27,761</u>	<u>\$ 56,938</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY					
Fund balance:					
Unreserved:					
Designated for subsequent years' expenditures	76,017	38,727	16,563	27,761	56,938
Undesignated	-	-	-	-	-
TOTAL FUND EQUITY	<u>76,017</u>	<u>38,727</u>	<u>16,563</u>	<u>27,761</u>	<u>56,938</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 76,017</u>	<u>\$ 38,727</u>	<u>\$ 16,563</u>	<u>\$ 27,761</u>	<u>\$ 56,938</u>

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	Hippach Field Projects	Sidewalk	Legal Reserve	Cops Grant	FAME Loan
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Notes receivable	-	-	-	-	-
Due from other funds	2,565	8,395	7,213	12,136	10,660
TOTAL ASSETS	<u>\$ 2,565</u>	<u>\$ 8,395</u>	<u>\$ 7,213</u>	<u>\$ 12,136</u>	<u>\$ 10,660</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY					
Fund balance:					
Unreserved:					
Designated for subsequent years' expenditures	2,565	8,395	7,213	12,136	10,660
Undesignated	-	-	-	-	-
TOTAL FUND EQUITY	<u>2,565</u>	<u>8,395</u>	<u>7,213</u>	<u>12,136</u>	<u>10,660</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 2,565</u>	<u>\$ 8,395</u>	<u>\$ 7,213</u>	<u>\$ 12,136</u>	<u>\$ 10,660</u>

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	Police Equipment	Cable Equipment	Regional Radio Assess	Municipal Building	Walton Mill Pond
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Notes receivable	-	-	-	-	-
Due from other funds	12,819	13,652	4,620	2,495	3,273
TOTAL ASSETS	<u>\$ 12,819</u>	<u>\$ 13,652</u>	<u>\$ 4,620</u>	<u>\$ 2,495</u>	<u>\$ 3,273</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY					
Fund balance:					
Unreserved:					
Designated for subsequent years' expenditures	12,819	13,652	4,620	2,495	3,273
Undesignated	-	-	-	-	-
TOTAL FUND EQUITY	<u>12,819</u>	<u>13,652</u>	<u>4,620</u>	<u>2,495</u>	<u>3,273</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 12,819</u>	<u>\$ 13,652</u>	<u>\$ 4,620</u>	<u>\$ 2,495</u>	<u>\$ 3,273</u>

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	Landfill	Rail Trail Bridge	Hippach Field Light	Tree	Conservation Commission
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Notes receivable	-	-	-	-	-
Due from other funds	5,899	5,000	1,945	1,866	3,471
TOTAL ASSETS	\$ 5,899	\$ 5,000	\$ 1,945	\$ 1,866	\$ 3,471
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-
FUND EQUITY					
Fund balance:					
Unreserved:					
Designated for subsequent years' expenditures	5,899	5,000	1,945	1,866	3,471
Undesignated	-	-	-	-	-
TOTAL FUND EQUITY	5,899	5,000	1,945	1,866	3,471
TOTAL LIABILITIES AND FUND EQUITY	\$ 5,899	\$ 5,000	\$ 1,945	\$ 1,866	\$ 3,471

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE
 COMBINING BALANCE SHEET -
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2010

	EPA Grant	Computer	FFSWD River Crossing	Community Resolution	A.D.A.
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	933	-
Accounts receivable	-	-	-	-	-
Notes receivable	-	-	-	-	-
Due from other funds	1,476	3,036	904	39	3,822
TOTAL ASSETS	\$ 1,476	\$ 3,036	\$ 904	\$ 972	\$ 3,822
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -
FUND EQUITY					
Fund balance:					
Unreserved:					
Designated for subsequent years' expenditures	1,476	3,036	904	972	3,822
Undesignated	-	-	-	-	-
TOTAL FUND EQUITY	1,476	3,036	904	972	3,822
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,476	\$ 3,036	\$ 904	\$ 972	\$ 3,822

