

Audited Financial Statements

Town of Readfield, Maine

June 30, 2012



Proven Expertise and Integrity

TOWN OF READFIELD, MAINE

CONTENTS

JUNE 30, 2012

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 10
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET ASSETS	11
STATEMENT B - STATEMENT OF ACTIVITIES	12 - 13
<u>FUND FINANCIAL STATEMENTS</u>	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	14
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS	15
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	16
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	17
NOTES TO FINANCIAL STATEMENTS	18 - 36
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	37
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS - BUDGET AND ACTUAL – GENERAL FUND	38 - 39

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	40
SCHEDULE A – SCHEDULE OF DEPARTMENTAL OPERATIONS	41 - 44
SCHEDULE B – COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	45
SCHEDULE C - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	46
SPECIAL REVENUE FUNDS DESCRIPTION	47
SCHEDULE D - COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS	48
SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS	49
PERMANENT FUNDS DESCRIPTION	50
SCHEDULE F - COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS	51 - 52
SCHEDULE G - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR PERMANENT FUNDS	53 – 54
GENERAL CAPITAL ASSETS DESCRIPTION	55
SCHEDULE H - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	56
SCHEDULE I - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	57
SCHEDULE J – SCHEDULE OF VALUATION, ASSESSMENT, AND COLLECTION OF TAXES	58



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

November 16, 2012

Select Board
Town of Readfield
Readfield, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Readfield, Maine, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Readfield's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 38 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America,

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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

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

RHR Smith & Company

Certified Public Accountants

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

(UNAUDITED)

The following management's discussion and analysis of the Town of Readfield, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Readfield'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 financial statements mentioned above have been presented for the following activity:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, education, solid waste, recreation, community services and other.

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 Readfield, 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 Readfield are categorized as governmental funds.

Governmental funds: All 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 Readfield 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 shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net assets, and changes in net assets of the Town's governmental activities. The Town's total net assets for governmental activities increased by \$252,580 from \$22.22 million to \$22.48 million.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased for the governmental activities to a balance of \$1,784,270 at the end of the fiscal year.

Table 1
Town of Readfield, Maine
Net Assets
June 30,

	Governmental Activities	
	2012	2011
Assets:		
Current and Other Assets	\$ 2,051,832	\$ 2,049,000
Capital Assets	21,841,168	22,175,227
Total Assets	\$ 23,893,000	\$ 24,224,227
Liabilities:		
Current Liabilities	\$ 357,257	\$ 390,069
Long-Term Debt Outstanding	1,059,215	1,610,210
Total Liabilities	\$ 1,416,472	\$ 2,000,279
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 20,570,479	\$ 20,260,312
Restricted: Permanent Funds	121,779	119,377
Unrestricted	1,784,270	1,844,259
Total Net Assets	\$ 22,476,528	\$ 22,223,948

Table 2
Town of Readfield, Maine
Change in Net Assets
For the Years Ended June 30,

	Governmental Activities	
	2012	2011
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 187,029	\$ 239,210
Operating Grants and Contributions	61,473	155,723
<i>General Revenues:</i>		
Taxes	4,178,457	4,175,410
Grants and Contributions Not Restricted to Specific Programs	262,051	102,573
Miscellaneous	86,018	199,547
Total Revenues	<u>4,775,028</u>	<u>4,872,463</u>
Expenses		
General Government	411,044	432,798
Boards and Commissions	13,542	3,787
Town Buildings	25,702	48,661
Community Services	54,964	46,202
Recreation, Parks & Activities	26,521	24,913
Protection	174,205	168,221
Cemeteries	29,354	25,832
Roads & Drainage	832,003	921,561
Solid Waste	266,411	246,473
Education	2,609,446	2,364,287
Regional Assessments	311,921	327,220
Unclassified	22,752	75,983
Interest on long-term debt	58,118	63,161
Program Expenditures	-	3,774
Total Expenses	<u>4,835,983</u>	<u>4,752,873</u>
Change in Net Assets	(60,955)	119,590
Special Item: Sale of Equipment	313,535	-
Net Assets - July 1	<u>22,223,948</u>	<u>22,104,358</u>
Net Assets - June 30	<u>\$ 22,476,528</u>	<u>\$ 22,223,948</u>

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 2.00%, while total expenses increased by 1.75%. The decrease in revenues was primarily due to a decline in both program and general revenues, partially offset by an increase in grants and contributions not restricted to specific programs along with a marginal increase in tax revenues. The increase in expense was predicated by a rise in education costs, partially offset by declines in roads and drainage and tax abatement expenses.

Financial Analysis of the Town's Fund Statements

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

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

	2012	2011
Major Funds:		
General Fund:		
Nonspendable	\$ 4,047	\$ 3,103
Committed	783,574	832,447
Unassigned	788,693	851,456
Total General Fund	\$ 1,576,314	\$ 1,687,006
Non-Major Funds:		
Special revenue funds:		
Assigned	\$ 4,767	\$ 4,767
Permanent funds:		
Restricted	121,779	119,377
Assigned	72,165	68,218
Total Non-Major Funds	\$ 198,711	\$ 192,362

The general fund total fund balance decreased by \$110,692 from the prior fiscal year. The non-major fund balances increased by \$6,349 from the prior fiscal year.

Budgetary Highlights

The differences between the original and final budget for the general fund were primarily due to utilization of unassigned and assigned fund balances.

The general fund actual revenues were under budget by \$630,133. This was primarily the result of grant and other revenues budgeted but not received, partially offset by greater than anticipated revenues received for protection and sale of equipment.

The general fund actual expenditures were under the budget by \$851,236. All expenditures were under budget with the exception of community services, cemeteries and regional assessments. Several capital projects were unable to be completed during the year due to lack of funding.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2012, the net book value of capital assets recorded by the Town decreased by \$334,059 from the prior year. This decrease is a result of current year depreciation and capital disposals, less current year additions. Refer to Note 4 of Notes to Financial Statements for more detailed information.

