

Audited Financial Statements and
Other Supplemental Information

Town of Rumford, Maine

June 30, 2012



Proven Expertise and Integrity

TOWN OF RUMFORD, MAINE

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JUNE 30, 2012

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INDEPENDENT AUDITORS' REPORT

November 1, 2012

Board of Selectmen
Town of Rumford
Rumford, Maine

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Rumford, 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 Rumford'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 Rumford, 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 46 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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Rumford, 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 Rumford, 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 Rumford'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 Rumford are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, health and sanitation, welfare, public services, social services, education, 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 Rumford 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 Rumford, 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 Rumford 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 Rumford presents only three columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund and the sewer extension fund. All other funds are shown as nonmajor and are combined in the "All 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 Rumford maintains one proprietary fund, the sewer fund. This fund is 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 to Financial Statements can be found following the Statement of Cash Flows – Proprietary Funds.

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net assets, and changes in net assets of the Town's governmental activities. The Town's total net assets for governmental activities increased by \$228,324 from \$15.71 million to \$15.94 million. For the business-type activities, the Town's total net assets increased by \$19,691 from \$121,563 to \$141,254.

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 - increased for the governmental activities to a balance of \$8,388,083 at the end of the fiscal year. For the business-type activities, the unrestricted net assets increased to a balance of \$141,254.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2012</u>	<u>2011</u> <u>(Restated)</u>	<u>2012</u>	<u>2011</u>
Assets:				
Current and Other Assets	\$ 9,548,180	\$ 8,685,247	\$ 307,077	\$ 293,440
Capital Assets	7,492,373	8,258,460	-	-
Total Assets	<u>\$ 17,040,553</u>	<u>\$ 16,943,707</u>	<u>\$ 307,077</u>	<u>\$ 293,440</u>
Liabilities:				
Current Liabilities	\$ 309,830	\$ 266,023	\$ 165,823	\$ 171,877
Long-term Debt Outstanding	786,531	961,816	-	-
Total Liabilities	<u>\$ 1,096,361</u>	<u>\$ 1,227,839</u>	<u>\$ 165,823</u>	<u>\$ 171,877</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ 6,792,396	\$ 7,320,145	\$ -	\$ -
Restricted	763,713	622,524	-	-
Unrestricted	8,388,083	7,773,199	141,254	121,563
Total Net Assets	<u>\$ 15,944,192</u>	<u>\$ 15,715,868</u>	<u>\$ 141,254</u>	<u>\$ 121,563</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 3.34%, while total expenses increased by 0.53%. Most revenues and expenditures had minor differences from the prior year. The biggest increase in revenues was in taxes and the biggest increase in expenses was in public works. For the business-type activities revenues increased by 8.28%, while total expenses increased by 2.93%.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2012</u>	<u>2011</u> <u>(Restated)</u>	<u>2012</u>	<u>2011</u>
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 869,144	\$ 873,438	\$ 380,114	\$ 351,336
Operating grants and contributions	690,440	405,517	-	-
<i>General Revenues:</i>				
Taxes	14,282,084	13,970,272	-	-
Grants and contributions not restricted to specific programs	1,523,274	1,444,962	-	-
Miscellaneous	275,344	375,493	11,032	9,898
Total Revenues	<u>17,640,286</u>	<u>17,069,682</u>	<u>391,146</u>	<u>361,234</u>
Expenses				
General government	769,403	747,072	-	-
Public safety	2,427,908	2,398,552	-	-
Public works	3,042,722	2,892,720	-	-
Health and sanitation	672,124	676,253	-	-
Welfare	93,337	55,788	-	-
Public services	499,566	463,624	-	-
Social services	205,277	186,550	-	-
Education	6,047,415	5,935,363	-	-
County tax	427,797	485,648	-	-
TIF agreement	1,890,223	1,909,795	-	-
Debt service	45,254	37,003	-	-
Capital outlay	177,352	298,030	-	-
Sewer fund	-	-	371,455	360,893
Unallocated depreciation	37,478	63,181	-	-
Unclassified	1,076,106	1,170,831	-	-
Total Expenses	<u>17,411,962</u>	<u>17,320,410</u>	<u>371,455</u>	<u>360,893</u>
Change in Net Assets	228,324	(250,728)	19,691	341
Transfers	-	7,000	-	(7,000)
Net Assets - July 1	<u>15,715,868</u>	<u>15,959,596</u>	<u>121,563</u>	<u>128,222</u>
Net Assets - June 30	<u>\$ 15,944,192</u>	<u>\$ 15,715,868</u>	<u>\$ 141,254</u>	<u>\$ 121,563</u>

Financial Analysis of the Town's Fund Statements

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

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

	2012	2011
General Fund:		
Nonspendable	\$ 184,892	\$ -
Restricted	266,295	136,084
Committed	1,062,053	1,150,489
Assigned	1,418,201	1,360,396
Unassigned	3,787,074	3,535,829
Total General Fund	\$ 6,718,515	\$ 6,182,798
 Sewer Extension Fund:		
Committed	\$ 844,276	\$ 848,439
Total Sewer Extension Fund	\$ 844,276	\$ 848,439
 Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 425,974	\$ 417,422
Capital Project Funds:		
Committed	1,142,490	861,808
Permanent Funds:		
Restricted	71,444	69,018
Total Nonmajor Funds	\$ 1,639,908	\$ 1,348,248

The general fund total fund balance increased by \$535,717 over the prior fiscal year. The sewer extension fund decreased by \$4,163. The non-major fund balances increased by \$291,660 over the prior fiscal year. Most of the increase in the general fund came as a result of under-spent appropriations in most of the expenditure categories and several over-budget revenue categories.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The sewer department had an increase in net assets for the year of \$19,691. Last year, the sewer department had a decline in net assets of \$6,659.

Budgetary Highlights

The significant differences between the original and final budget for the general fund were the use of restricted, committed and assigned fund balances.

The general fund actual revenues were more than budget by \$1,551,642. This was a result of most revenue categories being significantly over budget.

The general fund actual expenditures were under the budget by \$1,687,224. All of the expenditure accounts were under-spent after carrying forward several fund balances from the previous year.

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 \$766,087 from the prior year. The decrease is the result of capital current year depreciation expense less capital additions.

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

	2012	2011 (Restated)
	<hr/>	<hr/>
Land	\$ 248,853	\$ 248,853
Land improvements	325,247	336,665
Art & antiques	77,650	77,650
Buildings	1,041,371	1,082,922
Equipment	1,162,329	1,295,827
Vehicles	758,503	874,452
Infrastructure	<hr/> 3,878,420	<hr/> 4,342,091
Total	<hr/> <hr/> \$ 7,492,373	<hr/> <hr/> \$ 8,258,460

Debt

At June 30, 2012, the Town had \$695,600 in bonds outstanding versus \$931,200 last year, a decrease of 25.30%. Other obligations include capital leases payable and accrued vacation and sick time. Refer to Note 5 of the Notes to the Financial Statements for detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town's unassigned fund balance has increased significantly in the past few years, bringing it above the level of a sufficient fund balance to sustain operations for approximately two months while also maintaining significant reserves for future operations, capital and program needs. The current year's increase was due to more than expected revenue collections and underspent appropriations.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's Office at 145 Congress St., Rumford, Maine 04276.