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	Walton Dam Project	Transportation Advisory	Community Center	Bowen Ice Skate Propane	Ice Skating
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Notes receivable	-	-	-	-	-
Due from other funds	3,678	287	3,785	138	129
TOTAL ASSETS	<u>\$ 3,678</u>	<u>\$ 287</u>	<u>\$ 3,785</u>	<u>\$ 138</u>	<u>\$ 129</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY					
Fund balance:					
Unreserved:					
Designated for subsequent years' expenditures	3,678	287	3,785	138	129
Undesignated	-	-	-	-	-
TOTAL FUND EQUITY	<u>3,678</u>	<u>287</u>	<u>3,785</u>	<u>138</u>	<u>129</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 3,678</u>	<u>\$ 287</u>	<u>\$ 3,785</u>	<u>\$ 138</u>	<u>\$ 129</u>

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	Other Donations	Wellness Works Grant	Small Community Grant	CEO Equipment	Voting Machine
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Notes receivable	-	-	-	-	-
Due from other funds	126	78	-	510	13,529
TOTAL ASSETS	\$ 126	\$ 78	\$ -	\$ 510	\$ 13,529
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ 500	\$ -	\$ -
TOTAL LIABILITIES	-	-	500	-	-
FUND EQUITY					
Fund balance:					
Unreserved:					
Designated for subsequent years' expenditures	126	78	(500)	510	13,529
Undesignated	-	-	-	-	-
TOTAL FUND EQUITY	126	78	(500)	510	13,529
TOTAL LIABILITIES AND FUND EQUITY	\$ 126	\$ 78	\$ -	\$ 510	\$ 13,529

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	MEDA	SAD #9	Firefighters Grant	Snowmobile Grant	North Church
ASSETS					
Cash	\$ -	\$ -	-	\$ -	-
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Notes receivable	-	-	-	-	-
Due from other funds	-	-	1,455	-	2
TOTAL ASSETS	\$ -	\$ -	\$ 1,455	\$ -	\$ 2
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Due to other funds	\$ -	\$ -	-	\$ -	-
TOTAL LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -
FUND EQUITY					
Fund balance:					
Unreserved:					
Designated for subsequent years' expenditures	-	-	1,455	-	2
Undesignated	-	-	-	-	-
TOTAL FUND EQUITY	\$ -	\$ -	\$ 1,455	\$ -	\$ 2
TOTAL LIABILITIES AND FUND EQUITY	\$ -	\$ -	\$ 1,455	\$ -	\$ 2

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	Church Street	FEMA	Playground	Heating Oil Fund	Police Training
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Notes receivable	-	-	-	-	-
Due from other funds	182	1,954	3,712	509	23,955
TOTAL ASSETS	<u>\$ 182</u>	<u>\$ 1,954</u>	<u>\$ 3,712</u>	<u>\$ 509</u>	<u>\$ 23,955</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY					
Fund balance:					
Unreserved:					
Designated for subsequent years' expenditures	182	1,954	3,712	509	23,955
Undesignated	-	-	-	-	-
TOTAL FUND EQUITY	<u>182</u>	<u>1,954</u>	<u>3,712</u>	<u>509</u>	<u>23,955</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 182</u>	<u>\$ 1,954</u>	<u>\$ 3,712</u>	<u>\$ 509</u>	<u>\$ 23,955</u>

SCHEDULE D (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	Bryne Grant	Bryne Grant II	AVCOG	Total
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ 148,995
Investments	-	-	-	187,609
Accounts receivable	-	-	-	-
Notes receivable	-	-	-	220,365
Due from other funds	3,574	-	-	447,755
TOTAL ASSETS	<u>\$ 3,574</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,004,724</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ 4,721
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,721</u>
FUND EQUITY				
Fund balance:				
Unreserved:				
Designated for subsequent years' expenditures	3,574	-	-	1,000,003
Undesignated	-	-	-	-
TOTAL FUND EQUITY	<u>3,574</u>	<u>-</u>	<u>-</u>	<u>1,000,003</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 3,574</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,004,724</u>

SCHEDULE E

TOWN OF FARMINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED DECEMBER 31, 2010