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

	<u>2012</u>	<u>2011</u>
Land and construction in progress	\$ 3,066,312	\$ 2,902,350
Buildings and improvements	387,844	406,745
Equipment	54,812	175,629
Vehicles	198,553	550,993
Infrastructure	<u>18,133,647</u>	<u>18,139,510</u>
Total	<u>\$ 21,841,168</u>	<u>\$ 22,175,227</u>

Debt

At June 30, 2012, the Town had \$1,152,085 in bonds outstanding versus \$1,367,028 last year, a decrease of 15.72%. Other obligations include capital leases payable and accrued vacation and sick time. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

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

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 Treasurer's Office at 8 Old Kents Hill Road, Readfield, Maine 04355.

TOWN OF READFIELD, MAINE

STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,416,150
Investments	293,010
Accounts receivable (net of allowance for uncollectibles):	
Taxes/liens	273,085
Tax acquired property	4,047
Total current assets	<u>2,051,832</u>
Noncurrent assets:	
Capital assets:	
Land, infrastructure, and other assets not being depreciated	3,066,312
Buildings and equipment, net of accumulated depreciation	18,774,856
Total noncurrent assets	<u>21,841,168</u>
TOTAL ASSETS	<u><u>\$ 23,893,000</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 75,181
Accrued payroll	14,230
Other liabilities	13,489
Prepaid taxes	13,061
Current portion of long-term obligations	241,296
Total current liabilities	<u>357,257</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	960,000
Capital leases payable	69,393
Accrued compensated absences	29,822
Total noncurrent liabilities	<u>1,059,215</u>
TOTAL LIABILITIES	<u>1,416,472</u>
NET ASSETS	
Invested in capital assets, net of related debt	20,570,479
Restricted	121,779
Unrestricted	1,784,270
TOTAL NET ASSETS	<u>22,476,528</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 23,893,000</u></u>

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

STATEMENT B

TOWN OF READFIELD, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Totals
Governmental activities:					
General government	\$ 411,044	\$ 17,753	\$ -	\$ -	\$ (393,291)
Boards and commissions	13,542	-	-	-	(13,542)
Town buildings	25,702	-	-	-	(25,702)
Community services	54,964	-	-	-	(54,964)
Recreation, parks & activities	26,521	28,636	-	-	2,115
Protection	174,205	-	15,979	-	(158,226)
Cemeteries	29,354	-	-	-	(29,354)
Roads & drainage	832,003	-	37,844	-	(794,159)
Solid waste	266,411	132,548	7,650	-	(126,213)
Education	2,609,446	-	-	-	(2,609,446)
Regional assessments	311,921	8,092	-	-	(303,829)
Unclassified	22,752	-	-	-	(22,752)
Interest on long-term debt	58,118	-	-	-	(58,118)
Total government	<u>\$ 4,835,983</u>	<u>\$ 187,029</u>	<u>\$ 61,473</u>	<u>\$ -</u>	<u>(4,587,481)</u>

TOWN OF READFIELD, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Governmental Activities</u>
Changes in net assets:	
Net (expense) revenue	<u>(4,587,481)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	3,752,666
Excise taxes	425,791
Grants and contributions not restricted to specific programs	262,051
Miscellaneous	86,018
<i>Special item</i> - sale of equipment	<u>313,535</u>
Total general revenues and special items	<u>4,840,061</u>
Change in net assets	252,580
NET ASSETS - JULY 1, 2011	<u>22,223,948</u>
NET ASSETS - JUNE 30, 2012	<u><u>\$ 22,476,528</u></u>

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

STATEMENT C

TOWN OF READFIELD, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Other Governmental Funds	Totals Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 1,372,358	\$ 43,792	\$ 1,416,150
Investments	121,391	171,619	293,010
Accounts receivables (net of allowance for uncollectibles):			
Taxes	273,085	-	273,085
Liens	65,540	-	65,540
Tax acquired property	4,047	-	4,047
Due from other funds	21,467	4,767	26,234
TOTAL ASSETS	<u><u>\$ 1,857,888</u></u>	<u><u>\$ 220,178</u></u>	<u><u>\$ 2,078,066</u></u>
LIABILITIES			
Accounts payable	\$ 75,181	\$ -	\$ 75,181
Accrued payroll	14,230	-	14,230
Other liabilities	13,489	-	13,489
Deferred tax revenues	160,846	-	160,846
Prepaid taxes	13,061	-	13,061
Due to other funds	4,767	21,467	26,234
TOTAL LIABILITIES	<u><u>281,574</u></u>	<u><u>21,467</u></u>	<u><u>303,041</u></u>
FUND BALANCES			
Nonspendable	4,047	-	4,047
Restricted	-	121,779	121,779
Committed	783,574	-	783,574
Assigned	-	76,932	76,932
Unassigned	788,693	-	788,693
TOTAL FUND BALANCES	<u><u>1,576,314</u></u>	<u><u>198,711</u></u>	<u><u>1,775,025</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1,857,888</u></u>	<u><u>\$ 220,178</u></u>	<u><u>\$ 2,078,066</u></u>

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

TOWN OF READFIELD, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

	Total Governmental Funds
Total Fund Balances	\$ 1,775,025
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	21,841,168
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	160,846
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(1,152,085)
Capital leases payable	(118,604)
Accrued compensated absences	(29,822)
	\$ 22,476,528
Net assets of governmental activities	