TOWN OF RUMFORD, MAINE

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,488,620	\$ 29,958	\$ 8,518,578
Investments	5,904	-	5,904
Accounts receivable (net of allowance for uncollectibles):			
Taxes	313,095	-	313,095
Liens	100,322	41,146	141,468
Other	455,205	236,115	691,320
Inventory	128,864	-	128,864
Prepaid items	3,552	-	3,552
Tax acquired property	52,476	-	52,476
Internal balances	142	(142)	-
Total current assets	<u>9,548,180</u>	<u>307,077</u>	<u>9,855,257</u>
Noncurrent assets:			
Capital assets:			
Land, infrastructure, and other assets not being depreciated	326,503	-	326,503
Buildings and vehicles net of accumulated depreciation	7,165,870	-	7,165,870
Total noncurrent assets	<u>7,492,373</u>	<u>-</u>	<u>7,492,373</u>
TOTAL ASSETS	<u><u>\$ 17,040,553</u></u>	<u><u>\$ 307,077</u></u>	<u><u>\$ 17,347,630</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 58,148	\$ -	\$ 58,148
Other accrued payables	8,298	165,823	174,121
Current portion of long-term obligations	243,384	-	243,384
Total current liabilities	<u>309,830</u>	<u>165,823</u>	<u>475,653</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	455,000	-	455,000
Capital leases payable	1,593	-	1,593
Accrued compensated absences	329,938	-	329,938
Total noncurrent liabilities	<u>786,531</u>	<u>-</u>	<u>786,531</u>
TOTAL LIABILITIES	<u>1,096,361</u>	<u>165,823</u>	<u>1,262,184</u>
NET ASSETS			
Invested in capital assets, net of related debt	6,792,396	-	6,792,396
Restricted	763,713	-	763,713
Unrestricted	8,388,083	141,254	8,529,337
TOTAL NET ASSETS	<u>15,944,192</u>	<u>141,254</u>	<u>16,085,446</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 17,040,553</u></u>	<u><u>\$ 307,077</u></u>	<u><u>\$ 17,347,630</u></u>

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

TOWN OF RUMFORD, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

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:							
General government	\$ 769,403	\$ 48,242	\$ -	\$ -	\$ (721,161)	\$ -	\$ (721,161)
Public safety	2,427,908	25,027	-	-	(2,402,881)	-	(2,402,881)
Public works	3,042,722	716,098	102,808	-	(2,223,816)	-	(2,223,816)
Health and sanitation	672,124	-	-	-	(672,124)	-	(672,124)
Welfare	93,337	47,703	-	-	(45,634)	-	(45,634)
Public services	499,566	32,074	-	-	(467,492)	-	(467,492)
Social services	205,277	-	-	-	(205,277)	-	(205,277)
Education	6,047,415	-	-	-	(6,047,415)	-	(6,047,415)
County tax	427,797	-	-	-	(427,797)	-	(427,797)
Tax increment financing agreement	1,890,223	-	-	-	(1,890,223)	-	(1,890,223)
Interest on long-term debt	45,254	-	-	-	(45,254)	-	(45,254)
Capital outlay	177,352	-	-	-	(177,352)	-	(177,352)
Unallocated depreciation (Note 4)	37,478	-	-	-	(37,478)	-	(37,478)
Unclassified	1,076,106	-	587,632	-	(488,474)	-	(488,474)
Total governmental activities	<u>17,411,962</u>	<u>869,144</u>	<u>690,440</u>	<u>-</u>	<u>(15,852,378)</u>	<u>-</u>	<u>(15,852,378)</u>
Business-type activities:							
Sewer fund	<u>371,455</u>	<u>380,114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,659</u>	<u>8,659</u>
Total business-type activities	<u>371,455</u>	<u>380,114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,659</u>	<u>8,659</u>
Total government	<u>\$ 17,783,417.00</u>	<u>\$ 1,249,258.00</u>	<u>\$ 690,440.00</u>	<u>\$ -</u>	<u>(15,852,378)</u>	<u>8,659</u>	<u>(15,843,719)</u>

STATEMENT B (CONTINUED)

TOWN OF RUMFORD, MAINE

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

	Governmental Activities	Business- type Activities	Totals
	<u> </u>	<u> </u>	<u> </u>
Changes in net assets:			
Net (expense) revenue	<u>(15,852,378)</u>	<u>8,659</u>	<u>(15,843,719)</u>
General revenues:			
Taxes			
Property taxes, levied for general purposes	13,606,123	-	13,606,123
Excise taxes, levied for general purposes	675,961	-	675,961
Grants and contributions not restricted to specific programs	1,523,274	-	1,523,274
Miscellaneous	275,344	11,032	286,376
Total general revenues	<u>16,080,702</u>	<u>11,032</u>	<u>16,091,734</u>
Change in net assets	228,324	19,691	248,015
NET ASSETS - JULY 1, RESTATED	<u>15,715,868</u>	<u>121,563</u>	<u>15,837,431</u>
NET ASSETS - JUNE 30	<u>\$ 15,944,192</u>	<u>\$ 141,254</u>	<u>\$ 16,085,446</u>

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

TOWN OF RUMFORD, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Sewer Extension Fund	All Nonmajor Funds	Totals
ASSETS				
Cash and cash equivalents	\$ 6,203,219	\$ 863,010	\$ 1,422,391	\$ 8,488,620
Investments	-	-	5,904	5,904
Receivables (net of allowance for uncollectibles):				
Taxes	313,095	-	-	313,095
Liens	100,322	-	-	100,322
Other	96,696	-	358,509	455,205
Inventory	128,864	-	-	128,864
Prepaid items	3,552	-	-	3,552
Tax acquired property	52,476	-	-	52,476
Due from other funds	167,270	-	4,813	172,083
TOTAL ASSETS	\$ 7,065,494	\$ 863,010	\$ 1,791,617	\$ 9,720,121
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 54,833	\$ 3,315	\$ -	\$ 58,148
Prepaid taxes	8,298	-	-	8,298
Due to other funds	4,813	15,419	151,709	171,941
Deferred tax revenues	279,035	-	-	279,035
TOTAL LIABILITIES	346,979	18,734	151,709	517,422
Fund Balances:				
Nonspendable	184,892	-	-	184,892
Restricted	266,295	-	497,418	763,713
Committed	1,062,053	844,276	1,142,490	3,048,819
Assigned	1,418,201	-	-	1,418,201
Unassigned	3,787,074	-	-	3,787,074
TOTAL FUND BALANCES	6,718,515	844,276	1,639,908	9,202,699
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,065,494	\$ 863,010	\$ 1,791,617	\$ 9,720,121

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

TOWN OF RUMFORD, MAINE

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

	Total Governmental Funds
Total Fund Balances	\$ 9,202,699
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	7,492,373
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	279,035
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(695,600)
Capital leases payable	(4,377)
Accrued compensated absences	(329,938)
Net assets of governmental activities	\$ 15,944,192

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

TOWN OF RUMFORD, MAINE

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

	General Fund	Sewer Extension Fund	All Nonmajor Funds	Totals Governmental Funds
REVENUES				
Property taxes	\$ 13,605,165	\$ -	\$ -	\$ 13,605,165
Excise taxes	675,961	-	-	675,961
Intergovernmental	1,626,082	-	587,632	2,213,714
Charges for services	869,144	-	-	869,144
Miscellaneous revenues	198,525	18,536	58,283	275,344
TOTAL REVENUES	16,974,877	18,536	645,915	17,639,328
EXPENDITURES				
Current:				
General government	692,200	-	-	692,200
Public safety	2,103,965	-	228,618	2,332,583
Public works	2,106,306	-	360,253	2,466,559
Health and sanitation	672,124	-	-	672,124
Welfare	93,303	-	34	93,337
Public services	454,287	-	-	454,287
Social services	205,277	-	-	205,277
Education	6,047,415	-	-	6,047,415
County tax	427,797	-	-	427,797
Tax Increment Financing Agreement	1,890,223	-	-	1,890,223
Unclassified	1,069,897	1,296	4,913	1,076,106
Debt service:				
Principal	235,600	-	-	235,600
Interest	45,254	-	-	45,254
Capital outlay	-	21,403	155,949	177,352
TOTAL EXPENDITURES	16,043,648	22,699	749,767	16,816,114
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	931,229	(4,163)	(103,852)	823,214
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	403,807	403,807
Operating transfers (out)	(395,512)	-	(8,295)	(403,807)
TOTAL OTHER FINANCING SOURCES (USES)	(395,512)	-	395,512	-
NET CHANGE IN FUND BALANCES	535,717	(4,163)	291,660	823,214
FUND BALANCES - JULY 1	6,182,798	848,439	1,348,248	8,379,485
FUND BALANCES - JUNE 30	\$ 6,718,515	\$ 844,276	\$ 1,639,908	\$ 9,202,699

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

TOWN OF RUMFORD, 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>\$ 823,214</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset purchases	5,091
Capital asset disposals	-
Depreciation expense	<u>(771,178)</u>
	<u>(766,087)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>958</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	
	<u>238,338</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets	
	<u>-</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>(68,099)</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 228,324</u></u>