	Revolving Loan Fund	TIF Reserve	Cable Franchise	Revaluation	Local Road Assistance
REVENUES	\$ 10,481	\$ 658	\$ 47,474	\$ 5,252	\$ 1,974
EXPENDITURES	7	10,000	51,762	-	17
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,474	(9,342)	(4,288)	5,252	1,957
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	15,402	-	-	-
Operating Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	15,402	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	10,474	6,060	(4,288)	5,252	1,957
FUND BALANCE, JANUARY 1	283,508	180,616	18,371	65,268	53,457
FUND BALANCE, DECEMBER 31	\$ 293,982	\$ 186,676	\$ 14,083	\$ 70,520	\$ 55,414

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, 2010

	Highway Equipment	Public Works	Computer Treasurer	Police Drug Education	Fire Equipment
REVENUES	\$ 50,441	\$ 130	\$ 64	\$ 909	\$ 225
EXPENDITURES	-	-	-	-	6,123
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	50,441	130	64	909	(5,898)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	5,000	-	-	-
Operating Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	5,000	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	50,441	5,130	64	909	(5,898)
FUND BALANCE, JANUARY 1	25,576	33,597	16,499	26,852	62,836
FUND BALANCE, DECEMBER 31	\$ 76,017	\$ 38,727	\$ 16,563	\$ 27,761	\$ 56,938

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, 2010

	Hippach Field Projects	Sidewalk	Legal Reserve	Cops Grant	FAME Loan
REVENUES	\$ 19,098	\$ 44	\$ -	\$ 65	\$ 360
EXPENDITURES	42,255	3,500	13,776	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(23,157)	(3,456)	(13,776)	65	360
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	15,997	-	-
Operating Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	15,997	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(23,157)	(3,456)	2,221	65	360
FUND BALANCE, JANUARY 1	25,722	11,851	4,992	12,071	10,300
FUND BALANCE, DECEMBER 31	\$ 2,565	\$ 8,395	\$ 7,213	\$ 12,136	\$ 10,660

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, 2010

	Police Equipment	Cable Equipment	Regional Radio Assess	Municipal Building	Walton Mill Pond
REVENUES	\$ 4,034	\$ 5,036	18	\$ 2,013	\$ 312
EXPENDITURES	-	-	-	-	129
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,034	5,036	18	2,013	183
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	4,034	5,036	18	2,013	183
FUND BALANCE, JANUARY 1	8,785	8,616	4,602	482	3,090
FUND BALANCE, DECEMBER 31	\$ 12,819	\$ 13,652	\$ 4,620	\$ 2,495	\$ 3,273

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, 2010

	Landfill	Rail Trail Bridge	Hippach Field Light	Tree	Conservation Commission
REVENUES	\$ 1,920	\$ 19	\$ 7	\$ 7	\$ 811
EXPENDITURES	-	-	-	-	264
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,920	19	7	7	547
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,920	19	7	7	547
FUND BALANCE, JANUARY 1	3,979	4,981	1,938	1,859	2,924
FUND BALANCE, DECEMBER 31	\$ 5,899	\$ 5,000	\$ 1,945	\$ 1,866	\$ 3,471

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, 2010

	EPA Grant	Computer	FFSWD River Crossing	Community Resolution	A.D.A.
REVENUES	\$ 365	\$ 37	\$ 3	\$ 4	\$ 16
EXPENDITURES	-	-	-	-	324
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	365	37	3	4	(308)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	365	37	3	4	(308)
FUND BALANCE, JANUARY 1	1,111	2,999	901	968	4,130
FUND BALANCE, DECEMBER 31	\$ 1,476	\$ 3,036	\$ 904	\$ 972	\$ 3,822

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, 2010

	Walton Dam Project	Transportation Advisory	Community Center	Bowen Ice Skate Propane	Ice Skating
REVENUES	\$ 214	\$ 1	\$ 524	\$ -	\$ 1
EXPENDITURES	57	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	157	1	524	-	1
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	157	1	524	-	1
FUND BALANCE, JANUARY 1	3,521	286	3,261	138	128
FUND BALANCE, DECEMBER 31	\$ 3,678	\$ 287	\$ 3,785	\$ 138	\$ 129

