

**Mary Jean Alford**

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**From:** Mary Jean Alford <land\_man1@valornet.com>  
**Sent:** Monday, June 27, 2016 10:53 AM  
**To:** 'richard.monreal@tceq.texas.gov'  
**Subject:** Westwood Utility: Additional Compliance Documentation  
**Attachments:** WWU ACR pressure tank waiver.pdf  
  
**Importance:** High

M.J. Alford, President  
Westwood Utility Corp  
P. O. Box 671  
Fairfield, TX 75840

June 27, 2016

Richard Monreal, Water Section Manager  
Texas Commission on Environmental Quality  
Region 9 – Waco, Texas | Water Program  
Office (254) 751-0335 | Fax (254) 772-9241  
[richard.monreal@tceq.texas.gov](mailto:richard.monreal@tceq.texas.gov)

Re: Additional Compliance Documentation  
Regulated Entity No. 102684248 CN600642045 PWS 0810024 CCN 12126 Investigation # 1293765

Mr. Monreal,

Please find attached the letter from Joel Klumpp, Manager of the Plan and Technical Review Section, Water Supply Division, to my engineer, Michael N. Tibbets, granting Westwood Utility Corp an ACR.

Please update my file to show that this ACR was obtained.

Many Thanks,

MJ Alford

Bryan W. Shaw, Ph.D., P.E., *Chairman*  
Toby Baker, *Commissioner*  
Jon Niermann, *Commissioner*  
Richard A. Hyde, P.E., *Executive Director*



PWS\_0810024\_CO\_20160602\_ACR

## Texas Commission on Environmental Quality

*Protecting Texas by Reducing and Preventing Pollution*

June 2, 2016

Mr. Michael N. Tibbets, P.E.  
Hayter Engineering, Inc.  
4445 SE Loop 286  
Paris, TX 75460

Re: Westwood Utility Corp - PWS ID No. 0810024  
Request for an Alternative Capacity Requirement  
Freestone County, Texas  
RN 102684248 | CN 600642045

Dear Mr. Tibbets:

On May 4, 2016, the Texas Commission on Environmental Quality (TCEQ) received your letter and associated data, dated April 29, 2016, requesting an alternative capacity requirement (ACR) for the Westwood Utility Corp public water system (PWS ID No. 0810024). ACRs are granted in accordance with the requirements specified in Title 30 of the Texas Administrative Code (30 TAC) §290.45(g). The regulations found in 30 TAC §290.45(b)(1)(D)(iv) require groundwater providers serving more than 250 connections to have a pressure tank capacity of 20 gallons per connection. You have requested an ACR for pressure tank capacity.

The TCEQ staff reviews requests for ACRs based on an evaluation of the system's maximum daily demand (MDD) and the number of actual connections served at the time of the MDD. Based on our review, we are **granting** a new ACR as follows:

### Pressure Tank Capacity

**16.8 gallons/connection**

Your submitted daily usage data from January 2013 to April 2016 indicated a MDD of 279,000 gallons on August 16, 2015. The number of active connections during August 2015 was 441. Using the specifications in §290.45(g)(2) and a safety factor of 1.15 to account for projected growth in the PWS community served, we calculated an equivalency ratio of 0.84. The above ACR was calculated using this equivalency ratio and the method specified in 30 TAC §290.45(g)(2).

### Condition of Granted ACR

#### Condition 1:

- This ACR is contingent upon the continuing collection of daily usage data and the maintenance of these records for a minimum of three years.

All ACRs are subject to periodic review and may be revised or revoked if water demand conditions change or if evidence is found that granting it has resulted in the degradation of potable water quality or quantity. This letter must be kept on file at the water system for as long as this alternative capacity requirement is valid, and made available to TCEQ staff upon request.

CITY OF FAIRFIELD

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED SEPTEMBER 30, 2012*

City of Fairfield  
Annual Financial Report  
For The Year Ended September 30, 2012

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*Financial Section*

# **ANDERSON, MARX & BOHL, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**HUDSON ANDERSON, CPA**

**FRANK MARX, III, CPA**

**Independent Auditors' Report on Financial Statements** **DORI BOHL, CPA& CFE**

City Council  
City of Fairfield  
222 South Mount Street  
Fairfield, Texas 75840

Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Fairfield as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Fairfield'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Fairfield as of September 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2013, on our consideration of City of Fairfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fairfield's financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The other supplementary information is the responsibility of management and was derived from and relates 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.

*Anderson, Marx & Bohl, P.C.*

Anderson, Marx & Bohl, P.C.

March 29, 2013

# CITY OF FAIRFIELD

## 222 SOUTH MOUNT STREET

### FAIRFIELD, TEXAS 75840

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of City of Fairfield's annual financial report presents our discussion and analysis of the City's financial performance during the year ended September 30, 2012. Please read it in conjunction with the City's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

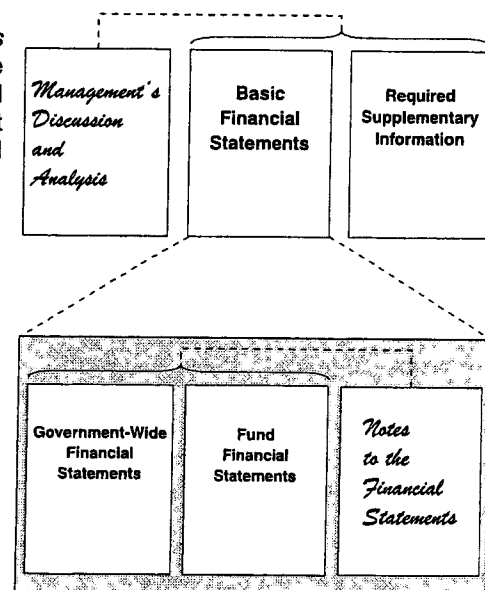
- The City's total combined net assets on financial statement exhibit A-1 were \$12,567,654 at September 30, 2012.
- During the year, the City's primary government expenses on financial statement exhibit A-2 were \$389,969 less than the \$6,702,299 generated in taxes and other revenues for all activities.
- The total cost of the City's programs on financial statement exhibit A-5 increased \$457,123 from last year. General Government, Economic Development and Capital Expenditures accounted for major increases.
- The general fund reported a general fund balance this year on financial statement exhibit A-3 of \$723,984. The City began the current year with a general fund balance in the amount of \$767,000.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status, but also a legally separate industrial development corporation. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