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

STATEMENT G

TOWN OF RUMFORD, MAINE

BALANCE SHEET – PROPRIETARY FUNDS
JUNE 30, 2012

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 29,958
Accounts receivable	236,115
Liens receivable	41,146
Due from other funds	-
Total current assets	<u>307,219</u>
TOTAL ASSETS	<u>\$ 307,219</u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	\$ -
Prepaid taxes	63
Deferred taxes	165,760
Due to other funds	142
Total current liabilities	<u>165,965</u>
Total liabilities	<u>165,965</u>
NET ASSETS	
Unrestricted	<u>141,254</u>
TOTAL NET ASSETS	<u>141,254</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 307,219</u>

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

TOWN OF RUMFORD, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Fund</u>
OPERATING REVENUES	
Charges for services	\$ 380,114
Other	3,833
TOTAL OPERATING REVENUES	<u>383,947</u>
OPERATING EXPENSES	
Contracted services	366,855
Miscellaneous	4,600
TOTAL OPERATING EXPENSES	<u>371,455</u>
OPERATING INCOME (LOSS)	<u>12,492</u>
NON-OPERATING INCOME (EXPENSE)	
Interest income	7,199
Operating transfers in	-
Operating transfers (out)	-
TOTAL NON-OPERATING INCOME (EXPENSE)	<u>7,199</u>
CHANGE IN NET ASSETS	19,691
NET ASSETS - JULY 1	<u>121,563</u>
NET ASSETS - JUNE 30	<u>\$ 141,254</u>

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

TOWN OF RUMFORD, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 358,393
Internal activity - receipts (payments) from/to other funds	549
Payments to suppliers	<u>(371,405)</u>
Net cash provided by operating activities	<u>(12,463)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	7,199
Net cash used by investing activities	<u>7,199</u>
NET CHANGE IN CASH	(5,264)
CASH AND CASH EQUIVALENTS - JULY 1	<u>35,222</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u><u>\$ 29,958</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 12,492
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(10,411)
(Increase) decrease in liens receivable	(9,039)
(Increase) decrease in due from other funds	407
Increase (decrease) in prepaid taxes	50
Increase (decrease) in deferred taxes	(6,104)
Increase (decrease) in due to other funds	142
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ (12,463)</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	<u><u>\$ -</u></u>

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Rumford was incorporated under the laws of the State of Maine. The Town operates under the selectmen-manager form of government and provides the following services: general government, public safety, public works, health and sanitation, public services, social services, education, 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 fund is categorized as a business-type activity. All other activities of the Town are categorized as governmental.

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

TOWN OF RUMFORD, 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, protection, 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 RUMFORD, 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. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- d. Permanent Funds are used to account for assets held by the Town pursuant to a trust agreement. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

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.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

Budget

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

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

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

TOWN OF RUMFORD, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. The Town does not adopt budgets for Special Revenue Funds.

Deposits and Investments

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be a cash equivalent. 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

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost. Under the consumption method, the costs of inventory items are recognized as expenditures when used. In the general fund, inventory consists of stock, oil and gasoline.

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.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts for the sewer receivables 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. The capital assets for the Sewer Fund have not been included in these financial statements. The Town is working on compiling a list of these assets for inclusion in next year's financial statements.

Estimated useful lives are as follows:

Buildings and improvements	10 - 70 years
Infrastructure	20 - 50 years
Machinery and equipment	5 - 30 years
Vehicles	5 - 30 years

Long-term Obligations

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

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Compensated Absences

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

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.

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.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied September 19, 2011 on the assessed value listed as of April 1, 2011, for all real and personal property located in the Town. Taxes were due on in two installments on October 1, 2011 and April 1, 2012. Interest on unpaid taxes commenced on October 2, 2011 and April 2, 2012, at 7% per annum.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$600,000 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 and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

TOWN OF RUMFORD, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 2 - CASH 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 deposits amounting to \$8,518,578 were comprised of bank deposits of \$8,703,359. Of these bank deposits, \$719,162 was covered by federal depository insurance and \$7,984,197 was collateralized with securities held by the financial institution but not in the Town's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 469,162
Repurchase agreements	3,883,628
Savings accounts	29,999
Money market accounts	4,320,570
	<u>\$ 8,703,359</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 deposits in the amount of \$2,525 was covered by federal depository insurance. The Town's investment in common stock, for \$3,379, is not exposed to custodial credit risk because those securities are registered in the Town's name and are held by the Town's brokerage firm.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>		
		<u>N/A</u>	<u>> 1 Year</u>	<u>2 - 5 Years</u>
Certificates of deposit	\$ 2,525	\$ -	\$ 2,525	\$ -
Stocks	3,379	3,379	-	-
	<u>\$ 5,904</u>	<u>\$ 3,379</u>	<u>\$ 2,525</u>	<u>\$ -</u>

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

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General Fund	\$ 167,270	\$ 4,813
Sewer Extension Fund	-	15,419
Special Revenue Funds	4,700	151,709
Permanent Funds	113	-
Enterprise Funds	-	142
	<u>\$ 172,083</u>	<u>\$ 172,083</u>

TOWN OF RUMFORD, 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	\$ 248,853	\$ -	\$ -	\$ 248,853
Art & antiques	77,650	-	-	77,650
	<u>326,503</u>	<u>-</u>	<u>-</u>	<u>326,503</u>
Depreciated assets:				
Land improvements	388,405	-	-	388,405
Buildings	1,841,327	-	-	1,841,327
Equipment	2,883,559	5,091	-	2,888,650
Vehicles	2,480,693	-	-	2,480,693
Infrastructure	15,213,436	-	-	15,213,436
	<u>22,807,420</u>	<u>5,091</u>	<u>-</u>	<u>22,812,511</u>
Less: accumulated depreciation	<u>(14,875,463)</u>	<u>(771,178)</u>	<u>-</u>	<u>(15,646,641)</u>
	<u>7,931,957</u>	<u>(754,009)</u>	<u>-</u>	<u>7,165,870</u>
Net governmental capital assets	<u>\$ 8,258,460</u>	<u>\$ (754,009)</u>	<u>\$ -</u>	<u>\$ 7,492,373</u>
<u>Current year depreciation</u>				
General government				\$ 11,842
Public safety				95,325
Public works				581,254
Recreation				39,514
Library				5,765
Town-wide				37,478
Total depreciation expense				<u>\$ 771,178</u>

TOWN OF RUMFORD, 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 Portion
Bonds payable	\$ 931,200	\$ -	\$ (235,600)	\$ 695,600	\$ 240,600
Capital leases payable	7,115	-	(2,738)	4,377	2,784
Accrued compensated absences	261,839	68,099	-	329,938	-
Totals	<u>\$ 1,200,154</u>	<u>\$ 68,099</u>	<u>\$ (238,338)</u>	<u>\$ 1,029,915</u>	<u>\$ 243,384</u>

The following is a summary of the outstanding bonds payable:

Governmental activities debt:

\$828,000, 2007 Series B General Obligation Bonds due in annual principal payments of \$165,600, through November of 2012. Interest is charged at a rate varying from 1.0% to 6.0% per annum.	\$ 165,600
\$1,035,000, 2001 General Obligation Pension Bonds due in annual principal payments varying from \$45,000 to \$105,000, through July of 2017. Interest is charged at a rate varying from 5.250% to 7.00% per annum.	<u>530,000</u>
Total Long-Term Debt	<u>\$ 695,600</u>

TOWN OF RUMFORD, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 5 - LONG TERM DEBT (CONTINUED)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$ 240,600	\$ 34,688	\$ 275,288
2014	80,000	28,685	108,685
2015	85,000	23,074	108,074
2016	90,000	17,058	107,058
2017	95,000	10,651	105,651
2018-2022	105,000	3,675	108,675
	<u>\$ 695,600</u>	<u>\$ 117,831</u>	<u>\$ 813,431</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 following is a summary of outstanding capital leases payable:

The Town leases a photocopier under a non-cancelable lease agreement. The term of the lease is for a five year period expiring in June of 2014. Monthly payments are \$116.

The Town leases a photocopier under a non-cancelable lease agreement. The term of the lease is for a five year period expiring in October of 2013. Monthly payments are \$131.