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

TOWN OF READFIELD, MAINE

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

	General Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES			
Taxes:			
Property taxes	\$ 3,707,986	\$ -	\$ 3,707,986
Excise taxes	425,791	-	425,791
Intergovernmental revenues	299,895	-	299,895
Charges for services	194,679	-	194,679
Miscellaneous revenues	95,624	6,373	101,997
TOTAL REVENUES	4,723,975	6,373	4,730,348
EXPENDITURES			
Current:			
General government	389,918	-	389,918
Boards and commissions	13,542	-	13,542
Town buildings	25,702	-	25,702
Community services	54,964	-	54,964
Recreation, parks & activities	23,633	-	23,633
Protection	117,425	-	117,425
Cemeteries	29,354	-	29,354
Roads & drainage	738,423	-	738,423
Solid waste	240,534	-	240,534
Education	2,609,446	-	2,609,446
Regional assessments	311,921	-	311,921
Unclassified	22,728	24	22,752
Debt service:			
Principal	232,823	-	232,823
Interest	58,118	-	58,118
Capital outlay	279,671	-	279,671
TOTAL EXPENDITURES	5,148,202	24	5,148,226
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(424,227)	6,349	(417,878)
SPECIAL ITEM			
Proceeds from sale of equipment	313,535	-	313,535
NET CHANGE IN FUND BALANCES	(110,692)	6,349	(104,343)
FUND BALANCES - JULY 1	1,687,006	192,362	1,879,368
FUND BALANCES - JUNE 30	\$ 1,576,314	\$ 198,711	\$ 1,775,025

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

TOWN OF READFIELD, MAINE

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (104,343)</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset purchases capitalized	564,103
Capital asset disposals	(400,749)
Depreciation expense	<u>(497,413)</u>
	<u>(334,059)</u>
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets</p>	
	<u>644,226</u>
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>	
Accrued compensated absences	<u>2,076</u>
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>	
Taxes and liens receivable	<u>44,680</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 252,580</u></u>

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Readfield was incorporated under the laws of the State of Maine. The Town operates under Town selectmen-manager form of government and provides the following services: general government, public safety, public works, solid waste, community services, education, recreation and other.

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. All 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 READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town:

1. Governmental Funds:

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

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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.

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

Budget

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Select Board was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.
4. The Town does not adopt budgets for Special Revenue Funds.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

The Town of Readfield has a formal investment policy that follows the State of Maine Statutes.

Inventories

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

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

Transactions Between Funds

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

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2012.

Capital Assets

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

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

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

Estimated useful lives are as follows:

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

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

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

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

Compensated Absences

The Town's policies regarding vacation and sick time 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 June 30, 2012, the Town's liability for compensated absences is \$29,822.

Net Assets

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

Fund Balance

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 3, 2011 on the assessed value listed as of April 1, 2011, for all real and personal property located in the Town. Taxes were due in two installments on September 30, 2011 and February 29, 2012. Interest on unpaid taxes commenced on October 1, 2011 and March 1, 2012, at 4% per annum.

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

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$172,485 for the year ended June 30, 2012.

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

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

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2012, the Town's cash and cash equivalents amounting to \$1,416,150 were comprised of bank deposits of \$1,391,329. All of these deposits were fully covered by federal depository insurance and consequently was not exposed to custodial credit risk. The cash equivalents of \$43,792 were registered in the Town's name and covered by the Securities Investor Protection Corporation (SIPC) and consequently not exposed to custodial credit risk.

Checking accounts	107,082
Sweep accounts	1,165,161
Savings accounts	20,407
Money market accounts	98,679
Cash equivalents	43,792
	<u>\$ 1,435,121</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. The Town's investment in certificates of deposit for \$121,391 was covered by federal depository insurance and not exposed to custodial credit risk. The mutual funds and fixed income securities of \$171,619 were not exposed to custodial credit risk because those securities are registered in the Town's name and are fully covered by the Securities Investor Protection Corporation (SIPC).

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Mutual funds	\$ 78,035	\$ 78,035		
Fixed income	93,584	93,584	-	-
Certificates of deposit	121,391	-	121,391	-
	\$ 293,010	\$ 171,619	\$ 121,391	\$ -

Credit risk – Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings and money market accounts and various insured certificates of deposit.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a policy related to interest rate risk.

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2012 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 21,467	\$ 4,767
Nonmajor special revenue funds	4,767	-
Nonmajor permanent funds	-	21,467
	\$ 26,234	\$ 26,234

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2012:

	Balance, 7/1/11	Additions	Disposals	Balance, 6/30/12
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 2,865,844	\$ -	\$ -	\$ 2,865,844
Construction in progress	36,506	163,962		200,468
	<u>2,902,350</u>	<u>163,962</u>	<u>-</u>	<u>3,066,312</u>
Depreciated assets:				
Buildings & improvements	789,136	23,262	(27,584)	784,814
Land improvements	186,368	27,584	-	213,952
Equipment	330,207	-	(163,581)	166,626
Vehicles	1,081,150	30,778	(356,750)	755,178
Infrastructure	23,264,584	318,517	-	23,583,101
	<u>25,651,445</u>	<u>400,141</u>	<u>(547,915)</u>	<u>25,503,671</u>
Less: accumulated depreciation	<u>(6,378,568)</u>	<u>(497,413)</u>	<u>147,166</u>	<u>(6,728,815)</u>
	<u>19,272,877</u>	<u>(97,272)</u>	<u>(400,749)</u>	<u>18,774,856</u>
Net capital assets	<u>\$ 22,175,227</u>	<u>\$ 66,690</u>	<u>\$ (400,749)</u>	<u>\$ 21,841,168</u>
<u>Current year depreciation</u>				
General government				\$ 23,202
Recreation, parks & activities				2,888
Protection				56,780
Roads & drainage				388,666
Solid waste				<u>25,877</u>
Total depreciation expense				<u>\$ 497,413</u>

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 - LONG-TERM DEBT

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

	Balance, 7/1/11	Additions	Deletions	Balance, 6/30/12	Current Year Portion
Bonds payable	\$ 1,367,028	\$ -	\$ (214,943)	\$ 1,152,085	\$ 192,085
Capital leases payable	547,887	-	(429,283)	118,604	49,211
Accrued compensated absences	40,153	-	(10,331)	29,822	-
Totals	<u>\$ 1,955,068</u>	<u>\$ -</u>	<u>\$ (654,557)</u>	<u>\$ 1,300,511</u>	<u>\$ 241,296</u>

The following is a summary of bonds outstanding as of June 30, 2012:

\$120,850, 2002 General Obligation Bond due in annual principal installments of \$12,085 through 2013. Interest is charged at a rate varying from 2.5% to 3.45% per annum.	\$ 12,085
\$300,000, 2004 General Obligation Bond due in annual principal installments of \$30,000 through 2015. Interest is charged at a rate varying from 3.019% to 3.644% per annum.	90,000
\$1,500,000 2008 General Obligation Bond due in annual principal installments of \$150,000 through 2019. Interest is charged at a rate of 4.11% per annum.	<u>1,050,000</u>
Total Bonds Payable	<u>\$ 1,152,085</u>

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The annual principal and interest requirements to amortize the bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 192,085	\$ 52,138	\$ 244,223
2014	180,000	44,879	224,879
2015	180,000	37,537	217,537
2016	150,000	30,825	180,825
2017	150,000	24,660	174,660
2018-2022	300,000	30,876	330,876
	<u>\$ 1,152,085</u>	<u>\$ 220,915</u>	<u>\$ 1,373,000</u>

All bonds payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town. The General Fund of the Town is used to pay for all long-term debt.

A summary of the outstanding capital leases payable is as follows:

The Town leases a Freightliner Rescue Truck under a non-cancellable lease agreement dated April of 2010. The term of the lease is for a four year period expiring in July of 2014. Annual principal and interest payments are \$34,720.

The Town leases a Toshiba copier under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in February 2015. Interest is charged at a rate of 3.00% per annum. Annual principal and interest payments are \$1,927.

The Town financed a public works equipment lease under a non-cancellable lease with Androscoggin Bank. The term of the lease is for one year due in an annual installment of \$18,789. Interest is charged at a rate of 3.54% per annum.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

2013	\$	55,437
2014		36,648
2015		36,648
2016		-
2017		-
Total minimum lease payments		<u>128,733</u>
Less: Amount representing interest		<u>(10,129)</u>
Present value of future minimum lease payments	\$	<u><u>118,604</u></u>

NOTE 6 – NONSPENDABLE FUND BALANCES

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

Tax acquired properties	\$	<u><u>4,047</u></u>
-------------------------	----	---------------------

NOTE 7 – RESTRICTED FUND BALANCES

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

Nonmajor permanent funds (Schedule F)	\$	<u><u>121,779</u></u>
---------------------------------------	----	-----------------------

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8 – COMMITTED FUND BALANCES

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

	Balance 7/1/11	Appropriation	Applied Receipts	Actual Expenditures	Counted Rev Reduction	Use of CF to reduce Budget	Use of TF	Balance 6/30/12
Admin Technology	\$ -	\$ 5,000	\$ -	\$ 3,933	\$ -	\$ -	\$ -	\$ 1,067
Backhoe	11,069	-	2,925	1,571	-	-	-	12,423
Ballfield	-	200,000	3,770	1,184	-	200,000	5,000	7,586
Beach	11,155	15,103	8,178	6,770	10,103	-	-	17,563
Cemeteries	4,899	26,362	176	29,354	-	-	-	2,083
Cemetery Capital	-	7,000	-	5,320	-	-	-	1,680
Community Park	(509)	-	-	484	-	-	-	(993)
Dispatching	13,739	22,680	-	22,399	-	13,039	-	981
FD Annual Physicals	4,781	-	-	115	-	-	-	4,666
FD Emerg Comm	6,900	-	1,300	-	-	-	-	8,200
Fire Dept Equip	17,251	84,920	14,679	76,725	9,710	-	-	30,415
Fire PPG Replacement	-	2,000	-	-	-	-	-	2,000
Fire station Addition	39,000	39,000	-	1,899	-	39,000	-	37,101
Fire Stat'n Improvements	-	-	-	-	-	-	-	-
Forestry	697	-	-	-	-	-	-	697
Gardiner Sav Bldg	3,876	-	-	-	-	-	-	3,876
Gile Hall	9,556	10,000	-	2,798	-	-	-	16,758
Grant Writing	3,866	2,500	-	-	-	2,500	-	3,866
Heating Assistance	753	889	2,539	1,649	-	889	-	1,643
Heritage Days	1,412	9,300	4,429	9,465	3,600	1,200	-	876
Library Operations	2,447	25,231	3,491	25,839	2,000	-	-	3,330
Library Building Imp	36,193	-	-	23,262	-	-	-	12,931
Maranacook Dam	9,600	2,400	-	-	-	-	-	12,000
MillStream Bridge	-	2,500	-	2,131	-	-	-	369
Open Space	2,897	1,000	-	-	-	-	-	3,897
Playground	1,095	-	-	-	-	-	-	1,095
Public Works Capital	26,386	-	-	-	-	-	-	26,386
Public Works Equip Lease	(308)	-	-	-	-	-	-	(308)
Recreation	27,448	14,882	8,784	6,914	12,192	-	(5,000)	27,008
Reflections	1,034	-	7	-	-	-	-	1,041
Revaluation	40,000	10,000	-	-	-	-	-	50,000
Road /Bridge Bond	5,830	-	-	-	-	-	-	5,830
Road Bond	11,617	-	-	-	-	-	-	11,617
Sidewalks	(31,923)	525,000	-	163,962	525,000	-	-	(195,885)
Snowmobiling	1,417	-	1,589	1,417	-	-	-	1,589
Summer Roads/Regional	249,484	782,752	371,510	738,618	316,000	-	-	349,128
Torsey Pond Nature Preserve	1,918	-	-	-	-	-	-	1,918
Town Farm Forest	16,888	2,700	-	176	-	2,700	-	16,712
TS Operations	39,158	126,761	68,637	119,481	73,968	-	-	41,107
TS Capital	-	8,000	-	-	-	-	-	8,000
Vernal Pools	(86)	-	-	-	-	-	-	(86)
Water Holes (Fund 5)	2,907	500	-	-	-	-	-	3,407
	<u>572,447</u>	<u>1,926,480</u>	<u>492,014</u>	<u>1,245,466</u>	<u>952,573</u>	<u>259,328</u>	<u>-</u>	<u>533,574</u>
FY 2013 Budget	-	250,000	-	-	-	-	-	250,000
	<u>\$ 572,447</u>	<u>\$ 2,176,480</u>	<u>\$ 492,014</u>	<u>\$ 1,245,466</u>	<u>\$ 952,573</u>	<u>\$ 259,328</u>	<u>\$ -</u>	<u>\$ 783,574</u>