**Figure A-1, Required Components of the City's Annual Financial Report**



Summary Detail

- *Business Activities* statements provide information about for profit activities.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

### Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the City's net assets and how they have changed. Net assets—the difference between the City's assets and liabilities—is one way to measure the City's financial health or *position*.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City's tax base.

The government-wide financial statements of the City include the *Governmental and Business-type activities*. Most of the City's basic services are included here, such as public safety, sanitation, culture and recreation, street maintenance, water and sewer and general administration. Property taxes and grants finance most of these activities.

### Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds*—Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*—The City provides water and sewer services to its citizens and charges fees to pay for this service. These activities are accounted for on the accrual basis of accounting.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net assets. The City's combined net assets were \$12.6 million at September 30, 2012. (See Table A-1).

**Table A-1**  
**City of Fairfield's Net Assets**  
*(In million dollars)*

	<u>2012</u>	<u>2011</u>	<u>Total Percentage Change 2012-2011</u>
Current assets:			
Cash and cash equivalents	3.9	3.5	11
Investments	.0	.0	**
Due from other governments	.0	.0	**
Due from other funds	.0	.0	**
Other receivables	.4	.3	33
Unamortized debt issuance costs	.1	.1	0
Total current assets:	<u>4.4</u>	<u>3.9</u>	13
Noncurrent assets:			
Land, furniture and equipment	21.1	19.9	6
Less accumulated depreciation	(8.7)	(7.7)	-13
Other assets	.3	.8	-63
Total noncurrent assets	<u>12.7</u>	<u>13.0</u>	-2
Total Assets	<u>17.1</u>	<u>16.9</u>	1
Current liabilities:			
Accounts payable and accrued liabilities	.6	.1	500
Consumer deposits	.1	.1	0
Due to other funds	.0	.0	**
Deferred revenue	0	0	**
Total current liabilities	<u>.7</u>	<u>.2</u>	250
Long-term liabilities:			
Noncurrent liabilities due in one year	.5	.5	0
Noncurrent liabilities due more than 1 yr	3.3	4.0	-18
Total Liabilities	<u>4.5</u>	<u>4.7</u>	-4
Net Assets:			
Invested in capital assets, net of debt	8.5	7.7	10
Restricted	1.2	1.9	-37
Unrestricted	2.9	2.6	12
Total Net Assets	<u>12.6</u>	<u>12.2</u>	3

The City has restricted net assets of \$1,213,144 that represent proceeds for servicing debt of \$320,389 and \$892,755 for economic development. The \$2,840,539 of unrestricted net assets represent resources to be available to fund the programs of the City next year.

**Changes in net assets.** The City's total revenues were \$6,702,299. A significant portion, 51 percent, of the City's revenue comes from taxes, while 48 percent relates to charges for services.

The total cost of all programs and services was \$6,450,063; 60 percent of these costs are for governmental activities.

#### Governmental Activities

- Property tax revenues decreased by \$5,618 to \$720,790.

**Table A-2**  
Changes in City of Fairfield's Net Assets  
(In million dollars)

	<u>2012</u>	<u>2011</u>	<u>% Ch</u>
Program Revenues:			
Charges for Services	3.2	3.2	0
Operating Grants and Contributions	.1	.1	0
Capital Grants and Contributions	.0	.0	**
General Revenues:			
Taxes	3.4	3.1	10
Investment Earnings	.0	.0	**
Other	.1	.2	-50
Total Revenues	<u>6.8</u>	<u>6.6</u>	3
General Government	.5	.4	25
Public Safety	1.3	1.4	-7
Highways and Streets	.5	.5	0
Culture and Recreation	.2	.2	0
Public Services	.0	.0	**
Sanitation	.0	.0	**
Water and Sewer	2.6	2.9	-10
Economic Development	1.3	1.1	18
Total Expenses	<u>6.4</u>	<u>6.5</u>	-2
Excess (Deficiency) Before Other Resources, Uses and Transfers:			
Other Resources (Uses)	0	0	**
Transfers In (Out)	0	0	**
Increase (Decrease) in Net Assets	<u>.4</u>	<u>.1</u>	300

Table A-3 presents the cost of each of the City's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$3.8 million.
- However, the amount that our taxpayers paid for these activities through property taxes was \$.721 million.
- Some of the cost was paid by those who directly benefited from services \$.231 million.

**Table A-3**  
Net Cost of Selected City Functions  
(in millions of dollars)

	Total Cost of Services			Net Cost of Services		
	<u>2012</u>	<u>2011</u>	<u>% Change</u>	<u>2012</u>	<u>2011</u>	<u>% Change</u>
General Government	.4	.5	0	.4	.4	0
Public Safety	1.4	1.3	8	1.1	1.1	0
Highways and Streets	.5	.5	0	.5	.5	0

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Revenues from governmental fund types totaled \$3.9 million, while the previous year it was \$3.7 million due partly to the increases in fines and sales taxes. Revenues from business-type activities totaled \$3.0 million, while the previous year it was \$2.9 million. This resulted from increased volumes rates.