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

<u>Year Ending June 30,</u>	
2013	\$ 2,922
2014	1,647
Total minimum lease payment	4,569
Less amount representing interest	(192)
Present value of future minimum lease payments	<u>\$ 4,377</u>

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 6 – NONSPENDABLE FUND BALANCES

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

Inventory	\$ 128,864
Prepaid items	3,552
Tax acquired property	52,476
	<u>\$ 184,892</u>

NOTE 7 - RESTRICTED FUND BALANCES

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

State aid construction	\$ 266,295
Nonmajor special revenue funds (Schedule E)	425,974
Nonmajor permanent funds (Schedule I)	71,444
	<u>\$ 763,713</u>

NOTE 8 - ASSIGNED FUND BALANCES

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

Cable tv franchise	\$ 58,964
State municipal revenue sharing	806,081
Rumford bicentennial oral history	2,834
Planning board escrow	116,519
Tax increment financing	41
Moontide fireworks	52
Library	10,604
Debt service pension bond	93,168
Accrued compensated absences	329,938
	<u>\$ 1,418,201</u>

TOWN OF RUMFORD, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 9 - COMMITTED FUND BALANCES

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

Revaluation	\$	30,000
Economic development		67,864
Economic development - performing arts committee		1,246
Municipal building - capital improvement		20,000
Sealer of weights and measures		680
Police department - training compliance education		1,400
Public works - bituminous		466,565
Permanent roads		82,996
Sidewalks		106,848
Bridges		150,862
Building demolition		27,488
PUIIA business park		36,773
Equipment maintenance		51,996
Municipal planning - industrial		2,200
Municipal planning - comprehensive		4,163
Capital improvement - parks		10,972
Subtotal general fund		1,062,053
 Sewer Extension Fund		844,276
Nonmajor capital project funds (Schedule G)		1,142,490
		\$ 3,048,819

NOTE 10 - OVERLAPPING DEBT

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

	Outstanding Debt	Town's Percentage	Total Share
County of Oxford	\$ -	10.47%	\$ -

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 11 - ECONOMIC DEPENDENCY

The Town has one taxpayer whose property tax assessment represents a significant portion of the Town's tax base. The Rumford Paper Company has an assessed value of \$175,706,844, which is 29.13% of the Town's total assessed value of \$603,249,220. For the year ended June 30, 2012, the Rumford Paper Company's property tax assessment was \$3,953,404.

On September 7, 2011, the NewPage Group, Inc., parent corporation of the Rumford Paper Company, filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. The Chapter 11 process has allowed NewPage to continue its operations as usual, providing its customers with high-quality paper and its employees with a stable and safe working environment. Ultimately, the reorganization plan, once completed, will result in a restructured balance sheet and a financially stronger company. A recent new release from NewPage indicates that the company expects to emerge from bankruptcy as early as December 31, 2012. The Rumford Paper Company has no unpaid taxes as of June 30, 2012.

NOTE 12 - RISK MANAGEMENT

The Town is a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker's compensation coverage. The Town's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies, reinsurance contracts, individual stop loss coverage for member Town's for claims in excess of \$400,000 with an excess limit of \$2,000,000.

The Town has its liability insurance through the Kyes Agency Inc. The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the policy, coverage is provided after the \$1,000 deductible is met, to \$13,068,638. Under the general liability portion of the policy, coverage is provided after the deductible is met, to \$1,000,000 per occurrence and \$3,000,000 in total. For the law enforcement liability, the coverage is \$1,000,000 per occurrence and in total with a \$2,500 deductible. For the public official liability, the coverage is \$1,000,000 per occurrence and \$3,000,000 in total with a \$2,500 deductible. Under the employment practices liability, the coverage is \$1,000,000 per occurrence and \$3,000,000 in total with a \$2,500 deductible.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 13 – DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

A. Plan Description

The Town participates in the Maine Public Employees Retirement System Consolidated Plan, a cost-sharing multiple-employer defined benefit pension plan established by the Maine State legislature. The Maine Public Employees Retirement System 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 Maine State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333 or by calling (800) 451-9800.

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Maine State Legislature. The Town's fire and police department employees are part of special plan "4C" and are required by union contract to contribute 5.0% of their annual salary. Although the Plan requires a 7.5% total employee contribution under special plan "4C", the Town is required to contribute the remaining 2.5% as stipulated in the union contract. All administration, department heads and certain non-union fire and police department employees are part of regular plan "AC" and are required to contribute 6.5% of their annual salary. The Town is required to contribute 5.5% of special plan "4C" members' covered payroll along with a predetermined initial unpooled unfunded actuarial liability (IUUAL) rate set by the system, and 4.4% of regular plan "AC" members' covered payroll annually to the system. The IUUAL can either be a monthly payment or credit, which is added to or subtracted from the employer's percentage of employees' covered payroll to determine the employers actual cost. The Town's contributions to the plan including employee contributions for the fiscal years ended June 30, 2012, 2011, and 2010 were \$316,043, \$292,771, and \$246,472, respectively, .

Unfunded Actuarial Accrued Liability

As of June 30, 2011, the Town had an unfunded actuarial accrued liability of \$155,473, computed using the actuarial method used for funding purposes. (The amount of the unfunded actuarial accrued liability credit as of June 30, 2012 is not currently available.) This unfunded actuarial accrued liability is being amortized over a closed period of 6 years from July 1, 2011.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS

The Town, in accordance with its current health insurance company agreement, provides optional health and other benefits to eligible retirees and their spouses. Retired plan members and beneficiaries currently receiving benefits are required to contribute the full cost of receiving benefits under the Town's medical benefits program.

Funding policy – The Town currently funds claims and administrative costs for postemployment benefits through its health insurance company or through current year expenditures.

The following is the census of Town benefit participants as of June 30, 2011 (the most recent period available):

Active members	57
Retirees and spouses	33
Total	<u>90</u>

Annual OPEB Cost and Net OPEB Obligations

The Town of Rumford's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events. Assumptions include future employment, mortality, and healthcare and other benefit cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation (asset):

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual required contribution (ARC)	\$ 108,263	\$ 110,229	\$ 123,248
Interest on net OPEB obligation	4,331	-	4,930
Adjustment to annual required contribution	<u>(6,375)</u>	<u>-</u>	<u>(7,257)</u>
Annual OPEB cost	106,219	110,229	120,921
Contributions made	<u>-</u>	<u>-</u>	<u>-</u>
Increase in net OPEB obligation	106,219	110,229	120,921
Net OPEB obligation, beginning of year	<u>356,636</u>	<u>246,407</u>	<u>125,486</u>
Net OPEB obligation, end of year	<u>\$ 462,854</u>	<u>\$ 356,636</u>	<u>\$ 246,407</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years ended June 30, 2010 through 2012 is presented below:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 120,921	\$ -	0.0%	\$ 246,407
6/30/2011	110,229	-	0.0	356,636
6/30/2012	106,219	-	0.0	462,854

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

An annual healthcare cost blended trend rate of 7.6% is used initially, decreasing at a variable rate per year to an ultimate rate of 4.0% for 2029 and later. The remaining amortization period at June 30, 2011 was 30 years. As of June 30, 2011, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$1,514,620, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$1,514,620.

The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
6/30/2010	\$ -	\$ 1,496,052	0.0%	N/A	N/A
6/30/2011	-	1,514,620	0.0	N/A	N/A
6/30/2012	-	1,514,620	0.0	N/A	N/A

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

These numbers are based on information that was presented on January 1, 2011 for June 30, 2011. The amortization method that was used to calculate the numbers is presented below.

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Discount rate	4.00%	4.00%	4.00%
Payroll growth assumption	N/A	N/A	N/A
Accrued liability	\$ 1,514,620	\$ 1,514,620	\$ 1,496,052
Value of assets	-	-	-
Unfunded liability	<u>\$ 1,514,620</u>	<u>\$ 1,514,620</u>	<u>\$ 1,496,052</u>
Normal cost	\$ 26,007	\$ 23,866	\$ 42,297
Amortization of unfunded	77,847	84,222	75,932
Interest	4,409	2,141	5,019
Annual required contribution	<u>\$ 108,263</u>	<u>\$ 110,229</u>	<u>\$ 123,248</u>

The Town, in accordance with its current life insurance company agreement, provides life insurance benefits to eligible retirees.