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 9 – ASSIGNED FUND BALANCES

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

Nonmajor special revenue funds (Schedule D)	\$	4,767
Nonmajor permanent funds (Schedule F)		<u>72,165</u>
	\$	<u><u>76,932</u></u>

NOTE 10 – JOINT VENTURE

The Town has entered into a joint venture with a number of other Towns. This joint venture is considered to be a separate reporting entity and has not been included within the financial statements of the Town of Readfield. A brief description of the joint venture, FirstPark, follows:

FirstPark

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

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

The Authority derives the bulk of its revenue from the participants, but also receives some grant revenues from the State of Maine and tenant's rental income. In fiscal year 2012, the Town of Readfield contributed \$25,511. Complete financial statements may be obtained from Kennebec Regional Development Authority/First Park at P.O. Box 246, Oakland, Maine 04963.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 11 – OVERLAPPING DEBT

The Town is responsible for its proportionate share of certain outside agency's debt. As of June 30, 2012, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of Kennebec	\$ 30,000	2.76%	\$ 828
RSU #38	5,030,223	26.68%	1,342,063
First Park	2,283,959	4.35%	99,352
			<u>\$ 1,442,244</u>

NOTE 12 – RISK MANAGEMENT

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

Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2012.

NOTE 13 – DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGEMENT ASSOCIATION –
RETIREMENT CORPORATION

A. Plan Description

The Town contributes to a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the International City Management Association Retirement Corporation (ICMA-RC). The plan, available to Town employees, Town management and professional level employees, permits them to defer a portion of their salary, in addition to Town contributions, until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries. Employees may opt to use a different plan with similar terms.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 13 – DEFERRED COMPENSATION PLAN (CONTINUED)

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

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town's Select Board. For professional employees that choose to participate in the 457 plan alone, the Town will contribute an amount equal to the required employer contribution for the defined benefit plan up to 10.00% of an employee's annual salary. For the Town's non-professional employees, the Town will contribute an amount equal to 5%, 8%, or 10% of their annual salary depending on years of service. Employees may contribute additional amounts of their own choosing.

The Town's contributions to the plan including employee contributions for 2012, 2011, and 2010 were \$11,951, \$12,900, and \$11,327, respectively.

TOWN OF READFIELD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 14 – OVERSPENT APPROPRIATIONS

At June 30, 2012, the Town had the following overspent appropriations:

Community services	\$	251
Regional assessments		98
	\$	<u>349</u>

NOTE 15 – CONTINGENCIES

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

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

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 READFIELD, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,687,006	\$ 1,687,006	\$ 1,687,006	\$ -
Resources (Inflows):				
Taxes:				
Property Taxes	3,728,553	3,728,553	3,692,289	(36,264)
Excise Taxes	391,000	391,000	425,791	34,791
Interest on Taxes	20,000	20,000	15,697	(4,303)
Total Taxes	<u>4,139,553</u>	<u>4,139,553</u>	<u>4,133,777</u>	<u>(5,776)</u>
Intergovernmental revenues:				
State Revenue Sharing	160,000	160,000	177,103	17,103
Homestead Exemption	66,439	66,439	67,180	741
Local Road Assistance	36,000	36,000	37,844	1,844
Other	13,428	16,802	17,768	966
Total Intergovernmental Revenues	<u>275,867</u>	<u>279,241</u>	<u>299,895</u>	<u>20,654</u>
Licenses, permits & fees	<u>18,700</u>	<u>18,700</u>	<u>17,753</u>	<u>(947)</u>
Charges for services:				
Library	4,800	4,800	3,491	(1,309)
Recreation	12,192	20,792	25,145	4,353
Regional Assesments	-	-	8,092	8,092
Transfer Station	147,935	147,935	140,198	(7,737)
Total Charges for Services	<u>164,927</u>	<u>173,527</u>	<u>176,926</u>	<u>3,399</u>
Investment income	<u>5,000</u>	<u>5,000</u>	<u>6,444</u>	<u>1,444</u>
Miscellaneous revenues:				
Trails Donations	11,150	11,150	11,150	-
Cable TV Franchise Fees	22,000	22,000	25,496	3,496
First Park	9,000	9,000	10,051	1,051
Sidewalks	525,000	525,000	-	(525,000)
Protection	3,374	-	15,979	15,979
Sale of equipment	280,000	280,000	313,535	33,535
Other	9,336	204,669	26,504	(178,165)
Operating transfers in	-	-	-	-
Total Miscellaneous Revenues	<u>859,860</u>	<u>1,051,819</u>	<u>402,715</u>	<u>(649,104)</u>
Amounts Available for Appropriation	<u>7,150,913</u>	<u>7,354,846</u>	<u>6,724,516</u>	<u>(630,330)</u>

SCHEDULE 1 (CONTINUED)
TOWN OF READFIELD, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Charges to Appropriations (Outflows):				
General government	431,138	431,138	389,918	41,220
Boards and commissions	17,404	17,404	13,542	3,862
Town buildings	27,415	27,415	25,702	1,713
Community services	51,124	54,713	54,964	(251)
Recreation, parks & activities	20,382	40,285	23,633	16,652
Protection	112,401	125,440	117,425	8,015
Cemeteries	26,362	31,458	29,354	2,104
Roads & drainage	782,752	782,752	738,423	44,329
Solid waste	253,521	253,521	240,534	12,987
Education	2,609,446	2,609,446	2,609,446	-
Regional assessments	311,823	311,823	311,921	(98)
Unclassified	195,832	195,832	22,728	173,104
Debt service:				
Principal	257,823	257,823	232,823	25,000
Interest	66,584	66,584	58,118	8,466
Capital outlay	559,900	798,900	279,671	519,229
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>5,723,907</u>	<u>6,004,534</u>	<u>5,148,202</u>	<u>856,332</u>
Budgetary Fund Balance, June 30	<u>\$ 1,427,006</u>	<u>\$ 1,350,312</u>	<u>\$ 1,576,314</u>	<u>\$ 226,002</u>
Utilization of unassigned fund balance	\$ 260,000	\$ 260,000	\$ -	\$ (260,000)
Utilization of assigned fund balance	-	76,694	-	(76,694)
	<u>\$ 260,000</u>	<u>\$ 336,694</u>	<u>\$ -</u>	<u>\$ (336,694)</u>