### General Fund Budgetary Highlights

Over the course of the year, the City revised its budget several times. Even with these adjustments, actual expenditures were \$451,822 below the budgeted amount.

On the other hand, resources available were \$250,010 below the final budgeted amount.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2012, the City had invested \$21,033,243 in a broad range of capital assets, including land, construction in progress, infrastructure, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$1,102,831 or 6% percent over last year.

**Table A-4**  
City's Capital Assets  
(In millions of dollars)

	<u>2012</u>	<u>2011</u>	<u>Total Percentage Change 2012-2011</u>
Land	.4	.4	0
Construction in progress	.0	.0	0
Leased Assets	.8	.8	0
Equipment and improvements	2.7	2.7	0
Buildings & Water System	17.0	16.0	6
Vehicles	.0	.0	0
Totals at historical cost	<u>20.9</u>	<u>19.9</u>	5
Total accumulated depreciation	<u>(8.6)</u>	<u>(7.7)</u>	-13
Net capital assets	<u>12.3</u>	<u>12.2</u>	1

The City's fiscal year 2013 capital budget projects spending do not reflect any major projects. More detailed information about the City's capital assets is presented in the notes to the financial statements.

### Long Term Debt

At year-end the City had \$3,856,577 in bonds, notes and leases outstanding as shown in Table A-5. More detailed information about the City's debt is presented in the notes to the financial statements.

**Table A-5**  
**City's Long Term Debt**  
(In millions of dollars)

	<u>2012</u>	<u>2011</u>	<u>Total Percentage Change 2011-2012</u>
Leases payable	.1	.2	-50
Bonds payable	3.7	4.3	-14
Notes payable	.0	.0	0
Compensated absences	.0	.0	**
Less deferred amount			
On refundings	(0)	(0)	**
Total bonds & notes payable	<u>3.8</u>	<u>4.5</u>	-16

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's budgetary general fund balance is expected to remain stable by the close of fiscal year 2013. More detailed information about the City's economic status is presented in the notes to the financial statements.

#### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Fairfield's Business Services Department at 222 South Mount Street, Fairfield, Texas 75840 or phone number 903-389-2633.

## *Basic Financial Statements*

**CITY OF FAIRFIELD**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2012**

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit
<b>ASSETS</b>				
<i>Cash and Cash Equivalents</i>	\$ 1,915,348	\$ 1,986,446	\$ 3,901,794	\$ 1,620,284
<i>Receivables ( net of allowances for uncollectibles)</i>	44,341	335,803	380,144	--
<i>Internal Balances</i>	--	--	--	--
<i>Deferred Charges</i>	--	122,224	122,224	--
<b>Restricted Assets:</b>				
<i>Cash</i>	--	286,681	286,681	--
<b>Capital Assets ( net of accumulated depreciation):</b>				
<i>Land</i>	118,054	271,361	389,415	1,414,043
<i>Buildings &amp; Equipment, net</i>	3,690,522	8,303,004	11,993,526	149,964
<b>Total Assets</b>	<b>5,768,265</b>	<b>11,305,519</b>	<b>17,073,784</b>	<b>3,184,291</b>
<b>LIABILITIES</b>				
<i>Accounts Payable and Other Current Liabilities</i>	291,097	264,885	555,982	38,392
<i>Consumer Deposits</i>	--	81,178	81,178	--
<i>Accrued Interest Payable</i>	--	12,393	12,393	--
<b>Noncurrent Liabilities-</b>				
<i>Due within one year</i>	20,674	520,000	540,674	27,233
<i>Due in more than one year</i>	105,903	3,210,000	3,315,903	399,983
<b>Total Liabilities</b>	<b>417,674</b>	<b>4,088,456</b>	<b>4,506,130</b>	<b>465,608</b>
<b>NET ASSETS</b>				
<i>Invested in Capital Assets, Net of Related Debt</i>	3,681,999	4,831,972	8,513,971	--
<b>Restricted For:</b>				
<i>Debt Service</i>	33,708	286,681	320,389	--
<i>Economic Development</i>	892,755	--	892,755	--
<i>Unrestricted</i>	742,129	2,098,410	2,840,539	2,718,683
<b>Total Net Assets</b>	<b>\$ 5,350,591</b>	<b>\$ 7,217,063</b>	<b>\$ 12,567,654</b>	<b>\$ 2,718,683</b>

The accompanying notes are an integral part of this statement.

**CITY OF FAIRFIELD**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants Contributions
<b>PRIMARY GOVERNMENT:</b>			
Governmental Activities:			
<i>General Government</i>	\$ 456,098	\$ 6,631	\$ --
<i>Public Safety</i>	1,280,566	224,903	--
<i>Highways &amp; Streets</i>	513,582	--	--
<i>Culture &amp; Recreation</i>	243,498	--	--
<i>Economic Development</i>	1,340,908	--	13
<i>Interest and Fiscal Charges</i>	9,870	--	--
Total Governmental Activities	<u>3,844,522</u>	<u>231,534</u>	<u>13</u>
Business-type Activities:			
City Water and Sewer	2,157,350	2,375,255	--
TDCJ Water & Sewer	448,191	609,970	--
Total Business-type Activities	<u>2,605,541</u>	<u>2,985,225</u>	<u>--</u>
Total Primary Government	<u>\$ 6,450,063</u>	<u>\$ 3,216,759</u>	<u>\$ 13</u>
<b>COMPONENT UNIT:</b>			
Industrial Development Corporation	\$ 241,365	\$ --	\$ --