Funding policy – The Town currently funds claims and administrative costs for postemployment benefits through its life insurance company or through current year expenditures.

The current census of Town benefit participants as of June 30, 2012 was forty-two participants. Total expenditures for the years ended June 30, 2012, 2011 and 2010 were \$3,646, \$3,745 and \$2,745, respectively.

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.

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 15 - CONTINGENCIES (CONTINUED)

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

NOTE 16 - TAX INCREMENT FINANCING AGREEMENT

On November 18, 1997, the inhabitants of the Town of Rumford approved the Industrial Park Municipal Development and Tax Increment Financing District (TIF) and adopted a development program and financial plan for the District which includes a credit enhancement agreement with the Maine Power Associates Limited Partnership (MPA) as authorized pursuant to Chapter 207 of Title 30-A of the Revised Maine Statutes as amended. The Original Assessed Valuation was \$81,000; the New Assessed Valuation added was \$113,793,776 bringing the Total Assessed Valuation to \$113,874,776. The amount of Captured Assessed Value for 2011-2012 for this Tax Increment Financing District is \$85,709,498. MPA constructed, owns and operates a natural gas fired electrical generating facility located within the District. Under the terms of the TIF and after commercial operation of the project began, the Town reimbursed MPA all taxes assessed against the project in excess of \$500,000 for the first year of commercial operation, and an amount escalated at the rate of 3 percent per year thereafter. Because this fiscal year is the 13th year of this TIF agreement, the Town of Rumford retained an amount of \$671,959 to help reduce its tax burden and reimbursed MPA an amount of \$1,890, 223. The Plan was approved by the Office of Economic and Community Development on December 17, 1997. The District expires after a twenty (20) year period and at that time the Total Assessed Valuation of MPA will be included in the Town of Rumford's Total Valuation to reduce its future tax burden. The TIF agreement was amended on November 12, 1998. Ownership of the District was transferred to Rumford Power Associates Limited Partnership in 1998.

On February 23, 2012 at a Special Town Meeting held in the Rumford Falls Auditorium, the inhabitants of the Town of Rumford approved three separate tax increment financing districts: The Gateway Area, The Rumford Falls Entryway, and the Puiia Business Park. The Gateway Area is the Route 2 area on Lincoln Avenue and includes parts of Hancock and Waldo Streets. The Rumford Falls Entryway is the Route 2 area that includes parcels bordering the Virginia section of town up to Royal

TOWN OF RUMFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 16 - TAX INCREMENT FINANCING AGREEMENT (CONTINUED)

Avenue. The Puiia Business Park is a designated area adjacent to Route 108 towards the end of the Smithcrossing neighborhood just prior to the Wyman Hill Road entrance. The plan was approved by the State of Maine's Department of Economic Development on March 30, 2012. The Districts expire after a thirty-year period. On April 19, 2012, the Board of Selectpersons voted to adopt a Credit Enhancement Agreement with Gateway Plaza, LLC for a period of five years. The original valuation of the property was \$20,250; \$395,442 in TIF captured value was added, bringing the 2012-13 valuation of the property to \$415,692. Gateway Plaza, LLC constructed, owns and operates an Amatos franchise restaurant in the Gateway TIF District. The agreement stipulates that the developer will be reimbursed a percentage of the newly captured value in the specified years: 2012/2013 – 95%, 2013-2014 – 78%, 2014/2015 – 60%, 2015/2016 – 42% and 2016/2017 – 24%. Property Taxes kept by the Town are used to make improvements within the district.

NOTE 17 – RELATED PARTY TRANSACTIONS

The Town's Finance Committee Chairperson is related to the Town's attorney. We believe that the Finance Committee Chairperson recuses themself from legal matters related to the Town's attorney. During the fiscal year ended June 30, 2012, payments to this vendor for legal services totaled \$13,151.

NOTE 18 – RESTATEMENT

As of July 1, 2011, the Town's net assets have been restated by \$34,033. This adjustment was to account for prior year fixed assets and the associated depreciation that should have been posted to the books. As of July 1, 2011 the capital assets have increased by \$34,033.

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 RUMFORD, MAINE

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

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 6,182,798	\$ 6,182,798	\$ 6,182,798	\$ -
Resources (Inflows):				
Property taxes	13,573,107	13,573,107	13,605,165	32,058
Excise taxes	400,000	400,000	675,961	275,961
Intergovernmental	1,450,128	1,450,128	1,626,082	175,954
Charges for services	-	-	869,144	869,144
Miscellaneous revenues	-	-	198,525	198,525
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>21,606,033</u>	<u>21,606,033</u>	<u>23,157,675</u>	<u>1,551,642</u>
Charges to Appropriations (Outflows):				
General government	736,877	830,909	692,200	138,709
Public safety	2,149,145	2,159,439	2,103,965	55,474
Public works	1,435,734	2,524,851	2,106,306	418,545
Health and sanitation	703,900	703,900	672,124	31,776
Welfare	55,494	93,303	93,303	-
Public services	418,350	462,893	454,287	8,606
Social services	205,277	205,277	205,277	-
Education	6,257,970	6,257,970	6,047,415	210,555
County tax	427,797	427,797	427,797	-
Tax Increment Financing Agreement	1,890,223	1,890,223	1,890,223	-
Debt service:				
Principal	331,559	376,748	235,600	141,148
Interest	-	45,254	45,254	-
Unclassified	1,668,200	1,752,308	1,069,897	682,411
Transfers to other funds	350,000	395,512	395,512	-
Total Charges to Appropriations	<u>16,630,526</u>	<u>18,126,384</u>	<u>16,439,160</u>	<u>1,687,224</u>
Budgetary Fund Balance, June 30	<u>\$ 4,975,507</u>	<u>\$ 3,479,649</u>	<u>\$ 6,718,515</u>	<u>\$ 3,238,866</u>
Utilization of Restricted Fund Balance	\$ -	\$ 136,084	\$ -	\$ (136,084)
Utilization of Committed Fund Balance	-	1,150,489	-	(1,150,489)
Utilization of Assigned Fund Balance	-	156,189	-	(156,189)
Utilization of Unassigned Fund Balance	1,207,291	1,260,387	-	(1,260,387)
	<u>\$ 1,207,291</u>	<u>\$ 2,703,149</u>	<u>\$ -</u>	<u>\$ (2,703,149)</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.

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

TOWN OF RUMFORD, MAINE

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

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Taxes:				
Property taxes	\$ 13,573,107	\$ 13,573,107	\$ 13,605,165	\$ 32,058
Excise taxes	400,000	400,000	675,961	275,961
Intergovernmental revenues:				
State revenue sharing	821,475	821,475	806,081	(15,394)
Homestead exemption	134,735	134,735	134,735	-
Local road assistance	-	-	102,808	102,808
Tree growth reimbursement	-	-	79,856	79,856
Veterans' reimbursement	-	-	5,818	5,818
BETE reimbursement	493,918	493,918	493,918	-
Other intergovernmental revenue	-	-	2,866	2,866
Charges for services:				
Licenses and permits	-	-	33,950	33,950
Charges for services	-	-	14,292	14,292
Fire revenue	-	-	12,532	12,532
Police revenue	-	-	9,562	9,562
Animal control fees	-	-	2,933	2,933
Roads	-	-	12,538	12,538
Equipment maintenance	-	-	437,349	437,349
N.O.R.S.W.B. Trucking	-	-	101,143	101,143
N.O.R.S.W.B. Payroll	-	-	165,068	165,068
Parks and recreation committee	-	-	21,764	21,764
Welfare Office	-	-	47,703	47,703
Library	-	-	10,310	10,310
Other income:				
Bonds	-	-	36,771	36,771
Insurances/Social Security	-	-	19,179	19,179
Other income	-	-	142,575	142,575
Operating transfers in	-	-	-	-
Total revenues	\$ 15,423,235	\$ 15,423,235	\$ 16,974,877	\$ 1,551,642