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

Other Supplementary Information

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

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

TOWN OF READFIELD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General Government -					
Administration	\$ 280,371	\$ -	\$ 280,371	\$ 275,907	\$ 4,464
Grant writing	2,500	-	2,500	-	2,500
Insurance	25,650	-	25,650	26,925	(1,275)
Office equipment	4,300	-	4,300	4,293	7
Assessing	31,085	-	31,085	25,030	6,055
Code enforcement	35,270	-	35,270	17,896	17,374
Municipal maintenance	51,962	-	51,962	39,867	12,095
	<u>431,138</u>	<u>-</u>	<u>431,138</u>	<u>389,918</u>	<u>41,220</u>
Boards and Commissions -					
Appeals Board	610	-	610	-	610
Conservation Commission	800	-	800	682	118
Planning Board	3,269	-	3,269	309	2,960
Trail Committee	12,725	-	12,725	12,551	174
Vernal Pool mapping	-	-	-	-	-
	<u>17,404</u>	<u>-</u>	<u>17,404</u>	<u>13,542</u>	<u>3,862</u>
Town Buildings -					
Fire Station	7,845	-	7,845	7,672	173
Gile Hall	14,475	-	14,475	14,696	(221)
Library	5,095	-	5,095	3,334	1,761
	<u>27,415</u>	<u>-</u>	<u>27,415</u>	<u>25,702</u>	<u>1,713</u>
Community Services -					
Animal control	13,014	-	13,014	17,315	(4,301)
Kennebec Land Trust	250	-	250	250	-
Library	25,231	-	25,231	25,839	(608)
Maranacook Lake Dam	250	-	250	-	250
Readfield TV	6,879	-	6,879	5,334	1,545
Street lights	5,500	-	5,500	4,401	1,099
Town farm forest	-	2,700	2,700	176	2,524
Heating assistance	-	889	889	1,649	(760)
	<u>51,124</u>	<u>3,589</u>	<u>54,713</u>	<u>54,964</u>	<u>(251)</u>

TOWN OF READFIELD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Recreation, Parks & Activities -					
Beach	\$ -	\$ 15,103	\$ 15,103	\$ 6,770	\$ 8,333
Recreation Board	14,882	-	14,882	6,914	7,968
Heritage Days	4,500	4,800	9,300	9,465	(165)
Open space	1,000	-	1,000	-	1,000
Community Park	-	-	-	484	(484)
	<u>20,382</u>	<u>19,903</u>	<u>40,285</u>	<u>23,633</u>	<u>16,652</u>
Protection -					
Fire department - Operations	63,881	13,039	76,920	71,445	5,475
Fire department - Equipment	8,000	-	8,000	5,280	2,720
Ambulance	15,340	-	15,340	18,186	(2,846)
Water holes	500	-	500	-	500
Dispatching	22,680	-	22,680	22,399	281
Annual physicals	-	-	-	115	(115)
Personal protection gear	2,000	-	2,000	-	2,000
	<u>112,401</u>	<u>13,039</u>	<u>125,440</u>	<u>117,425</u>	<u>8,015</u>
Cemeteries	<u>26,362</u>	<u>5,096</u>	<u>31,458</u>	<u>29,354</u>	<u>2,104</u>
Roads & drainage -					
Summer roads	378,512	-	378,512	319,327	59,185
Winter maintenance	404,240	-	404,240	416,217	(11,977)
Regional	-	-	-	2,879	(2,879)
	<u>782,752</u>	<u>-</u>	<u>782,752</u>	<u>738,423</u>	<u>44,329</u>

TOWN OF READFIELD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Capital outlay -					
ADM technology	5,000	-	5,000	3,933	1,067
Fire station addition	-	39,000	39,000	1,899	37,101
Ballfield	-	200,000	200,000	1,184	198,816
Cemetery	7,000	-	7,000	5,320	1,680
Gile Hall	10,000	-	10,000	2,798	7,202
Library buildings improvement	-	-	-	23,262	(23,262)
Sidewalks	525,000	-	525,000	239,144	285,856
Mill stream footbridge	2,500	-	2,500	2,131	369
Transfer station	8,000	-	8,000	-	8,000
Maranacook Dam	2,400	-	2,400	-	2,400
	<u>559,900</u>	<u>239,000</u>	<u>798,900</u>	<u>279,671</u>	<u>519,229</u>
Solid Waste -					
Transfer station	<u>253,521</u>	<u>-</u>	<u>253,521</u>	<u>240,534</u>	<u>12,987</u>
	<u>253,521</u>	<u>-</u>	<u>253,521</u>	<u>240,534</u>	<u>12,987</u>
Education -					
RSU #38	<u>2,609,446</u>	<u>-</u>	<u>2,609,446</u>	<u>2,609,446</u>	<u>-</u>
	<u>2,609,446</u>	<u>-</u>	<u>2,609,446</u>	<u>2,609,446</u>	<u>-</u>