General Revenues:  
    *Property Taxes*  
    *Sales Taxes*  
    *Franchise Taxes*  
    *Taxes, Hotel-Motel*  
    *License and Permits*  
    *Investment Earnings*  
    *Miscellaneous*  
    *Transfers*  
    Total General Revenues  
Change in Net Assets  
Net Assets - Beginning  
Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit</u>
\$ (449,467)		\$ (449,467)	
(1,055,663)		(1,055,663)	
(513,582)		(513,582)	
(243,498)		(243,498)	
(1,203,175)		(1,203,175)	
(9,870)		(9,870)	
<u>(3,475,255)</u>		<u>(3,475,255)</u>	
--	\$ 217,905	217,905	
--	161,779	161,779	
--	379,684	379,684	
<u>(3,475,255)</u>	<u>379,684</u>	<u>(3,095,571)</u>	
		\$ (241,365)	
720,790	--	720,790	--
2,120,256	--	2,120,256	525,330
308,872	--	308,872	--
264,688	--	264,688	--
33,465	--	33,465	--
5,912	126	6,038	10,179
31,431	--	31,431	19,821
(178,712)	178,712	--	--
3,306,702	178,838	3,485,540	555,330
<u>(168,553)</u>	<u>558,522</u>	<u>389,969</u>	<u>313,965</u>
5,519,144	6,658,541	12,177,685	2,404,718
<u>\$ 5,350,591</u>	<u>\$ 7,217,063</u>	<u>\$ 12,567,654</u>	<u>\$ 2,718,683</u>

**CITY OF FAIRFIELD**

BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2012

	General Fund	Hotel/ Motel Fund
ASSETS		
Assets:		
Cash and Cash Equivalents	\$ 1,015,081	\$ 884,556
Receivables ( net of allowances for uncollectibles)	10,633	--
Total Assets	<u>\$ 1,025,714</u>	<u>\$ 884,556</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 291,097	\$ --
Deferred Revenue	10,633	--
Total Liabilities	<u>301,730</u>	<u>--</u>
Fund Balances:		
Restricted Fund Balances:		
Restricted for Economic Development	--	884,556
Committed Fund Balance		
Committed for Other Purposes	--	--
Unassigned	723,984	--
Total Fund Balance	<u>723,984</u>	<u>884,556</u>
Total Liabilities and Fund Balance	<u>\$ 1,025,714</u>	<u>\$ 884,556</u>

The accompanying notes are an integral part of this statement.

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 15,711	\$ 1,915,348
33,708	--	44,341
<u>\$ 33,708</u>	<u>\$ 15,711</u>	<u>\$ 1,959,689</u>
\$ --	\$ --	\$ 291,097
33,708	--	44,341
<u>33,708</u>	<u>--</u>	<u>335,438</u>
--	8,199	892,755
--	7,512	7,512
--	--	723,984
<u>--</u>	<u>15,711</u>	<u>1,624,251</u>
<u>\$ 33,708</u>	<u>\$ 15,711</u>	<u>\$ 1,959,689</u>

**CITY OF FAIRFIELD**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2012**

Total fund balances - governmental funds balance sheet	\$ 1,624,251
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	3,808,576
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	44,341
Payables for capital leases which are not due in the current period are not reported in the funds.	<u>(126,577)</u>
Net assets of governmental activities - Statement of Net Assets	<u>\$ 5,350,591</u>

The accompanying notes are an integral part of this statement.

# CITY OF FAIRFIELD

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

	General Fund	Hotel/ Motel Fund
Revenue:		
General Property Taxes	\$ 101,003	\$ --
General Sales and Use Taxes	2,120,256	--
Franchise Taxes	308,872	--
Taxes, Hotel-Motel	--	264,688
License and Permits	33,465	--
Intergovernmental	137,733	--
Charges for Services	6,631	--
Fines	222,878	--
Investment Earnings	4,454	1,416
Miscellaneous	31,431	--
Total revenues	<u>2,966,723</u>	<u>266,104</u>
Expenditures:		
Current		
General Government	417,386	--
Public Safety	1,166,733	--
Highway & Streets	469,991	--
Culture & Recreation	222,831	--
Economic Development and Assistance	718,809	508,287
Debt Service		
Principal	82,590	--
Interest and Fiscal Charges	9,870	--
Capital Outlay		
Equipment and Streets	362,529	--
Total Expenditures	<u>3,450,739</u>	<u>508,287</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	<u>(484,016)</u>	<u>(242,183)</u>
Other Financing Sources (Uses):		
Operating Transfers In	441,000	--
Operating Transfers Out	--	--
Total Other Financing Sources (Uses)	<u>441,000</u>	<u>--</u>
Net Change in Fund Balances	(43,016)	(242,183)
Fund Balances - Beginning	767,000	1,126,739
Fund Balances - Ending	<u>\$ 723,984</u>	<u>\$ 884,556</u>

The accompanying notes are an integral part of this statement.

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 619,712	\$ --	\$ 720,715
--	--	2,120,256
--	--	308,872
--	--	264,688
--	--	33,465
--	--	137,733
--	--	6,631
--	--	222,878
--	42	5,912
--	2,025	33,456
<u>619,712</u>	<u>2,067</u>	<u>3,854,606</u>
--	--	417,386
--	5,143	1,171,876
--	--	469,991
--	--	222,831
--	--	1,227,096
--	--	82,590
--	--	9,870
--	--	362,529
<u>--</u>	<u>5,143</u>	<u>3,964,169</u>
<u>619,712</u>	<u>(3,076)</u>	<u>(109,563)</u>
--	--	441,000
(619,712)	--	(619,712)
<u>(619,712)</u>	<u>--</u>	<u>(178,712)</u>
--	(3,076)	(288,275)
--	18,787	1,912,526
<u>\$ --</u>	<u>\$ 15,711</u>	<u>\$ 1,624,251</u>

**CITY OF FAIRFIELD**

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

Net change in fund balances - total governmental funds	\$ (288,275)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	362,529
The depreciation of capital assets used in governmental activities is not reported in the funds.	(325,472)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	75
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	<u>82,590</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ (168,553)</u>

The accompanying notes are an integral part of this statement.