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

TOWN OF RUMFORD, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Selectmen	\$ 5,850	\$ -	\$ 5,850	\$ 5,204	\$ 646
Town manager	160,000	-	160,000	160,092	(92)
Town clerk	70,000	-	70,000	69,571	429
Tax collector	79,710	-	79,710	78,552	1,158
Tax assessor	101,893	30,000	131,893	115,116	16,777
Town solicitor	30,000	-	30,000	19,249	10,751
Town audit	20,000	-	20,000	17,000	3,000
Dog officer	25,644	-	25,644	27,289	(1,645)
Economic development	25,000	63,350	88,350	23,595	64,755
Elections	23,980	-	23,980	19,274	4,706
Municipal building	115,700	-	115,700	85,279	30,421
Computer	18,900	-	18,900	15,806	3,094
Information booth	8,200	-	8,200	5,728	2,472
MSRS - town employees	52,000	-	52,000	50,443	1,557
Sealer of weights and measures	-	682	682	2	680
	<u>736,877</u>	<u>94,032</u>	<u>830,909</u>	<u>692,200</u>	<u>138,709</u>
Public safety:					
Police	805,000	10,000	815,000	760,448	54,552
Fire	678,000	294	678,294	679,311	(1,017)
Code enforcement	47,545	-	47,545	45,279	2,266
Emergency management	7,600	-	7,600	7,560	40
Utilities	481,000	-	481,000	478,959	2,041
MSRS - police & fire	130,000	-	130,000	132,408	(2,408)
	<u>2,149,145</u>	<u>10,294</u>	<u>2,159,439</u>	<u>2,103,965</u>	<u>55,474</u>

TOWN OF RUMFORD, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Public works:					
Summer roads	284,962	-	284,962	316,713	(31,751)
Winter roads	581,405	-	581,405	582,082	(677)
Bituminous	70,000	399,855	469,855	3,290	466,565
Permanent roads	400,000	186,606	586,606	450,682	135,924
State aid construction	45,000	136,084	181,084	17,597	163,487
Sidewalks	-	121,149	121,149	-	121,149
Bridges	-	150,862	150,862	-	150,862
Building demolition	-	27,650	27,650	162	27,488
PUIIA Business Park	-	36,773	36,773	-	36,773
Town garage	54,367	30,138	84,505	735,780	(651,275)
	<u>1,435,734</u>	<u>1,089,117</u>	<u>2,524,851</u>	<u>2,106,306</u>	<u>418,545</u>
Health and sanitation:					
Health	120,000	-	120,000	110,157	9,843
Sewer maintenance	42,900	-	42,900	37,066	5,834
Solid waste	541,000	-	541,000	524,901	16,099
	<u>703,900</u>	<u>-</u>	<u>703,900</u>	<u>672,124</u>	<u>31,776</u>
Welfare:					
Welfare office	55,494	37,809	93,303	93,303	-
	<u>55,494</u>	<u>37,809</u>	<u>93,303</u>	<u>93,303</u>	<u>-</u>
Public service:					
Library	200,000	11,206	211,206	216,456	(5,250)
Municipal planning	24,500	18,050	42,550	33,192	9,358
Park & rec comm - parks	174,550	15,287	189,837	189,837	-
Park & rec comm - skate	7,500	-	7,500	3,266	4,234
Park & rec comm - cem	11,800	-	11,800	11,536	264
	<u>418,350</u>	<u>44,543</u>	<u>462,893</u>	<u>454,287</u>	<u>8,606</u>

TOWN OF RUMFORD, MAINE

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Debt service:					
Principal	331,559	45,189	376,748	235,600	141,148
Interest	-	45,254	45,254	45,254	-
	<u>331,559</u>	<u>90,443</u>	<u>422,002</u>	<u>280,854</u>	<u>141,148</u>
Social services	<u>205,277</u>	<u>-</u>	<u>205,277</u>	<u>205,277</u>	<u>-</u>
Education	<u>6,257,970</u>	<u>-</u>	<u>6,257,970</u>	<u>6,047,415</u>	<u>210,555</u>
County tax	<u>427,797</u>	<u>-</u>	<u>427,797</u>	<u>427,797</u>	<u>-</u>
TIF	<u>1,890,223</u>	<u>-</u>	<u>1,890,223</u>	<u>1,890,223</u>	<u>-</u>
Unclassified:					
Insurances/social security	1,053,200	34,891	1,088,091	1,024,411	63,680
Contingency	15,000	-	15,000	12,325	2,675
Cable tv franchise	-	49,217	49,217	30,295	18,922
Snowmobile club	-	-	-	2,866	(2,866)
Overlay	600,000	-	600,000	-	600,000
	<u>1,668,200</u>	<u>84,108</u>	<u>1,752,308</u>	<u>1,069,897</u>	<u>682,411</u>
Transfers out:					
Special revenue funds	-	5,323	5,323	5,323	-
Capital project funds	350,000	40,189	390,189	390,189	-
	<u>350,000</u>	<u>45,512</u>	<u>395,512</u>	<u>395,512</u>	<u>-</u>
Total Expenditures	<u>\$ 16,630,526</u>	<u>\$ 1,495,858</u>	<u>\$ 18,126,384</u>	<u>\$ 16,439,160</u>	<u>\$ 1,687,224</u>

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

TOWN OF RUMFORD, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 214,474	\$ 1,142,490	\$ 65,427	\$ 1,422,391
Investments	-	-	5,904	5,904
Accounts receivable (net of allowance for uncollectibles)	358,509	-	-	358,509
Due from other funds	4,700	-	113	4,813
TOTAL ASSETS	<u>\$ 577,683</u>	<u>\$ 1,142,490</u>	<u>\$ 71,444</u>	<u>\$ 1,791,617</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	151,709	-	-	151,709
TOTAL LIABILITIES	<u>151,709</u>	<u>-</u>	<u>-</u>	<u>151,709</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	425,974	-	71,444	497,418
Committed	-	1,142,490	-	1,142,490
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>425,974</u>	<u>1,142,490</u>	<u>71,444</u>	<u>1,639,908</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 577,683</u>	<u>\$ 1,142,490</u>	<u>\$ 71,444</u>	<u>\$ 1,791,617</u>

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

TOWN OF RUMFORD, MAINE

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

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 587,632	\$ -	\$ -	\$ 587,632
Interest/Gains & Losses	13,505	10,172	2,802	26,479
Other	2,252	29,552	-	31,804
TOTAL REVENUES	<u>603,389</u>	<u>39,724</u>	<u>2,802</u>	<u>645,915</u>
EXPENDITURES				
Current:				
Public Safety	228,618	-	-	228,618
Public Works	360,253	-	-	360,253
Public Service	-	-	34	34
Cemeteries	-	-	342	342
Unclassified	2,994	1,577	-	4,571
Capital outlay	-	155,949	-	155,949
TOTAL EXPENDITURES	<u>591,865</u>	<u>157,526</u>	<u>376</u>	<u>749,767</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,524</u>	<u>(117,802)</u>	<u>2,426</u>	<u>(103,852)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	5,323	398,484	-	403,807
Operating Transfers (Out)	(8,295)	-	-	(8,295)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,972)</u>	<u>398,484</u>	<u>-</u>	<u>395,512</u>
NET CHANGE IN FUND BALANCES	8,552	280,682	2,426	291,660
FUND BALANCES - JULY 1	<u>417,422</u>	<u>861,808</u>	<u>69,018</u>	<u>1,348,248</u>
FUND BALANCES - JUNE 30	<u>\$ 425,974</u>	<u>\$ 1,142,490</u>	<u>\$ 71,444</u>	<u>\$ 1,639,908</u>

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

Special Revenue Funds

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

TOWN OF RUMFORD, MAINE

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

	UDAG Funds	CDBG Funds	EDA Escrow Fund	Byrne Grant	JAG Grant	Oxford Cty. Municipal Byrne/JAG Grant	HV Impaired Driving Enforcement
ASSETS							
Cash and cash equivalents	\$ 116,361	\$ 41,434	\$ 40,428	\$ 6,777	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	212,979	-	-	-	-	-	-
Due from other funds	-	-	-	-	4,577	123	-
TOTAL ASSETS	<u>\$ 329,340</u>	<u>\$ 41,434</u>	<u>\$ 40,428</u>	<u>\$ 6,777</u>	<u>\$ 4,577</u>	<u>\$ 123</u>	<u>\$ -</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	6,179	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,179</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	329,340	41,434	40,428	598	4,577	123	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>329,340</u>	<u>41,434</u>	<u>40,428</u>	<u>598</u>	<u>4,577</u>	<u>123</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 329,340</u>	<u>\$ 41,434</u>	<u>\$ 40,428</u>	<u>\$ 6,777</u>	<u>\$ 4,577</u>	<u>\$ 123</u>	<u>\$ -</u>