TOWN OF READFIELD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Regional Assessments -					
Cobbosee Watershed District	19,393	-	19,393	19,393	-
Kennebec County Tax	262,678	-	262,678	267,016	(4,338)
Kennebec Valley Council of Governments	4,240	-	4,240	-	4,240
First Park	25,512	-	25,512	25,512	-
	<u>311,823</u>	<u>-</u>	<u>311,823</u>	<u>311,921</u>	<u>(98)</u>
Debt Service -					
Principal	257,823	-	257,823	232,823	25,000
Interest	66,584	-	66,584	58,118	8,466
	<u>324,407</u>	<u>-</u>	<u>324,407</u>	<u>290,941</u>	<u>33,466</u>
Unclassified -					
Abatements/Overlay	172,485	-	172,485	12,668	159,817
Non-profits	5,253	-	5,253	3,812	1,441
Revaluation	10,000	-	10,000	-	10,000
Snowmobiling	1,417	-	1,417	1,417	-
General assistance	4,200	-	4,200	2,354	1,846
Marranacook Lake Association	1,500	-	1,500	1,500	-
Torsey Pond Association	750	-	750	750	-
30 Mile River Watershed	227	-	227	227	-
	<u>195,832</u>	<u>-</u>	<u>195,832</u>	<u>22,728</u>	<u>173,104</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 5,723,907</u>	<u>\$ 280,627</u>	<u>\$ 6,004,534</u>	<u>\$ 5,148,202</u>	<u>\$ 856,332</u>

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

TOWN OF READFIELD, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 43,792	\$ 43,792
Investments	-	171,619	171,619
Due from other funds	<u>4,767</u>	<u>-</u>	<u>4,767</u>
TOTAL ASSETS	<u><u>\$ 4,767</u></u>	<u><u>\$ 215,411</u></u>	<u><u>\$ 220,178</u></u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>21,467</u>	<u>21,467</u>
TOTAL LIABILITIES	<u><u>-</u></u>	<u><u>21,467</u></u>	<u><u>21,467</u></u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	121,779	121,779
Committed	-	-	-
Assigned	4,767	72,165	76,932
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u><u>4,767</u></u>	<u><u>193,944</u></u>	<u><u>198,711</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 4,767</u></u>	<u><u>\$ 215,411</u></u>	<u><u>\$ 220,178</u></u>

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

TOWN OF READFIELD, MAINE

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

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Investment income, net of unrealized gains/(losses)	\$ -	\$ 3,173	\$ 3,173
Miscellaneous	-	3,200	3,200
TOTAL REVENUES	<u>-</u>	<u>6,373</u>	<u>6,373</u>
EXPENDITURES	<u>-</u>	<u>24</u>	<u>24</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>6,349</u>	<u>6,349</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfer In	-	-	-
Operating Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	6,349	6,349
FUND BALANCES - JULY 1	<u>4,767</u>	<u>187,595</u>	<u>192,362</u>
FUND BALANCES - JUNE 30	<u>\$ 4,767</u>	<u>\$ 193,944</u>	<u>\$ 198,711</u>

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

Special Revenue Funds Description

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

TOWN OF READFIELD, MAINE

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

	Town Boundary Lines	Readfield Corner Sewage	Beach Tractor Replacement	Beach Equipment	Totals
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	656	1,705	2,400	6	4,767
TOTAL ASSETS	\$ 656	\$ 1,705	\$ 2,400	\$ 6	\$ 4,767
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	656	1,705	2,400	6	4,767
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	656	1,705	2,400	6	4,767
TOTAL LIABILITIES AND FUND BALANCES	\$ 656	\$ 1,705	\$ 2,400	\$ 6	\$ 4,767

See accompanying independent auditors' report.

TOWN OF READFIELD, MAINE

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

	Town Boundary Lines	Readfield Corner Sewage	Beach Tractor Replacement	Beach Equipment	Totals
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-
EXPENDITURES					
Program Expenses	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCES - JULY 1	656	1,705	2,400	6	4,767
FUND BALANCES - JUNE 30	\$ 656	\$ 1,705	\$ 2,400	\$ 6	\$ 4,767

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

Permanent Funds Description

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

TOWN OF READFIELD, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS
JUNE 30, 2012

	Cemetery Funds						
	Cemetery Fund	Whittier Fund	Kents Hill Fund	Cemetery Expansion Fund	Kesner Fund	Kolreg Fund	Lincoln Fund
ASSETS							
Cash and cash equivalents	\$ 21,423	\$ 714	\$ 2,820	\$ 3,915	\$ 149	\$ 398	\$ 368
Investments	83,956	2,797	11,052	15,343	583	1,562	1,442
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 105,379</u>	<u>\$ 3,511</u>	<u>\$ 13,872</u>	<u>\$ 19,258</u>	<u>\$ 732</u>	<u>\$ 1,960</u>	<u>\$ 1,810</u>
LIABILITIES							
Due to other funds	\$ 7,719	\$ 605	\$ 253	\$ 7,317	\$ 53	\$ 80	\$ 35
TOTAL LIABILITIES	<u>7,719</u>	<u>605</u>	<u>253</u>	<u>7,317</u>	<u>53</u>	<u>80</u>	<u>35</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	72,300	500	4,910	-	300	500	500
Committed	-	-	-	-	-	-	-
Assigned	25,360	2,406	8,709	11,941	379	1,380	1,275
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>97,660</u>	<u>2,906</u>	<u>13,619</u>	<u>11,941</u>	<u>679</u>	<u>1,880</u>	<u>1,775</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 105,379</u>	<u>\$ 3,511</u>	<u>\$ 13,872</u>	<u>\$ 19,258</u>	<u>\$ 732</u>	<u>\$ 1,960</u>	<u>\$ 1,810</u>

TOWN OF READFIELD, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS
JUNE 30, 2012