**CITY OF FAIRFIELD**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2012**

	Enterprise Fund City Water & Sewer Fund	Enterprise Fund TDCJ Water & Sewer Fund	Total Enterprise Funds
<b>ASSETS:</b>			
Current Assets:			
<i>Cash and Cash Equivalents</i>	\$ 1,164,908	\$ 821,538	\$ 1,986,446
<i>Receivables ( net of allowances for uncollectibles)</i>	267,320	68,483	335,803
Total Current Assets	<u>1,432,228</u>	<u>890,021</u>	<u>2,322,249</u>
Noncurrent Assets:			
Restricted Cash, Cash Equivalents and Investments-			
<i>Cash</i>	286,681	--	286,681
<i>Deferred Charges</i>	122,224	--	122,224
Capital Assets:			
<i>Land</i>	271,361	--	271,361
<i>Property, Plant and Equipment-Net</i>	7,526,440	776,564	8,303,004
Total Noncurrent Assets	<u>8,206,706</u>	<u>776,564</u>	<u>8,983,270</u>
Total Assets	<u>9,638,934</u>	<u>1,666,585</u>	<u>11,305,519</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
<i>Accounts payable</i>	256,257	8,628	264,885
<i>Consumer deposits</i>	81,178	--	81,178
<i>Accrued Interest Payable</i>	8,571	3,822	12,393
Current Liabilities Payable from Restricted Assets-			
<i>Revenue bonds payable</i>	343,100	176,900	520,000
Long Term Liabilities Payable from Restricted Assets-			
<i>Revenue Bonds Payable</i>	2,658,900	551,100	3,210,000
Total Liabilities	<u>3,348,006</u>	<u>740,450</u>	<u>4,088,456</u>
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Related Debt	4,787,230	44,742	4,831,972
Restricted For:			
<i>Debt Service</i>	286,681	--	286,681
Unrestricted Net Assets	1,217,017	881,393	2,098,410
Total Net Assets	<u>\$ 6,290,928</u>	<u>\$ 926,135</u>	<u>\$ 7,217,063</u>

The accompanying notes are an integral part of this statement.

**CITY OF FAIRFIELD**
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Enterprise Fund City Water & Sewer Fund	Enterprise Fund TDCJ Water & Sewer Fund	Total Enterprise Funds
<b>OPERATING REVENUES:</b>			
<i>Water</i>	\$ 1,242,508	\$ 263,964	\$ 1,506,472
<i>Sewer</i>	462,050	209,423	671,473
<i>Miscellaneous</i>	147,809	136,583	284,392
<i>Sanitation</i>	522,888	--	522,888
<b>Total Operating Revenues</b>	<b>2,375,255</b>	<b>609,970</b>	<b>2,985,225</b>
<b>OPERATING EXPENSES:</b>			
<i>Personal Services</i>	447,205	73,059	520,264
<i>Contractual Services</i>	902,770	145,367	1,048,137
<i>Supplies &amp; Materials</i>	187,664	33,148	220,812
<i>Other</i>	6,013	--	6,013
<i>Depreciation</i>	521,039	64,379	585,418
<i>Intergovernmental Contracts</i>	--	122,809	122,809
<b>Total Operating Expenses</b>	<b>2,064,691</b>	<b>438,762</b>	<b>2,503,453</b>
 <b>Operating Income</b>	 <b>310,564</b>	 <b>171,208</b>	 <b>481,772</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
<i>Interest Revenue</i>	101	25	126
<i>Interest Expense &amp; Fees</i>	(92,659)	(9,429)	(102,088)
<b>Total Non-operating Revenues (Expenses)</b>	<b>(92,558)</b>	<b>(9,404)</b>	<b>(101,962)</b>
<b>Income before Transfers</b>	<b>218,006</b>	<b>161,804</b>	<b>379,810</b>
 <i>Operating Transfers In</i>	 650,046	 196,069	 846,115
<i>Operating Transfers Out</i>	(441,000)	(226,403)	(667,403)
 <b>Change in Net Assets</b>	 <b>427,052</b>	 <b>131,470</b>	 <b>558,522</b>
 Total Net Assets - Beginning	 5,863,876	 794,665	 6,658,541
<b>Total Net Assets - Ending</b>	<b>\$ 6,290,928</b>	<b>\$ 926,135</b>	<b>\$ 7,217,063</b>

The accompanying notes are an integral part of this statement.