TOWN OF RUMFORD, MAINE

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

	<u>MDEA Grant</u>	<u>Underage Drinking Grants</u>	<u>DARE</u>	<u>HVE Seatbelt Campaign</u>	<u>MMA Safety Enhancement Grant</u>	<u>Seizure Disbursement</u>	<u>Homeland Security Grant</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 4,314	\$ -	\$ -	\$ 5,160	\$ -
Accounts receivable (net of allowance for uncollectibles)	15,492	515	-	1,980	-	-	-
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 15,492</u>	<u>\$ 515</u>	<u>\$ 4,314</u>	<u>\$ 1,980</u>	<u>\$ -</u>	<u>\$ 5,160</u>	<u>\$ -</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	15,492	515	-	1,980	-	-	-
TOTAL LIABILITIES	<u>15,492</u>	<u>515</u>	<u>-</u>	<u>1,980</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	4,314	-	-	5,160	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>4,314</u>	<u>-</u>	<u>-</u>	<u>5,160</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,492</u>	<u>\$ 515</u>	<u>\$ 4,314</u>	<u>\$ 1,980</u>	<u>\$ -</u>	<u>\$ 5,160</u>	<u>\$ -</u>

TOWN OF RUMFORD, MAINE

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

	DOC Snowmobile Muni Grant	Bullet Proof Vest	Safe Route to School Grant	FEMA MEMA Hurricane Irene	RVHCC Underage Drinking Grant	Totals
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214,474
Accounts receivable (net of allowance for uncollectibles)	-	-	78,541	49,002	-	358,509
Due from other funds	-	-	-	-	-	4,700
TOTAL ASSETS	\$ -	\$ -	\$ 78,541	\$ 49,002	\$ -	\$ 577,683
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	78,541	49,002	-	151,709
TOTAL LIABILITIES	-	-	78,541	49,002	-	151,709
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	425,974
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-	425,974
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ -	\$ 78,541	\$ 49,002	\$ -	\$ 577,683

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

TOWN OF RUMFORD, MAINE

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

	UDAG Funds	CDBG Funds	EDA Escrow Fund	Byrne Grant	JAG Grant	Oxford Cty. Municipal Byrne/JAG Grant	HV Impaired Driving Enforcement
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 23,242	\$ -	\$ 4,755
Interest/Gains & Losses	11,806	713	696	125	-	-	-
Other	-	-	-	-	-	-	-
TOTAL REVENUES	<u>11,806</u>	<u>713</u>	<u>696</u>	<u>125</u>	<u>23,242</u>	<u>-</u>	<u>4,755</u>
EXPENDITURES							
Public Safety	-	-	-	8,047	18,665	1,838	4,755
Public Works	-	-	-	-	-	-	-
Unclassified	2,796	62	136	-	-	-	-
TOTAL EXPENDITURES	<u>2,796</u>	<u>62</u>	<u>136</u>	<u>8,047</u>	<u>18,665</u>	<u>1,838</u>	<u>4,755</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,010</u>	<u>651</u>	<u>560</u>	<u>(7,922)</u>	<u>4,577</u>	<u>(1,838)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	9,010	651	560	(7,922)	4,577	(1,838)	-
FUND BALANCES - JULY 1	<u>320,330</u>	<u>40,783</u>	<u>39,868</u>	<u>8,520</u>	<u>-</u>	<u>1,961</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u>\$ 329,340</u>	<u>\$ 41,434</u>	<u>\$ 40,428</u>	<u>\$ 598</u>	<u>\$ 4,577</u>	<u>\$ 123</u>	<u>\$ -</u>

TOWN OF RUMFORD, MAINE

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

	MDEA Grant	Underage Drinking Grants	DARE	HVE Seatbelt Campaign	MMA Safety Enhancement Grant	Seizure Disbursement	Homeland Security Grant
REVENUES							
Intergovernmental	\$ 82,746	\$ 1,215	\$ -	\$ 1,980	\$ 1,033	\$ -	\$ 6,505
Interest/Gains & Losses	-	-	76	-	-	89	-
Other	-	-	785	-	-	1,467	-
TOTAL REVENUES	<u>82,746</u>	<u>1,215</u>	<u>861</u>	<u>1,980</u>	<u>1,033</u>	<u>1,556</u>	<u>6,505</u>
EXPENDITURES							
Public Safety	82,746	1,215	2,507	1,980	-	1,719	-
Public Works	-	-	-	-	1,033	-	-
Unclassified	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>82,746</u>	<u>1,215</u>	<u>2,507</u>	<u>1,980</u>	<u>1,033</u>	<u>1,719</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(1,646)</u>	<u>-</u>	<u>-</u>	<u>(163)</u>	<u>6,505</u>
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	-	-	-	-	-	5,323	-
Operating Transfers (Out)	-	-	-	-	-	-	(6,505)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,323</u>	<u>(6,505)</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>(1,646)</u>	<u>-</u>	<u>-</u>	<u>5,160</u>	<u>-</u>
FUND BALANCES - JULY 1	<u>-</u>	<u>-</u>	<u>5,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,160</u>	<u>\$ -</u>

TOWN OF RUMFORD, MAINE

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

	DOC Snowmobile Muni Grant	Bullet Proof Vest	Safe Route to School Grant	FEMA MEMA Hurricane Irene	RVHCC Underage Drinking Grant	Totals
REVENUES						
Intergovernmental	\$ 24,605	\$ 1,790	\$ 78,541	\$ 359,220	\$ 2,000	\$ 587,632
Interest/Gains & Losses	-	-	-	-	-	13,505
Other	-	-	-	-	-	2,252
TOTAL REVENUES	<u>24,605</u>	<u>1,790</u>	<u>78,541</u>	<u>359,220</u>	<u>2,000</u>	<u>603,389</u>
EXPENDITURES						
Public Safety	24,605	-	78,541	-	2,000	228,618
Public Works	-	-	-	359,220	-	360,253
Unclassified	-	-	-	-	-	2,994
TOTAL EXPENDITURES	<u>24,605</u>	<u>-</u>	<u>78,541</u>	<u>359,220</u>	<u>2,000</u>	<u>591,865</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,524</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	5,323
Operating Transfers (Out)	-	(1,790)	-	-	-	(8,295)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(1,790)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,972)</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-	8,552
FUND BALANCES - JULY 1	-	-	-	-	-	417,422
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 425,974</u>

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

Capital Project Funds

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

TOWN OF RUMFORD, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2012

	Highway Department Fund	NORSWB Trucking Fund	Building Renovations Fund	Town Hall Administration Fund	Town Hall Maintenance Fund	Fire Department Fund	Police Department Fund
ASSETS							
Cash and cash equivalents	\$ 230,214	\$ 51,742	\$ 66,870	\$ 554	\$ 228,085	\$ 381,828	\$ 17,168
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 230,214</u>	<u>\$ 51,742</u>	<u>\$ 66,870</u>	<u>\$ 554</u>	<u>\$ 228,085</u>	<u>\$ 381,828</u>	<u>\$ 17,168</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	230,214	51,742	66,870	554	228,085	381,828	17,168
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>230,214</u>	<u>51,742</u>	<u>66,870</u>	<u>554</u>	<u>228,085</u>	<u>381,828</u>	<u>17,168</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 230,214</u>	<u>\$ 51,742</u>	<u>\$ 66,870</u>	<u>\$ 554</u>	<u>\$ 228,085</u>	<u>\$ 381,828</u>	<u>\$ 17,168</u>