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, 2010

	Other Donations	Wellness Works Grant	Small Community Grant	CEO Equipment	Voting Machine
REVENUES	\$ 1	\$ 1,176	\$ 25,498	\$ 2	\$ 52
EXPENDITURES	-	872	25,405	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1	304	93	2	52
OTHER FINANCING SOURCES (USES)	-	-	-	-	-
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1	304	93	2	52
FUND BALANCE, JANUARY 1	125	(226)	(593)	508	13,477
FUND BALANCE, DECEMBER 31	\$ 126	\$ 78	\$ (500)	\$ 510	\$ 13,529

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, 2010

	MDEA	SAD #9	Firefighters Grant	Snowmobile Grant	North Church
REVENUES	\$ 50,488	\$ 22,906	\$ 6	\$ 11,000	\$ 37,518
EXPENDITURES	50,488	22,906	-	11,000	37,518
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	6	-	-
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	6	-	-
FUND BALANCE, JANUARY 1	-	-	1,449	-	2
FUND BALANCE, DECEMBER 31	\$ -	\$ -	\$ 1,455	\$ -	\$ 2

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, 2010

	Church Street	FEMA	Playground	Heating Oil Fund	Police Training
REVENUES	\$ 1	\$ -	\$ 97	\$ 2	\$ 92
EXPENDITURES	-	11,349	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1	(11,349)	97	2	92
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1	(11,349)	97	2	92
FUND BALANCE, JANUARY 1	181	13,303	3,615	507	23,863
FUND BALANCE, DECEMBER 31	\$ 182	\$ 1,954	\$ 3,712	\$ 509	\$ 23,955

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, 2010

	Bryne Grant	Bryne Grant II	AVCOG	Total
REVENUES	\$ 15,911	\$ 10,024	\$ -	\$ 327,291
EXPENDITURES	12,337	10,024	-	310,113
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,574	-	-	17,178
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	36,399
Operating Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	36,399
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	3,574	-	-	53,577
FUND BALANCE, JANUARY 1	-	-	-	946,426
FUND BALANCE, DECEMBER 31	\$ 3,574	\$ -	\$ -	\$ 1,000,003

Permanent Funds

Permanent funds are used to account for assets held by the Town of Farmington, Maine in trust or as an agent for individuals, private organizations, other governmental units and/or other funds. These funds have been established for the provision and/or maintenance of the cemeteries, and trust.

SCHEDULE F

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
DECEMBER 31, 2010

	Hippach Field	LA Smith	Cemetery	Weymouth	Webster
ASSETS					
Cash	\$ -	\$ 18,458	\$ 14,918	\$ 9,168	\$ 1,501
Investments	142,373	-	-	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 142,373</u>	<u>\$ 18,458</u>	<u>\$ 14,918</u>	<u>\$ 9,168</u>	<u>\$ 1,501</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	6,492	756	604	-	-
TOTAL LIABILITIES	<u>6,492</u>	<u>756</u>	<u>604</u>	<u>-</u>	<u>-</u>
FUND EQUITY					
Fund balance:					
Reserved for endowments	-	-	-	-	-
Unreserved:					
Designated for subsequent years' expenditures	135,881	17,702	14,314	9,168	1,501
TOTAL FUND EQUITY	<u>135,881</u>	<u>17,702</u>	<u>14,314</u>	<u>9,168</u>	<u>1,501</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 142,373</u>	<u>\$ 18,458</u>	<u>\$ 14,918</u>	<u>\$ 9,168</u>	<u>\$ 1,501</u>

SCHEDULE F (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
DECEMBER 31, 2010