**CITY OF FAIRFIELD**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Enterprise Funds		
	and Sewer Fund	and Sewer Fund	Totals
<b>Cash Flows from Operating Activities:</b>			
<i>Cash Received from Customers</i>	\$ 2,336,631	\$ 609,970	\$ 2,946,601
<i>Cash Payments to Employees for Services</i>	(447,205)	(73,059)	(520,264)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(1,421,885)	(301,324)	(1,723,209)
<i>Other Operating Cash Receipts (Payments)</i>	--	--	--
Net Cash Provided (Used) by Operating Activities	<u>467,541</u>	<u>235,587</u>	<u>703,128</u>
<b>Cash Flows from Non-capital Financing Activities:</b>			
<i>Transfers From (To) Primary Government</i>	(441,000)	(226,403)	(667,403)
<i>Transfers From (To) Other Funds</i>	650,046	196,069	846,115
Net Cash Provided (Used) by Non-capital Financing Activities	<u>209,046</u>	<u>(30,334)</u>	<u>178,712</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
<i>Principal Paid</i>	(338,100)	(176,900)	(515,000)
<i>Interest Paid</i>	(79,248)	(19,169)	(98,417)
<i>Acquisition or Construction of Capital Assets</i>	(740,302)	--	(740,302)
<i>Contributed Capital</i>	--	--	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(1,157,650)</u>	<u>(196,069)</u>	<u>(1,353,719)</u>
<b>Cash Flows from Investing Activities:</b>			
<i>Decrease in Restricted Cash</i>	305,772	176,403	482,175
<i>Interest and Dividends on Investments</i>	101	25	126
Net Cash Provided (Used) for Investing Activities	<u>305,873</u>	<u>176,428</u>	<u>482,301</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(175,190)	185,612	10,422
Cash and Cash Equivalents at Beginning of Year	1,340,098	635,926	1,976,024
Cash and Cash Equivalents at End of Year	<u>\$ 1,164,908</u>	<u>\$ 821,538</u>	<u>\$ 1,986,446</u>
<b>Reconciliation of Operating Income to Net Cash</b>			
<b>Provided by Operating Activities:</b>			
Operating Income (Loss)	\$ 310,564	\$ 171,208	\$ 481,772
Adjustments to Reconcile Operating Income to Net Cash			
Provided by Operating Activities			
<i>Depreciation</i>	521,039	64,379	585,418
Change in Assets and Liabilities:			
<i>Decrease (Increase) in Receivables</i>	(38,624)	--	(38,624)
<i>Increase (Decrease) in Accounts Payable</i>	172,650	--	172,650
<i>Increase (Decrease) in Interfund Payables</i>	(486,000)	--	(486,000)
<i>Increase (Decrease) in Consumer Deposits</i>	(12,088)	--	(12,088)
Total Adjustments	<u>156,977</u>	<u>64,379</u>	<u>221,356</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 467,541</u>	<u>\$ 235,587</u>	<u>\$ 703,128</u>

The accompanying notes are an integral part of this statement.

**CITY OF FAIRFIELD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**A. Summary of Significant Accounting Policies**

The combined financial statements of City of Fairfield (the "City") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**1. Reporting Entity**

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City
- the exclusion of the organization would result in misleading or incomplete financial statements

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) The City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the City.

Based on these criteria, the City has one component unit. Additionally, the City is not a component unit of any other reporting entity as defined by the GASB Statement.

**2. Basis of Presentation, Basis of Accounting**

**a. Basis of Presentation**

**Government-wide Statements:** The statement of net assets and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**CITY OF FAIRFIELD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Fund Financial Statements: The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund. This is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

Hotel/Motel Fund. This fund collects lodging tax receipts and spends funds in accordance with promotion of the community.

Debt Service Fund. This fund collects property taxes dedicated to bond payments and accounts for the disbursement of those funds.

The City reports the following major enterprise funds:

City Water and Sewer Fund. This is the City's primary enterprise operating fund and accounts for all customers and financial resources of the enterprise fund.

TDCJ Water and Sewer Fund. This is the City's primary enterprise operating fund and accounts for all revenue and expenses associated with providing servicing to the TDCJ unit.

b. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the City incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the City's policy to use restricted resources first, then unrestricted resources.

**CITY OF FAIRFIELD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The City has chosen to apply future FASB standards.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

The City records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	25
Buildings	50
Building Improvements	30-40
Vehicles	10
Office Equipment	10
Computer Equipment	10

**CITY OF FAIRFIELD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

e. Receivable and Payable Balances

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. There is an allowance for uncollectible taxes of \$0 included.

There are no significant receivables which are not scheduled for collection within one year of year end.

f. Compensated Absences

On retirement or death of certain employees, the City pays any accrued sick leave and vacation leave in a lump case payment to such employee or his/her estate. These items will be recorded as expenses when funds are expended.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

**Nonspendable Fund Balance** - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

**Restricted Fund Balance** - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

**Committed Fund Balance** - represents amounts that can only be used for a specific purpose because of a formal action by the City's City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the City Council. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

**Assigned Fund Balance** - represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the City Council or by an official or body to which the City Council delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.

**CITY OF FAIRFIELD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

i. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues and expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

4. Budgetary Data

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

- a. Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the City Council is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must have been given.
- c. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the City Council.

Once a budget is approved, it can be amended only by approval of a majority of the members of the City Council. As required by law, such amendments are made before the fact, are reflected in the official minutes of the City Council and are not made after fiscal year end. During the year, the budget was amended as necessary. All budget appropriations lapse at year end.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

**CITY OF FAIRFIELD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**C. Deposits and Investments**

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

**Cash Deposits:**

At September 30, 2012, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$4,188,475 and the bank balance was \$4,232,905. The City's cash deposits at September 30, 2012 and during the year ended September 30, 2012, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

**Investments:**

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The City's investments at September 30, 2012 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of Deposit included in cash total	N/A	\$ 275,000
Total Investments		<u>\$ 275,000</u>

**Analysis of Specific Deposit and Investment Risks:**

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

**a. Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

At September 30, 2012, the City's investments, other than those which are obligations of or guaranteed by the U.S. Government, have no credit risk.