TOWN OF RUMFORD, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2012

	Parks Department Fund	Public Library Fund	Other Town Properties	Code Enforcement Fund	Computer Fund	Voting Machine Fund	Totals
ASSETS							
Cash and cash equivalents	\$ 95,955	\$ 22,252	\$ 9,834	\$ 1,019	\$ 24,016	\$ 12,953	\$ 1,142,490
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 95,955</u>	<u>\$ 22,252</u>	<u>\$ 9,834</u>	<u>\$ 1,019</u>	<u>\$ 24,016</u>	<u>\$ 12,953</u>	<u>\$ 1,142,490</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	95,955	22,252	9,834	1,019	24,016	12,953	1,142,490
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>95,955</u>	<u>22,252</u>	<u>9,834</u>	<u>1,019</u>	<u>24,016</u>	<u>12,953</u>	<u>1,142,490</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 95,955</u>	<u>\$ 22,252</u>	<u>\$ 9,834</u>	<u>\$ 1,019</u>	<u>\$ 24,016</u>	<u>\$ 12,953</u>	<u>\$ 1,142,490</u>

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

TOWN OF RUMFORD, MAINE

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

	Highway Department Fund	NORSWB Trucking Fund	Building Renovations Fund	Town Hall Administration Fund	Town Hall Maintenance Fund	Fire Department Fund	Police Department Fund
REVENUES							
Interest	\$ 19	\$ 868	\$ 1,151	\$ 10	\$ 3,685	\$ 1,235	\$ 335
Other	5,432	-	-	-	22,000	-	550
TOTAL REVENUES	<u>5,451</u>	<u>868</u>	<u>1,151</u>	<u>10</u>	<u>25,685</u>	<u>1,235</u>	<u>885</u>
EXPENDITURES							
Capital Outlay	40,115	-	-	-	2,255	-	40,154
Other	279	76	100	1	310	509	36
TOTAL EXPENDITURES	<u>40,394</u>	<u>76</u>	<u>100</u>	<u>1</u>	<u>2,565</u>	<u>509</u>	<u>40,190</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(34,943)</u>	<u>792</u>	<u>1,051</u>	<u>9</u>	<u>23,120</u>	<u>726</u>	<u>(39,305)</u>
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	153,000	5,000	-	-	22,500	100,725	40,295
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>153,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>22,500</u>	<u>100,725</u>	<u>40,295</u>
NET CHANGE IN FUND BALANCES	118,057	5,792	1,051	9	45,620	101,451	990
FUND BALANCES - JULY 1	<u>112,157</u>	<u>45,950</u>	<u>65,819</u>	<u>545</u>	<u>182,465</u>	<u>280,377</u>	<u>16,178</u>
FUND BALANCES - JUNE 30	<u>\$ 230,214</u>	<u>\$ 51,742</u>	<u>\$ 66,870</u>	<u>\$ 554</u>	<u>\$ 228,085</u>	<u>\$ 381,828</u>	<u>\$ 17,168</u>

TOWN OF RUMFORD, MAINE

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

	Parks Department Fund	Public Library Fund	Other Town Properties	Code Enforcement Fund	Computer Fund	Voting Machine Fund	Totals
REVENUES							
Interest	\$ 1,613	\$ 416	\$ 149	\$ 64	\$ 422	\$ 205	\$ 10,172
Other	-	-	1,570	-	-	-	29,552
TOTAL REVENUES	<u>1,613</u>	<u>416</u>	<u>1,719</u>	<u>64</u>	<u>422</u>	<u>205</u>	<u>39,724</u>
EXPENDITURES							
Capital Outlay	48,258	6,407	1,568	15,284	1,908	-	155,949
Other	156	38	12	5	37	18	1,577
TOTAL EXPENDITURES	<u>48,414</u>	<u>6,445</u>	<u>1,580</u>	<u>15,289</u>	<u>1,945</u>	<u>18</u>	<u>157,526</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(46,801)</u>	<u>(6,029)</u>	<u>139</u>	<u>(15,225)</u>	<u>(1,523)</u>	<u>187</u>	<u>(117,802)</u>
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	60,689	2,275	5,000	5,000	-	4,000	398,484
Operating Transfers (Out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>60,689</u>	<u>2,275</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>4,000</u>	<u>398,484</u>
NET CHANGE IN FUND BALANCES	13,888	(3,754)	5,139	(10,225)	(1,523)	4,187	280,682
FUND BALANCES - JULY 1	<u>82,067</u>	<u>26,006</u>	<u>4,695</u>	<u>11,244</u>	<u>25,539</u>	<u>8,766</u>	<u>861,808</u>
FUND BALANCES - JUNE 30	<u>\$ 95,955</u>	<u>\$ 22,252</u>	<u>\$ 9,834</u>	<u>\$ 1,019</u>	<u>\$ 24,016</u>	<u>\$ 12,953</u>	<u>\$ 1,142,490</u>

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

Permanent Funds

Permanent funds are used to account for assets held by the Town of Rumford, Maine in trust or as an agent for individuals, private organizations, other governmental units and/or other funds.

TOWN OF RUMFORD, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS
JUNE 30, 2012

	Cemetery Trust Fund	Library Trust Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 42,782	\$ 22,645	\$ 65,427
Investments	5,904	-	5,904
Due from other funds	113		113
Total assets	<u>\$ 48,799</u>	<u>\$ 22,645</u>	<u>\$ 71,444</u>
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	48,799	22,645	71,444
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>48,799</u>	<u>22,645</u>	<u>71,444</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 48,799</u>	<u>\$ 22,645</u>	<u>\$ 71,444</u>

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

TOWN OF RUMFORD, MAINE

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

	Cemetery Trust Fund	Library Trust Fund	Totals
REVENUES			
Interest	\$ 2,412	\$ 390	\$ 2,802
Other	-	-	-
TOTAL REVENUES	<u>2,412</u>	<u>390</u>	<u>2,802</u>
EXPENDITURES			
Other	342	34	376
TOTAL EXPENDITURES	<u>342</u>	<u>34</u>	<u>376</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,070</u>	<u>356</u>	<u>2,426</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
TOTAL OTHER FINANCING (USES)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	2,070	356	2,426
FUND BALANCES - JULY 1	<u>46,729</u>	<u>22,289</u>	<u>69,018</u>
FUND BALANCES - JUNE 30	<u><u>\$ 48,799</u></u>	<u><u>\$ 22,645</u></u>	<u><u>\$ 71,444</u></u>

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

General Capital Assets

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

TOWN OF RUMFORD, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2012

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
General government	\$ -	\$ -	\$ 186,513	\$ -	\$ 186,513
Public safety	296	48,472	2,094,511	-	2,143,279
Public works	6,381	159,599	2,379,759	14,442,352	16,988,091
Recreation	21,557	483,827	547,646	-	1,053,030
Library	2,535	29,734	160,914	-	193,183
Cemeteries	4,987	-	-	-	4,987
Town-wide	<u>290,747</u>	<u>1,508,100</u>	<u>-</u>	<u>771,084</u>	<u>2,569,931</u>
Total General Capital Assets	326,503	2,229,732	5,369,343	15,213,436	23,139,014
Less: Accumulated Depreciation	<u>-</u>	<u>(863,114)</u>	<u>(3,448,511)</u>	<u>(11,335,016)</u>	<u>(15,646,641)</u>
Net General Capital Assets	<u>\$ 326,503</u>	<u>\$ 1,366,618</u>	<u>\$ 1,920,832</u>	<u>\$ 3,878,420</u>	<u>\$ 7,492,373</u>

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

TOWN OF RUMFORD, MAINE

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

	General Capital Assets 7/1/11	Additions	Deletions	General Capital Assets 6/30/12
General government	\$ 186,513	\$ -	\$ -	\$ 186,513
Public safety	2,143,279	-	-	2,143,279
Public works	16,988,091	-	-	16,988,091
Recreation	1,053,030	-	-	1,053,030
Library	188,092	5,091	-	193,183
Cemeteries	4,987	-	-	4,987
Town-wide	2,569,931	-	-	2,569,931
Total General Capital Assets	23,133,923	5,091	-	23,139,014
Less: Accumulated Depreciation	(14,875,463)	(771,178)	-	(15,646,641)
Net General Capital Assets	<u>\$ 8,258,460</u>	<u>\$ (766,087)</u>	<u>\$ -</u>	<u>\$ 7,492,373</u>

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