	Smith Cemetery	Riverside	Butterfield	Blake	Ctr. Mtg House
ASSETS					
Cash	\$ 3,126	\$ 12,729	\$ 1,763	\$ 14,513	\$ 10,120
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	\$ 3,126	\$ 12,729	\$ 1,763	\$ 14,513	\$ 10,120
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	35	-	-	1,366	-
TOTAL LIABILITIES	35	-	-	1,366	-
FUND EQUITY					
Fund balance:					
Reserved for endowments	-	-	-	-	-
Unreserved:					
Designated for subsequent years' expenditures	3,091	12,729	1,763	13,147	10,120
TOTAL FUND EQUITY	3,091	12,729	1,763	13,147	10,120
TOTAL LIABILITIES AND FUND EQUITY	\$ 3,126	\$ 12,729	\$ 1,763	\$ 14,513	\$ 10,120

SCHEDULE F (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
DECEMBER 31, 2010

	Ministerial	Alice Knowlton	Perkins	Albert Knowles	Nadine DeWolfe	Farmington Cemetery
\$	11,931	\$ 20,937	\$ 1,181	\$ 2,971	\$ 48,335	\$ 22,515
Investments	-	-	-	-	-	383,967
Due from other funds	-	-	-	-	-	2,450
TOTAL ASSETS	\$ 11,931	\$ 20,937	\$ 1,181	\$ 2,971	\$ 48,335	\$ 408,932

LIABILITIES AND FUND EQUITY

LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	50	128	-	-
TOTAL LIABILITIES	-	-	50	128	-	-

FUND EQUITY

Fund balance:						
Reserved for endowments	-	-	-	-	-	-
Unreserved:						
Designated for subsequent years' expenditures	11,931	20,937	1,131	2,843	48,335	408,932
TOTAL FUND EQUITY	11,931	20,937	1,131	2,843	48,335	408,932
TOTAL LIABILITIES AND FUND EQUITY	\$ 11,931	\$ 20,937	\$ 1,181	\$ 2,971	\$ 48,335	\$ 408,932

SCHEDULE F (CONTINUED)

TOWN OF FARMINGTON, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
DECEMBER 31, 2010

	Summer P. Mills	Hipach Field	Howard	Other	Perpetual Flowers	Total
ASSETS						
Cash	\$ 30,449	\$ 4,100	\$ 3,085	\$ 207	\$ 1,465	\$ 233,472
Investments	-	-	-	-	-	526,340
Due from other funds	-	-	-	-	-	2,450
TOTAL ASSETS	<u>\$ 30,449</u>	<u>\$ 4,100</u>	<u>\$ 3,085</u>	<u>\$ 207</u>	<u>\$ 1,465</u>	<u>\$ 762,262</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	135	-	-	9,566
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>135</u>	<u>-</u>	<u>-</u>	<u>9,566</u>
FUND EQUITY						
Fund balance:						
Reserved for endowments	-	-	-	-	-	-
Unreserved:						
Designated for subsequent years' expenditures	30,449	4,100	2,950	207	1,465	752,696
TOTAL FUND EQUITY	<u>30,449</u>	<u>4,100</u>	<u>2,950</u>	<u>207</u>	<u>1,465</u>	<u>752,696</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 30,449</u>	<u>\$ 4,100</u>	<u>\$ 3,085</u>	<u>\$ 207</u>	<u>\$ 1,465</u>	<u>\$ 762,262</u>

See accompanying independent auditors' report.

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, 2010

	Hippach Field	LA Smith	Cemetery	Weymouth	Webster
REVENUES	\$ 2,365	\$ 89	\$ 68	\$ 41	\$ 7
EXPENDITURES	6,317	1,700	338	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,952)	(1,611)	(270)	41	7
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(3,952)	(1,611)	(270)	41	7
FUND BALANCE, JANUARY 1	139,833	19,313	14,584	9,127	1,494
FUND BALANCE, DECEMBER 31	\$ 135,881	\$ 17,702	\$ 14,314	\$ 9,168	\$ 1,501

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, 2010

	Smith Cemetery	Riverside	Butterfield	Blake	Ctr. Mtg House
REVENUES	\$ 15	\$ 57	\$ 8	\$ 61	\$ 46
EXPENDITURES	210	90	-	199	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(195)	(33)	8	(138)	46
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(195)	(33)	8	(138)	46
FUND BALANCE, JANUARY 1	3,286	12,762	1,755	13,285	10,074
FUND BALANCE, DECEMBER 31	\$ 3,091	\$ 12,729	\$ 1,763	\$ 13,147	\$ 10,120