**CITY OF FAIRFIELD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

**CITY OF FAIRFIELD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**D. Capital Assets**

Capital asset activity for the year ended September 30, 2012, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 118,054	\$ --	\$ --	\$ 118,054
Total capital assets not being depreciated	118,054	--	--	118,054
<i>Capital assets being depreciated:</i>				
Infrastructure	--	260,416	--	260,416
Buildings and improvements	2,663,654	17,200	--	2,680,854
Equipment	1,702,597	84,913	--	1,787,510
Leased Assets	782,343	--	--	782,343
Total capital assets being depreciated	5,148,594	362,529	--	5,511,123
Less accumulated depreciation for:				
Infrastructure	--	(10,416)	--	(10,416)
Buildings and improvements	(490,021)	(92,939)	--	(582,960)
Equipment	(492,531)	(169,955)	--	(662,486)
Leased Assets	(512,577)	(52,162)	--	(564,739)
Total accumulated depreciation	(1,495,129)	(325,472)	--	(1,820,601)
Total capital assets being depreciated, net	3,653,465	37,057	--	3,690,522
Governmental activities capital assets, net	\$ 3,771,519	\$ 37,057	\$ --	\$ 3,808,576

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Business-type activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 271,361	\$ --	\$ --	\$ 271,361
Total capital assets not being depreciated	271,361	--	--	271,361
<i>Capital assets being depreciated:</i>				
Buildings and improvements	13,299,951	740,302	--	14,040,253
Equipment	1,092,452	--	--	1,092,452
Total capital assets being depreciated	14,392,403	740,302	--	15,132,705
Less accumulated depreciation for:				
Buildings and improvements	(5,289,719)	(494,327)	--	(5,784,046)
Equipment	(954,564)	(91,091)	--	(1,045,655)
Total accumulated depreciation	(6,244,283)	(585,418)	--	(6,829,701)
Total capital assets being depreciated, net	8,148,120	154,884	--	8,303,004
Business-type activities capital assets, net	\$ 8,419,481	\$ 154,884	\$ --	\$ 8,574,365

Depreciation was charged to functions as follows:

General Government	\$ 325,472
	<u>\$ 325,472</u>

**E. Interfund Balances and Activity**

**1. Due To and From Other Funds**

There are no interfund balances at September 30, 2012.

**CITY OF FAIRFIELD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2012, consisted of the following:

Transfers From	Transfers To	Amount	Reason
City W&S Fund	General Fund	\$ 441,000	Supplement other funds sources
Debt Service Fund	TDCJ W&S Fund	196,069	Supplement other funds sources
Debt Service Fund	City W&S Fund	423,643	Supplement other funds sources
TDCJ W&S Fund	City W&S Fund	226,403	Supplement other funds sources
	Total	\$ 1,287,115	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2012, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Capital Leases	\$ 209,167	\$ --	\$ (82,590)	\$ 126,577	\$ 20,674
Total governmental activities	\$ 209,167	\$ --	\$ (82,590)	\$ 126,577	\$ 20,674

Leases

The City owes \$288,049 at the rate of 4.71% for fire trucks. The leases are repayable in annual payments of \$92,459 to \$26,328 ending in 2018. The balance at September 30, 2012 is \$126,577.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Business-type activities:</u>					
Combination Tax & Rev Bnds	\$ 2,675,000	\$ --	\$ (210,000)	\$ 2,465,000	\$ 215,000
Water & Sewer Refunding Bnds	1,570,000	--	(305,000)	1,265,000	305,000
Total business-type activities	\$ 4,245,000	\$ --	\$ (515,000)	\$ 3,730,000	\$ 520,000

Bonds

This is an original \$4,415,000, 2002 Series Water & Sewer Combination Bonds, due in annual installments ranging from \$185,000 to \$280,000 @ .25% to 2.90% interest rate maturing September 2022. The balance at September 30, 2012 is \$2,465,000.

This is an original \$1,735,000, 2010 Series Water & Sewer Refunding Bonds, due in annual installments ranging from \$110,000 to \$305,000 @ 2.013% interest rate maturing July 2020. The balance at September 30, 2012 is \$1,265,000. The issue was used to retire three series of previously issued bonds.

**CITY OF FAIRFIELD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2012, are as follows:

<u>Year Ending September 30.</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 20,674	\$ 5,654	\$ 26,328
2014	21,646	4,682	26,328
2015	22,664	3,664	26,328
2016	23,685	2,646	26,331
2017	24,703	1,628	26,331
2018-2022	13,205	610	13,815
Totals	<u>\$ 126,577</u>	<u>\$ 18,884</u>	<u>\$ 145,461</u>

<u>Year Ending September 30.</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 520,000	\$ 89,368	\$ 609,368
2014	490,000	80,600	570,600
2015	340,000	70,580	410,580
2016	345,000	63,320	408,320
2017	350,000	55,716	405,716
2018-2022	1,685,000	136,978	1,821,978
Totals	<u>\$ 3,730,000</u>	<u>\$ 496,562</u>	<u>\$ 4,226,562</u>

G. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2012, the City purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

H. Pension Plan

1. Plan Description

The City's pension plan ("Plan") is a non-traditional, joint contributory, defined benefit plan which provides retirement, disability and death benefits to Plan members and beneficiaries through its affiliation with Texas Municipal Retirement System ("TMRS"), an agent multiple-employer public employee retirement system. TMRS operates under the authority of Texas Government Code, Title 8, Subtitle G. The Texas legislature has the authority to establish or amend benefit provisions and the governing body of the City adopts the plan provisions within the options and constraints established by the legislature. TMRS issues a publicly available financial report that includes financial statements and required supplementary information for TMRS. That report may be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin, TX 78714-9153 or calling (800) 924-8677. Additional nonauthoritative information is available at the TMRS web site, <http://www.tmr.org>.

2. Funding Policy

Plan members are required to contribute 5% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 5% of annual covered payroll. The City's contributions to the TMRS for the years ending September 30, 2012, 2011 and 2010 were \$109,069, \$102,621 and \$108,700, respectively, and were equal to the required contributions for each year.