	Cemetery Funds						
	Walker Fund	Townsend Fund	Couture Fund	War Memorial	Leon Tibbetts Fund	Beach Improvement Fund	Totals
ASSETS							
Cash and cash equivalents	\$ 399	\$ 455	\$ 5,391	\$ 565	\$ 639	\$ 6,556	\$ 43,792
Investments	1,562	1,785	21,126	2,214	2,506	25,691	171,619
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 1,961	\$ 2,240	\$ 26,517	\$ 2,779	\$ 3,145	\$ 32,247	\$ 215,411
LIABILITIES							
Due to other funds	\$ 92	\$ 57	\$ 608	\$ 60	\$ 79	\$ 4,509	\$ 21,467
TOTAL LIABILITIES	92	57	608	60	79	4,509	21,467
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	600	1,738	20,000	2,157	1,359	16,915	121,779
Committed	-	-	-	-	-	-	-
Assigned	1,269	445	5,909	562	1,707	10,823	72,165
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	1,869	2,183	25,909	2,719	3,066	27,738	193,944
TOTAL LIABILITIES AND FUND BALANCES							
BALANCES	\$ 1,961	\$ 2,240	\$ 26,517	\$ 2,779	\$ 3,145	\$ 32,247	\$ 215,411

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

TOWN OF READFIELD, MAINE

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

	Cemetery Funds						
	Cemetery Fund	Whittier Fund	Kents Hill Fund	Cemetery Expansion Fund	Kesner Fund	Kolreg Fund	Lincoln Fund
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 1,551	\$ 52	\$ 204	\$ 284	\$ 11	\$ 29	\$ 27
Other income	2,400	-	-	800	-	-	-
TOTAL REVENUES	<u>3,951</u>	<u>52</u>	<u>204</u>	<u>1,084</u>	<u>11</u>	<u>29</u>	<u>27</u>
EXPENDITURES	-	-	-	-	8	8	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,951</u>	<u>52</u>	<u>204</u>	<u>1,084</u>	<u>3</u>	<u>21</u>	<u>27</u>
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	3,951	52	204	1,084	3	21	27
FUND BALANCES - JULY 1	<u>93,709</u>	<u>2,854</u>	<u>13,415</u>	<u>10,857</u>	<u>676</u>	<u>1,859</u>	<u>1,748</u>
FUND BALANCES - JUNE 30	<u>\$ 97,660</u>	<u>\$ 2,906</u>	<u>\$ 13,619</u>	<u>\$ 11,941</u>	<u>\$ 679</u>	<u>\$ 1,880</u>	<u>\$ 1,775</u>

TOWN OF READFIELD, MAINE

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

	Cemetery Funds						Totals
	Walker Fund	Townsend Fund	Couture Fund	War Memorial	Leon Tibbetts Fund	Beach Improvement Fund	
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 30	\$ 33	\$ 391	\$ 41	\$ 46	\$ 474	\$ 3,173
Other income	-	-	-	-	-	-	3,200
TOTAL REVENUES	30	33	391	41	46	474	6,373
EXPENDITURES	8	-	-	-	-	-	24
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	22	33	391	41	46	474	6,349
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	22	33	391	41	46	474	6,349
FUND BALANCES - JULY 1	1,847	2,150	25,518	2,678	3,020	27,264	187,595
FUND BALANCES - JUNE 30	\$ 1,869	\$ 2,183	\$ 25,909	\$ 2,719	\$ 3,066	\$ 27,738	\$ 193,944

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

General Capital Assets

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

TOWN OF READFIELD, MAINE

SCHEDULE GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2012

	Land and Non-depreciable Assets	Buildings Buildings Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
General government	\$ -	\$ 449,996	\$ -	\$ -	\$ 449,996
Recreation, parks & activities	-	203,233	-	-	203,233
Protection	-	124,428	597,265	-	721,693
Roads & drainage	-	69,337	141,210	23,583,101	23,793,648
Solid waste	-	151,772	183,329	-	335,101
Town-wide	<u>3,066,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,066,312</u>
Total General Capital Assets	3,066,312	998,766	921,804	23,583,101	28,569,983
Less: Accumulated Depreciation	<u>-</u>	<u>(610,922)</u>	<u>(668,439)</u>	<u>(5,449,454)</u>	<u>(6,728,815)</u>
Net General Capital Assets	<u>\$ 3,066,312</u>	<u>\$ 387,844</u>	<u>\$ 253,365</u>	<u>\$ 18,133,647</u>	<u>\$ 21,841,168</u>

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

TOWN OF READFIELD, MAINE

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

	General Capital Assets 7/1/11	Additions	Disposals	General Capital Assets 6/30/12
General government	\$ 449,996	\$ -	\$ -	\$ 449,996
Recreation, parks & activities	179,971	23,262	-	203,233
Protection	721,693	-	-	721,693
Roads & drainage	23,964,684	318,517	(489,553)	23,793,648
Solid waste	335,101	-	-	335,101
Town-wide	<u>2,902,350</u>	<u>163,962</u>	<u>-</u>	<u>3,066,312</u>
 Total General Capital Assets	 28,553,795	 505,741	 (489,553)	 28,569,983
 Less: Accumulated Depreciation	 <u>(6,378,568)</u>	 <u>(497,413)</u>	 <u>147,166</u>	 <u>(6,728,815)</u>
 Net General Capital Assets	 <u><u>\$ 22,175,227</u></u>	 <u><u>\$ 8,328</u></u>	 <u><u>\$ (342,387)</u></u>	 <u><u>\$ 21,841,168</u></u>

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

TOWN OF READFIELD, MAINE

SCHEDULE OF VALUATION, ASSESSMENT, AND COLLECTION OF TAXES
FOR THE YEAR ENDED JUNE 30, 2012

VALUATION:		
Real Estate		\$ 233,799,854
Personal Property		<u>2,184,500</u>
TOTAL VALUATION		<u>\$ 235,984,354</u>
ASSESSMENT:		
Valuation x Rate - \$235,984,354 x .0157	\$ 3,694,038	
Supplemental Taxes	<u>34,515</u>	
TOTAL ASSESSMENT CHARGED TO COLLECTOR		3,728,553
COLLECTION AND CREDITS:		
Cash Collections (92.45% of assessment)	3,446,899	
Tax Abatements (0.34% of assessment)	<u>12,488</u>	
TOTAL COLLECTION AND CREDITS		<u>3,459,387</u>
2011/2012 TAXES RECEIVABLE - JUNE 30, 2012		<u>\$ 269,166</u>