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, 2010

	Ministerial	Alice Knowlton	Perkins	Albert Knowles	Nadine DeWolfe	Farmington Cemetery
REVENUES	\$ 54	\$ 94	\$ 5	\$ 14	\$ 226	\$ 38,229
EXPENDITURES	-	-	27	149	1,000	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	54	94	(22)	(135)	(774)	38,229
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	54	94	(22)	(135)	(774)	38,229
FUND BALANCE, JANUARY 1	11,877	20,843	1,153	2,978	49,109	370,703
FUND BALANCE, DECEMBER 31	\$ 11,931	\$ 20,937	\$ 1,131	\$ 2,843	\$ 48,335	\$ 408,932

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, 2010

	Summer P. Mills	Hipach Field	Howard	Other	Perpetual Flowers	Total
REVENUES	\$ 137	\$ 19	\$ 14	\$ 1	\$ 7	\$ 41,557
EXPENDITURES	-	-	135	-	-	10,165
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	137	19	(121)	1	7	31,392
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	137	19	(121)	1	7	31,392
FUND BALANCE, JANUARY 1	30,312	4,081	3,071	206	1,458	721,304
FUND BALANCE, DECEMBER 31	\$ 30,449	\$ 4,100	\$ 2,950	\$ 207	\$ 1,465	\$ 752,696

See accompanying independent auditors' report.

General Capital Assets

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

TOWN OF FARMINGTON, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2010

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General Government	\$ 39,600	\$ 1,172,306	\$ 64,003	\$ -	\$ 1,275,909
Highway	111,700	1,024,474	1,887,627	9,180,387	12,204,188
Parks & Recreation	166,700	939,921	108,478	-	1,215,099
Public Safety	24,600	61,361	2,946,225	-	3,032,186
Sewer	53,488	9,654,190	1,689,105	7,361,194	18,757,977
Town-wide	308,400	46,730	-	-	355,130
Total General Capital Assets	<u>704,488</u>	<u>12,898,982</u>	<u>6,695,438</u>	<u>16,541,581</u>	<u>36,840,489</u>
Less: Accumulated Depreciation	-	(11,735,445)	(3,905,654)	(11,343,739)	(26,984,838)
Net General Capital Assets	<u>\$ 704,488</u>	<u>\$ 1,163,537</u>	<u>\$ 2,789,784</u>	<u>\$ 5,197,842</u>	<u>\$ 9,855,651</u>

See accompanying independent auditors' report.

TOWN OF FARMINGTON, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2010

	Assets 1/1/10	Additions	Deletions	Assets 12/31/10
General Government	\$ 1,275,909	\$ 231,481	\$ (41,799)	\$ 1,465,591
Highway	12,025,487	-	-	12,025,487
Parks & Recreation	1,208,099	-	-	1,208,099
Public Safety	3,028,206	-	-	3,028,206
Sewer	17,797,165	960,811	-	18,757,976
Town-wide	355,130	-	-	355,130
Total General Capital Assets	<u>35,689,996</u>	<u>1,192,292</u>	<u>(41,799)</u>	<u>36,840,489</u>
Less: Accumulated Depreciation		<u>(838,384)</u>	32,168	<u>(26,984,838)</u>
Net General Capital Assets	<u>\$ 9,511,374</u>	<u>\$ 353,908</u>	<u>\$ (9,631)</u>	<u>\$ 9,855,651</u>

See accompanying independent auditors' report.



Proven Expertise and Integrity

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

February 23, 2011

Board of Selectmen
Town of Farmington
Farmington, Maine

We have audited the financial statements of the Town of Farmington, as of and for the year ended December 31, 2010, and have issued our report thereon dated February 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Farmington's internal control.

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

Compliance and Other Matters

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

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

R.H.R. Smith & company
Certified Public Accountants