**CITY OF FAIRFIELD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

3. Annual Pension Cost

The City's annual pension cost of \$109,069 for the Plan was equal to the City's required and actual contributions. Under the state law governing TMRS, the actuary annually determines the City's contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. When the City periodically adopts updated service credits and increases in annuities in effect, the increased unfunded actuarial liability is to be amortized over a new 25-year period. Currently, the unfunded actuarial liability is being amortized over the 25-year period which began January 1997. The unit credit actuarial cost method is used for determining the City's contribution rate. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 1997 valuation is effective for rates beginning January 1999).

Since the TMRS does not value the assets of individual cities, the actuarial assumptions used to set the required contribution rate of the City are based on TMRS as a whole. For the December 31, 1997 valuation date, an 8% investment rate of return was assumed. No assumptions were made for projected salary increases, inflation or cost of living adjustments.

4. Trend Information for the Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2010	\$ 108,700	\$ 100%	\$ --
September 30, 2011	102,621	100%	--
September 30, 2012	109,069	100%	--

I. Health Care Coverage

During the year ended September 30, 2012, employees of the City were covered by a health insurance plan (the Plan). The City paid premiums of \$460 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the City and the third party administrator is renewable October 1, 2012, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Texas Municipal League are available for the year ended December 31, 2012, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

**CITY OF FAIRFIELD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

J. Commitments and Contingencies

1. Contingencies

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the City at September 30, 2012.

### *Required Supplementary Information*

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

## CITY OF FAIRFIELD

## GENERAL FUND

## BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
General Property Taxes	\$ 110,367	\$ 110,367	\$ 101,003	\$ (9,364)
General Sales and Use Taxes	2,200,000	2,200,000	2,120,256	(79,744)
Franchise Taxes	300,500	300,500	308,872	8,372
License and Permits	3,500	3,500	33,465	29,965
Intergovernmental	142,116	142,116	137,733	(4,383)
Charges for Services	4,500	4,500	6,631	2,131
Fines	312,500	312,500	222,878	(89,622)
Investment Earnings	2,000	2,000	4,454	2,454
Miscellaneous	141,250	141,250	31,431	(109,819)
Total revenues	<u>3,216,733</u>	<u>3,216,733</u>	<u>2,966,723</u>	<u>(250,010)</u>
Expenditures:				
General Government	445,773	445,773	417,386	28,387
Public Safety	1,282,249	1,282,249	1,166,733	115,516
Highway & Streets	593,597	593,597	469,991	123,606
Culture & Recreation	264,331	264,331	222,831	41,500
Economic Development and Assistance	732,151	732,151	718,809	13,342
Principal	82,590	82,590	82,590	--
Interest and Fiscal Charges	9,870	9,870	9,870	--
Equipment & Streets	492,000	492,000	362,529	129,471
Total Expenditures	<u>3,902,561</u>	<u>3,902,561</u>	<u>3,450,739</u>	<u>451,822</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(685,828)</u>	<u>(685,828)</u>	<u>(484,016)</u>	<u>201,812</u>
Other Financing Sources (Uses):				
Operating Transfers In	441,000	466,000	441,000	(25,000)
Total Other Financing Sources (Uses)	<u>441,000</u>	<u>466,000</u>	<u>441,000</u>	<u>(25,000)</u>
Net Change in Fund Balances	(244,828)	(219,828)	(43,016)	176,812
Fund Balances - Beginning	767,000	767,000	767,000	--
Fund Balances - Ending	<u>\$ 522,172</u>	<u>\$ 547,172</u>	<u>\$ 723,984</u>	<u>\$ 176,812</u>

# CITY OF FAIRFIELD

## DEBT SERVICE FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT B-2

	Budget	Actual	Variance Positive (Negative)
Revenue:			
<i>General Property Taxes</i>	\$ 612,828	\$ 619,712	\$ 6,884
Total revenues	612,828	619,712	6,884
Expenditures:			
Total Expenditures	--	--	--
Excess (Deficiency) of Revenues Over (Under) Expenditures	612,828	619,712	6,884
Other Financing Sources (Uses):			
<i>Operating Transfers Out</i>	(612,828)	(619,712)	(6,884)
Total Other Financing Sources (Uses)	(612,828)	(619,712)	(6,884)
Net Change in Fund Balances	--	--	--
Fund Balances - Beginning	--	--	--
Fund Balances - Ending	\$ --	\$ --	\$ --

### *Other Supplementary Information*

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

# ANDERSON, MARX & BOHL, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

HUDSON ANDERSON, CPA

FRANK MARX, III, CPA

DORI BOHL, CPA & CFE

### Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

City Council  
City of Fairfield  
222 South Mount Street  
Fairfield, Texas 75840

Members of the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Fairfield as of and for the year ended September 30, 2012, which collectively comprise the City of Fairfield's basic financial statements and have issued our report thereon dated March 29, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

Management of City of Fairfield is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Fairfield's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Fairfield's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Fairfield's internal control over financial reporting.

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

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

#### Compliance and Other Matters

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

This report is intended solely for the information and use of management, others within the entity and the City Council and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Marx & Bohl, P.C.*

Anderson, Marx & Bohl, P.C.

March 29, 2013

**CITY OF FAIRFIELD**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

One or more material weaknesses identified?

       Yes

  X   No

One or more significant deficiencies identified that  
are not considered to be material weaknesses?

       Yes

  X   None Reported

Noncompliance material to financial  
statements noted?

       Yes

  X   No

Financial Statement Findings

None noted

**CITY OF FAIRFIELD**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
The City did not have all its funds collateralized	Corrected	

**CITY OF FAIRFIELD**  
*CORRECTIVE ACTION PLAN*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2012*

None noted so none required

CITY OF FAIRFIELD

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED SEPTEMBER 30, 2013*

City of Fairfield  
Annual Financial Report  
For The Year Ended September 30, 2013

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## *Financial Section*